

IL-DRP PANEL

For the Internet Society of Israel

Before

Yoram Lichtenstein, Adv. (the "Panelist")

In the matter of

the domain name "Cefaly.co.il" (the "Domain Name")

between

CEFALY-Technology

Rue de Wallonie 11

4460 Grace-Hollogne, Belgium

Represented by Naschitz, Brandes & Co., Advocates

Attn. Shai Dill, Adv.

5 Tuval Str., Tel Aviv 67987

Te 03-6235167, Fax: 03-6235005

(the "**Petitioner**")

and

Mr. Alia Abdo

Tel: 972-4-6465558, FaxL 972-4-6465558

9 Maj Ibn Amer St., P.O.B 50446, Nazareth 16024 (the "**Registered Holder**")

DECISION

I. The Parties

The Petitioner is a company incorporated under the laws of Belgium.

The Registered Holder is a private Israeli citizen.

II. Procedural Background

This panel was established on April 19, 2017, in accordance with the Procedures for Alternative Dispute Resolution under the .IL ccTLD by Dispute Resolution Panel (https://www.isoc.org.il/domain-name-registry/dispute_resolution/ildrp-rules in Hebrew and http://en.isoc.org/il/domains/ildrp_rules.html in English) (the "**Rules**"), in order to address the Petitioner's request to transfer and reassign the Domain Name to the Petitioner.

The Registered Holder was notified that a petition had been filed on April 19, 2017 and both parties had been notified of the appointment of the Panelist. Petition and all its annexes was submitted to Registered Holder.

Confirmation of the receipt of notification was made by ISOC representative on same day by telephone conversation with Registered Holder. Registered Holder responded on April 23, 2017, by email. It is not represented by an attorney.

No requests for a review of an extended Panel, the exclusion on the Panelist or other requests in accordance with the IL-DRP Rules had been filed.

III. **Petitioner's claims**

Petitioner is a Belgian company that invented a medical device for treatment of migranes which was distributed worldwide under the CEFALY name registered as trademark No. 285292 (the "**Name**" and "**Trademark**", accordingly) and the name had become well-known throughout the world.

Petitioner owns the Trademark, and owns both international trademark registration and an Israeli registration in class 10 registered on January 3, 2017 in Israel.

Petitioner owns and operates various online websites under several domain names which include the CEFALY mark.

Petitioner had nominated an Israeli distributor, Methodica Business Consultancy Ltd. (the "**Distributor**") on February 20th, 2012.

Registered Holder had registered the domain name on December 16, 2013, with no knowledge of Petitioner.

Registered Holder is a director of the Distributor.

The distribution agreement had expired on February 20, 2015, and Distributor had failed its various duties (such as purchasing the minimum purchase amount).

Petitioner's intellectual property rights had remained intact and survive the distribution agreement termination.

On February 4, 2016, Petitioner sent Distributor a letter of termination which included the demand to cease all use of the CEFALY brand and assign the Domain Name to Petitioner.

To the date of filing the Petition, the Domain Name was not transferred and so the Petition was filed.

The Domain Name comprises of the Trademark with the co.il suffix (which should be mute under trademark dispute), so it is identical thereto.

Registered Holder has no rights in the name and Trademark after the termination of the agreement.

Application to register the Domain Name was made in bad faith, without Petitioner's knowledge or consent.

Registered Holder refuses to transfer the Domain Name to Petitioner. The Domain Name is still being in use in a manner that disrupts Petitioner's business and misleads Petitioner's potential customers in Israel.

Therefore the, it claims, the Domain Name should be transferred to Petitioner.

IV. Registered Holder's Arguments

Registered Holder was the Israeli distributor of a Belgian company (STX-MED) that later became the Petitioner manufacturing and selling the CEFALY devices.

At the time, the Domain Name was held by a Palestinian third party and after costly negotiation it had managed to register the name on its behalf, for the execution of the distribution agreement. Such acquisition was a commercial and costly venture for the execution of the distribution agreement.

Registered Holder raises several claims versus Petitioner's execution of the distribution agreement and its termination as well.

Registered Holder acknowledges that CEFALY may acquire from it and hold the Domain Name, yet raises several claims for monetary restitution that were raised by it but not met by CEFALY (the Petitioner).

The "CEFALY" string within the Domain Name refers not to the Petitioner, but to its product. Petitioners attempt to "patent" the name after the long history between the parties, and without properly dissolving the distributorship and stock re-purchase.

Registered Holder is the owner of the Domain Name, due to the circumstances of its registration and relations between the parties and should remain such, unless restitution of the re-purchase of the products is consensually made by Petitioner.

V. Petitioner's Additional Statement

On May 7th, 2017 Petitioner had filed an "Additional Statement" as a response to Registered Holder's response. I believe that the additional statement is less relevant to the issue at hand, yet I have reviewed it, had considered it and wish to address certain issues it raises:

For example, the parties dispute the identity of the corporation signing the distribution agreement on behalf of manufacturer. Yet for the benefit of this opinion, I only need to ascertain the current Trademark holder's identity, which is the Petitioner. Previous names of Petitioner or other parties are not relevant to the issue at hand.

Same applies to the circumstances of the preliminary purchase of the rights in the Domain Name (from Palestinian parties, states the Registered Holder). While this might give rise to monetary claim by Registered Holder addressed at Petitioner, it is outside this Panelist's authority under these proceedings.

Finally, I do appreciate that the parties dispute the circumstances of the termination of the distribution agreement, and I understand that there might be monetary claims between the parties. Sadly, again, these are not the appropriate proceedings to deal with such a dispute and I am not authorized to decide upon any payment to any party.

VI. Discussion and Findings

The IL-DRP is an alternative dispute resolution procedure devised to allow expedited dispute resolution regarding the allocation of online domain names. It should be preliminary addressed that the sole remedies that this Panelist may order are solely either cancelation or transfer of the Domain Name or denying the petition. Damages are not a remedy this forum may order.

Upon registering a domain name with the suffix co.il, the Registered Holder agreed to abide by the Rules, and this procedure is conducted by the Rules.

According to article 3 of the Rules -

"Disputes regarding allocation of a Domain Name by a Holder may be brought by a third party ("Complainant") on the following grounds:

- 3.1. the Domain Name is the same or confusingly similar to a trademark, trade name, registered company name or legal entity registration ("Name") of the complainant; and
- 3.2. the Complainant has rights in the Name; and
- 3.3. the Holder has no rights in the Name; and
- 3.4. the application for allocation of the Domain Name was made or the Domain Name was used in bad faith."

Those grounds are cumulative and must be established sufficiently by Petitioner.

VI.1. Is Name is same or confusingly similar to Trademark?

The Rules require that the Domain Name is the same or confusingly similar to the Trademark.

The dispute Domain Name consists of the name CEFALY and the suffix .co.il.

The registered trademark consists of the term CEFALY.

It has been consistently ruled that the suffix is to be ignored for the review whether the Domain Name and the Trademark are the same or similar (for example see the cases of **L'Oreal v. La Belle Cosmetics Ltd.** over the domain name "essie.co.il" under the IL-DRP, hereby – "**the L'Oreal Decision**" and **Arthur Guinness Son & Co. (Dublin) Limited v. Dejan Macesic**, case No. D2000-1698 over the domain name "guinness.com" under the UDRP).

Hence, my decision is that the Domain Name is the same as the Trademark.

VI.2. Does Petitioner have rights in the Name?

Petitioner had shown an Israeli trademark Certificate of Registration No. 285292 (the Trademark) for Class 10 goods –

"Electrotherapy apparatus for medical devices; galvanic therapeutic appliances for medical use; electrodes for medical use; medical apparatus for treating and preventing migranes and headache".

The Trademark's registered owner is CEFALY Technology (the Petitioner), which is also addressed on the actual website under the Domain Name. Thus, Petitioner may hold its Trademark under Israeli intellectual property laws and protect it.

Petitioner had also introduced us to the International trademark registration No.964056 registered on its behalf on April 28, 2008.

Thus, it has been prove to my satisfaction that Petitioner holds rights in the Name, in Israel.

VI.3. Does Registered Holder have no rights in the Name?

Petitioner claims that Registered Holder is and was (at relevant times) a director based on the Companies' Registrar printout Exhibit No. 5 attached. Said document further shows Registered Holder is (and was) a shareholder in the Distributor.

Petitioner claims that Distributor may not register the Domain Name in order to market its products (and refers to article 4 of the distribution agreement), which reads as follows -

"The Distributor undertakes not to alter, nor modify, nor imitate, nor counterfeit, nor register or file in its own name, nor use the Products or information for other purpose than the strict performance of this Distribution Agreement ...".

Naturally, the agreement reads that the Distributor MAY act in such manners IF this activity is made in strict performance of the agreement.

The distribution agreement was signed on February 20, 2012; the Domain Name was registered on December 16, 2013; and the distribution agreement was terminated on February 20, 2015.

We can see that the Domain Name was registered within the distribution agreement's term. Based on Registered Holder's response, it further seems reasonable the Petitioner was aware of such registration (as Registered Holder requested re-payment of its registration expenses and its stock re-purchase in consideration for transferring the Domain Name to Petitioner).

For that reason I conclude that the registration of the Domain Name at that time was in accordance with intent to execute the distribution agreement and not made in bad faith as it reasonably allowed by the distribution of Petitioner's products in Israel.

No further agreement or acceptance was required by Petitioner, so lack thereof is of no consequence.

Nevertheless, once the distribution agreement was terminated (and termination grounds are irrelevant at this stage), Registered Holder's right to use the Name had been terminated as well (and see the **L'Oreal Decision** for similar results in a similar case) and the Registered Holder holds no rights in the Name.

I.e., Registered Holder HAD a right to register the Domain Name, yet does not HAVE the right at this time,

Registered Holder itself agrees that Domain Name should/may be returned to Petitioner, subject to certain consideration re-payment due for stock not sold after the cancellation of the distribution agreement. Sadly, the agreement itself does not bind the Petitioner for such re-purchase, and even if it would, it is not within my authority to condition the transfer based on such compensation. Such dispute should be litigated under the civil courts of Israel and not the IL-DRP.

I conclude that Petitioner holds a legal right to its trademark; Registered Holder may (or may not) hold a tortuous or contractual right against Petitioner; **Registered Holder does not have any legal right to keep using the Domain Name or prohibiting the Petitioner from using it and harm its potential business in Israel.**

VI.4. Was the application for allocation of the Domain Name made or the Domain Name was used in bad faith?

Article 3.4 requires that "the application for allocation of the Domain Name was made **or** the Domain Name was used in bad faith". Those conditions are alternative and Petitioner may prove only one of them to meet the requirements set by the Rules.

Article 4.1 of the Rules supplies not exhaustive examples of what should be considered bad faith use of the name, and those are -

- a. the Holder continues to hold the domain name during or after termination of employment or work for hire contract where the domain name allegedly should have been allocated to the employing/contracting party; or
- b. the Holder has requested allocation of the domain name primarily for the purpose of disrupting the business of a competitor; or
- c. circumstances indicating that the Holder has requested allocation or holds the Domain Name primarily for the purpose of selling, renting, or otherwise transferring the Domain Name allocation to the complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of documented out-of-pocket costs directly related to the domain name; or
- d. the Holder has requested allocation of the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that there is evidence of having engaged in a pattern of such conduct; or
- e. by using the domain name, the Holder has intentionally attempted to attract, for commercial gain, Internet users to its web site or other on-line location, by creating a likelihood of confusion with the Complainant's Name as to the source, sponsorship, affiliation, or endorsement of its web site or location or of a product or service on its web site or location.

Reasonably, when distribution agreement had been terminated and Registered Holder is no longer distributor of the products, it should have stopped any use of the website under the Domain Name, so article 4.1 (a) applies.

Yet the current website includes this right-side menu:

תפריט סיפאלי

- Cefaly •
- how does it work •
- Advantages •
- user manual •
- Cefaly Electrodes •
- feedback and recommendations •
- Q & A •
- buy a cefaly device •

All the pages on the website appear (*prima facie*) to be held and managed by the Trademark owner and products manufacturer (as they use the Trademark repeatedly and a photo of the actual product), but are lacking any content and the website lacks "contact us" page and details for such contact. For this reason, the casual visitor and prospective consumer may assume that she purchases the CEFALY device from the Trademark holder or that the Trademark holder business in Israel is not active.

Such representation is misleading and in bad faith.

At this point, it seems Registered Holder is holding the Domain Name primary for the purpose of receiving certain contractual benefits from Petitioner (such as repurchase of existing stock) and not due to any legal right. Such activity is disrupting Petitioner's business in Israel and article 4.1(b) applies as well.

Based on the Registered Holder's response I believe that the monetary restitution request is not a bad-faith request by the Registered Holder. Nevertheless, as detailed above, that is not sufficient for these proceedings.

So I conclude that the USE of the Domain Name, currently, is done in a manner that corresponds with the IL-DRP bad-faith terms.

To remove any doubt, this decision is not to blemish the Registered Holder's content in any way, yet it corresponds with the procedural definitions of bad faith under the IL-DRP. "Bad Faith" is a legal term under the Rules and does not apply to Registered Holder's subjective moral position.

vii. Decision

Therefore, based on all of the above, the Panel concludes that in accordance with the Rules, the Domain Name is to be TRANSFERRED to the Petitioner.

This Panel has no authority to decide the arguments between the parties or award any compensation, but it strongly urges the parties to resolve their disputes amicably.

Yoram Lichtenstein, Adv.
Sole Panelist

Date: May 7, 2017