

# CANADIAN INTERNATIONAL INTERNET DISPUTE RESOLUTION CENTRE

## DOMAIN NAME DISPUTE

## ADMINISTRATIVE PANEL

## DECISION

Daiso Canada Co., Ltd. v. Fairchild Property Group Ltd.

Case Number: 15164-UDRP

### PARTIES

Complainant is **Daiso Canada Co., Ltd** (Complainant), represented by Laura L. Bevan & Paul Kressock of Lawson Lundell LLP, Canada. Respondent is **Fairchild Property Group Ltd.** (Respondent), Canada, represented internally.

### REGISTRAR AND DISPUTED DOMAIN NAME

The domain name at issue is <**daisocanada.com**>, registered with **Tucows, Inc.**

### PANEL

The undersigned certifies that he has acted independently and impartially and to the best of his knowledge has no known conflict in serving as Panelist in this proceeding.

The Honourable Neil Anthony Brown, QC as Panelist.

### PROCEDURAL HISTORY

Complainant submitted a Complaint to the CANADIAN INTERNATIONAL INTERNET DISPUTE RESOLUTION CENTRE (CIIDRC) electronically on April 6, 2021 and the CIIDRC received payment of the appropriate fee.

The registrar of the disputed domain name was notified of the proceeding on April 6, 2021.

On April 7, 2021, the Registrar by email transmitted its verification response that the registrant of the domain name was the Respondent in this administrative proceeding and that the domain name had been placed in Registrar LOCK. The Panel is satisfied that Respondent is bound by the applicable registration agreement and has thereby agreed to resolve domain name disputes brought by third parties in accordance with the Uniform Domain Name Dispute Resolution Policy (the "Policy") of the Internet Corporation for Assigned Names and Numbers (ICANN), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the CIIDRC Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "Supplemental Rules").

On April 7, 2021, the CIIDRC confirmed to the Complainant that the Complaint was in administrative compliance and that the proceeding had then commenced.

On April 7, 2021, and pursuant to UDRP Rule 4 and Supplemental Rule 5, CIIDRC notified the Respondent of the administrative proceeding and forwarded a Written Notice with the Complaint to the Respondent setting a deadline of April 27, 2021 by which Respondent could file a Response to the Complaint, via e-mail to all entities and persons listed on the registration by Respondent as administrative technical, and billing contacts.

Also, on April 7, 2021, the Written Notice of the Complaint, notifying Respondent of the e-mail addresses served and the deadline for a Response, was transmitted to Respondent via post and fax, to all entities and persons listed on the registration by Respondent as technical, administrative and billing contacts.

On April 27, 2021 the Respondent contacted CIIDRC and requested an additional four days to respond to the Complaint pursuant to UDRP Rule 5(b) which CIIDRC granted.

The Respondent filed its Response on 6 May, 2021.

The Complainant and the Respondent elected to have a Panel consisting of a single-member.

On May 12, 2021 pursuant to parties' request to have the dispute decided by a single-member Panel, the CIIDRC appointed The Honourable Neil Anthony Brown QC as Panelist. The Panelist duly completed and returned to the CIIDRC a statement of acceptance and a declaration of impartiality and independence.

## **RELIEF SOUGHT**

Complainant requests that the domain name be transferred from Respondent to Complainant.

## **PARTIES' CONTENTIONS**

### **A. Complainant**

Complainant made the following contentions.

1. The Complainant is a company that was incorporated pursuant to the laws of British Columbia on 24 June 2020.
2. It is an affiliate of a Japanese company named Daiso Industries Co., Ltd. ("Daiso Japan").
3. Daiso Japan is engaged in a broad range of retail activities with its own brand.
4. In or about the year 2003 Daiso Japan entered into an oral distribution agreement with a separate Canadian company for the distribution of Daiso products in Canada.
5. The Canadian company was originally named 4159314 Canada Inc, but changed its name to Daiso Holdings Ltd in October 2003, then to Daiso Store Canada Ltd in March 2005 and then to Oomomo Canada Ltd

("Oomomo") in July 2019.

6. The agreement permitted the Canadian company to use the Daiso name and trademarks to operate Daiso stores in Canada.
7. On 21 June 2006, Daiso Industries Co., Ltd became the registered owner of the word trademark for DAISO, registration number TMA666436 which was filed on 2 October 2003 with the Government of Canada and is currently the registered owner thereof.
8. Daiso Holdings Ltd or an affiliated company or entity registered the disputed domain name on 3 June 2003 but did so and was entitled to do so only pursuant to the oral distribution agreement.
9. The Respondent is the present registrant of the domain name.
10. Daiso Japan decided to terminate the distribution agreement and on 19 July 2019 confirmed the termination thereof from August 16, 2019 and advised Oomomo that it could not use the Daiso name or trademarks or sell Daiso products from that date.
11. However, despite the termination of the agreement, Oomomo retained the domain name and has continued to do so and to use it and the Daiso name and trademarks to sell goods that are similar to Daiso goods.
12. Thus, Oomomo has continued to use the domain name to promote its Oomomo's stores and to create confusion in the marketplace by suggesting a connection between Daiso Japan and Oomomo.
13. On 16 March 2012 Daiso Japan and the Complainant requested of Oomomo that it transfer the domain name to the Complainant, but it has failed and refused to do so.
14. Oomomo has continued to retain and control the domain name and use it to generate confusion in the marketplace.
15. As recently as 19 March, 2021 the Respondent has caused the domain name to resolve to a website that carries a sponsored link to Oomomo Japan Living.
16. The domain name is identical and/or confusingly similar to the DAISO trademark as it contains the same words as the trademark and gives the false impression that it is associated with the DAISO trademark.

17. From 16 August 2019, when the termination of the distribution agreement became effective, Oomomo has had no right or legitimate interest in the domain name.
18. Oomomo has registered and used the domain name in bad faith by directing internet users to its own stores, causing confusion in the market between Daiso Japan and Oomomo for the commercial benefit of Oomomo.
19. The domain name should therefore be transferred to the Complainant.

#### B. Respondent

Respondent made the following contentions.

1. The Respondent admits it is the holder of the disputed domain name.
2. It submits that it was granted the right to use the domain name under a business arrangement between Daiso Store Canada Ltd., now Oomomo Canada Ltd and the Respondent.
3. The Respondent therefore has 16 years of business with Daiso Store Canada Ltd.
4. It maintains it still has its right to the domain name, which is not negated by the claims of the Complainant which was not incorporated until 15 October, 2020.
5. The Complainant's allegations are unsubstantiated and irrelevant to the Respondent's right to the domain name.
6. The domain name is reserved for another Canadian business entity under an arrangement not yet finalized.
7. The Complainant's rights under its trademark are related to a specific area which has nothing to do with the content that will be posted on the internet under the domain name. That content will not cause any infringement or violation of any legitimate rights of the Complainant in Canada.
8. The Respondent's full right to use the domain name for its business has nothing to do with the Complainant's business.
9. The Complaint should therefore be dismissed.

## **FINDINGS**

1. The Complainant is a company that was incorporated pursuant to the laws of British Columbia on 24 June 2020.
2. The Respondent is the domain name holder of the disputed domain name.
3. Daiso Industries Co., Ltd which is an affiliated company of the Complainant, became the registered owner of the word trademark DAISO, registration No.TMA666436 which was filed on 2 October 2003 with the Government of Canada and registered on 21 June 2006 ("the DAISO trademark") and is currently the registered owner thereof.
4. The disputed domain name was registered on 3 June 2003.
5. The disputed domain name is confusingly similar to the DAISO trademark.
6. The Complainant has not established that the Respondent has no right or legitimate interest in the domain name.
7. The Complainant has not established that the Respondent registered and has used the domain name in bad faith.

## **DISCUSSION**

Paragraph 15(a) of the Rules instructs this Panel to "decide a complaint on the basis of the statements and documents submitted in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable."

Paragraph 4(a) of the Policy requires that Complainant must prove each of the following three elements to obtain an order that a domain name should be cancelled or transferred:

- (1) the domain name registered by Respondent is identical or confusingly similar to a trademark or service mark in which Complainant has rights;  
and
- (2) Respondent has no rights or legitimate interests in respect of the domain name; and

(3) the domain name has been registered and is being used in bad faith.

The Panel will now deal with each of those elements in turn.

### **Identical and/or Confusingly Similar**

The first question that arises is whether the Complainant has rights in a trademark or service mark on which it may rely. Complainant submits that it has rights in two trademarks which it says are Annex 11 and 12 to the Complainant. There are in fact two trademarks annexed to the Complaint, but they are Annexes 12 and 13. Annex 12 is a registered Canadian trademark for DAISO. The second trademark is also a Canadian trademark, being a trademark for DAISO JAPAN. It is only necessary to rely on one trademark and as both trademarks were registered within a few days of each other, it is sufficient to rely on the trademark for DAISO.

Annex 12 shows that this trademark was registered with the Government of Canada on 21 June 2006, is a Word mark and has been proved by the production of a certificate of registration. It is clear that a trademark registered with a government agency is evidence of the validity of the mark. The certificate shows that the registered owner is Daiso Industries Co., Ltd, and the Complainant is an affiliate of that company and, as stated in the Complaint, the sole authorized licensee of the trademark in Canada.

The next question that arises is whether the disputed domain name is identical or confusingly similar to the DAISO mark. The domain name consists of the DAISO trademark itself to which the word "canada" has been added. It has often been decided by UDRP panels that a domain name consisting of a trademark and a geographic indicator like "canada" is confusingly similar to the trademark because, to take the present case, an internet user would naturally assume that this was an official domain name invoking the business of the Daiso company in Canada and that it would lead to an official website dealing with that business. The domain name is therefore confusingly similar to the trademark.

The Complainant has therefore made out the first of the three elements that it must establish.

### **Rights and Legitimate Interests**

It is now well established that the Complainant must first make a *prima facie* case that the Respondent lacks rights and legitimate interests in the disputed domain name under Policy ¶ 4(a)(ii). When that is done, the burden of proof shifts to the Respondent to show it does have rights or legitimate interests. See *Advanced International Marketing Corporation v. AA-1 Corp*, FA 780200 (FORUM Nov. 2, 2011) (finding that a complainant must offer some evidence to make its *prima facie* case and satisfy Policy ¶ 4(a)(ii)); see also *Neal & Massey Holdings Limited v. Gregory Ricks*, FA 1549327 (FORUM Apr. 12, 2014) (“Under Policy ¶ 4(a)(ii), Complainant must first make out a *prima facie* case showing that Respondent lacks rights and legitimate interests in respect of an at-issue domain name and then the burden, in effect, shifts to Respondent to come forward with evidence of its rights or legitimate interests”).

The Panel finds that the Complainant has not made out the *prima facie* case it has to establish.

The Complainant advances the argument that it has shown a *prima facie* case because the only right to the domain name and the only legitimacy the Respondent could have in it, because it uses the trademark as part of the domain name, comes from the fact that the Complainant trademark owner gave permission for the domain name to be registered.

This permission is said to have come about because the Complainant had entered into an oral distribution agreement with a separate Canadian company for the distribution of Daiso’s products in Canada. The Canadian company was originally named 4159314 Canada Inc, but changed its name to Daiso Holdings Ltd in October 2003, then to Daiso Store Canada Ltd in March 2005 and then to Oomomo Canada Ltd ( “Oomomo”) in July 2019. The Respondent is not



Oomomo Canada Ltd but a separate company that appears to be an affiliate of Oomomo or, more likely its parent company. In any event the distribution agreement was established between the Japanese company and its then Canadian partner. The agreement permitted the Canadian company to use the Daiso name and trademarks to operate Daiso stores in Canada. It is therefore said that the domain name was registered with the permission of the trademark owner. That permission has now been withdrawn because of a dispute and the fact that the agreement was terminated on 16 August 2019. As the consent has been revoked it is said that the current registrant, Fairchild Property Group Ltd, has no right to the domain name and no legitimate interest in it.

The difficulty with this argument for a *prima facie* case is that there is no evidence of it. The allegations in the Complaint are not evidence. There is no evidence that the agreement was entered into or terminated. The Panel appreciates that being an alleged oral agreement, and not one in writing, it can only be proved by evidence of the conversations, other dealings between whoever it was who entered into the agreement on the part of both parties or some record of them, and that this is more difficult than simply producing a document if there had been a written agreement. Moreover, it must be proved that one of the terms of the oral agreement entitled the original registrant to register the domain name or implied that it could. That has not yet been established. Nor has it been proved that one of the terms of the agreement was that if the agreement came to an end, then the permission to register the domain name, including Daiso's trademark, also came to an end. That may have been the case or it may not have been the case; there is simply no evidence of it one way or the other.

It should also be emphasized that this is a defended matter and the current registrant of the domain name, the Respondent, disputes the claim and the assertions made on behalf of the Complainant. Accordingly, the Complainant must prove its case by evidence that stands up to scrutiny.

The letter from the Complainant's attorneys of 31 December, 2018 is evidence of the termination of the agreement, as are their letters of 18 July 2019 and 29 November 2019, although it was not until their letter of 6 November 2020 that the transfer of the domain name was demanded. More importantly, they are not evidence that the permission to register the domain name was a term of the agreement or that it was also a term of the agreement, or could at least be implied, that if the agreement came to an end, so did the right to hold the domain name. This is important, as the Respondent has defended the matter and claims that the Complainant's allegations are "unsubstantiated and irrelevant" to its right to the domain name which it claims comes from "a business arrangement" between Daiso Store Canada Ltd and itself.

Under all of those circumstances, the Panel has to require evidence of the claim that the Respondent has no right or legitimate interest in the domain name. That evidence has not been shown.

The Complainant has therefore not established the second of the three elements that it must show.

### **Registration and Use in Bad Faith**

It is clear that to establish bad faith for the purposes of the Policy, Complainant must show that the disputed domain name was registered in bad faith and has been used in bad faith. It is also clear that the criteria set out in Policy ¶ 4(b) for establishing bad faith are not exclusive, but that Complainants in UDRP proceedings may also rely on conduct that is bad faith within the generally accepted meaning of that expression.

Having regard to those principles, the Panel finds that it has not been shown that the disputed domain name was registered and used in bad faith. That is so for the following reasons.

The Respondent must show, first, that the domain name was registered in bad faith, that there is some evidence that the domain name was acquired to sell it

to the Complainant for a profit, to prevent the owner of the trademark reflecting the mark in a corresponding domain name, to disrupt the business of a competitor, to cause confusion in the market or some other overt act of bad faith.

Again, some assertions have been made on behalf of the Complainant, but they are not evidence and the Policy is quite clear that each of the constituent elements must be proved, which means proved by evidence.

More particularly, there is a major obstacle in the way of the Complainant's case that has not yet been overcome. The Complainant's case is that the registration of the domain name was effected with the consent of the trademark owner, but that the consent has now been abrogated or withdrawn because the distribution agreement was terminated. However, in that case the registration, i.e., the act of taking out or buying the domain name would have been in good faith, not bad faith, unless there are some additional factors showing that the withdrawal of consent was in some way or other retrospective. On the surface, it would seem that this was not so and that on the Complainant's own case, the registration of the domain name was still done with the consent of the trademark owner and thus in good faith. Of course, there may emerge a completely different situation if all the evidence on the agreement and its termination were produced. But, until then, the Complainant has not made out its case.

It is regular practice in this jurisdiction, and in any case, it is a requirement of the Policy, that registration in bad faith must be proved. That is the effect of having the element of bad faith expressed as "registered **and** used in bad faith", not "registered **or** used in bad faith. (emphasis added)."

It should also be remembered that in the present case the trademark relied on was registered on 21 June 2006 and the other trademark at about the same time, but that the domain name had been registered before both of those trademark registrations, on 3 June 2003, before the trademarks and when, at least on the state of the evidence at the moment, when there was no trademark

for DAISO, or none proven. Accordingly, the view has often been expressed that such a registration of a domain name could not have been in bad faith because, there being no trademark to protect at that time, there was nothing to which the presumed bad faith could be directed. Nevertheless, bad faith may still be proved, but it must be proved by evidence. As that has not been proved, the claim must fail.

An illustration of how such a result as the current one can occur under the UDRP is the decision in *Green Tyre Company, Plc. v. Shannon Group*, WIPO Case, D2005-0877 where the facts were very similar to those in the present case. In that case the domain name was registered on 29 June 1995 and the trademark was registered on the later date 5 July 1996. As in the present case, the Respondent was a distributor of the Complainant's products and had been given permission to register the domain name on condition that it would relinquish it when requested. The licence ended, but the Respondent failed to release the domain name. The Panel decided that the Respondent had no right to the domain name because the licence had ended. But was there bad faith registration? No, the panel decided, there was not, and that was one of the rules of the UDRP as explained above. The trademark owner had agreed to the registration of the domain name and it therefore had not been registered in bad faith. Moreover, it could not be said that the registration had been registered in bad faith retrospectively. The claim for the domain name therefore failed.

That is a very similar result as that in the present case and the only way to bring about a different result might be by bringing a traditional court action in a national court, where all of the circumstances of the arrangement between the parties and the conduct of both parties can be examined. UDRP panels have no jurisdiction or forensic tools to investigate such matters as general commercial disputes, as panels under the UDRP may only investigate clear cases of cybersquatting.

But as in *Green Tyre Company, Plc. v. Shannon Group, (supra)* “this decision is not in any way to be interpreted detrimental to the Complainant if it decides to pursue the matter in a relevant national court.”

However, as at the present, the Complainant has therefore not made out the third of the three elements that it must show.

## **DECISION**

Having not established all three elements required under the ICANN Policy, the Panel concludes that relief shall be **DENIED**.

Accordingly, it is Ordered that the domain name be **RETAINED** by the Respondent.

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The Honourable Neil Anthony Brown QC

Panelist

Dated: May 17, 2021