

DECISION OF THE THIRD-PARTY DECIDER

Gymworld Inc./ Vanbelle Law

Case no. 44429: magformers.be

1. The parties

- 1.1. Complainant: GYMWORLD INC,
with registered office at 06047 Seoul, Gangnam Gu, Dosan
Daero 210, 4f (Republic of Korea);

Represented by:

Mr. Johan BILLET,
with office at 1050 Brussels, Louizalaan 146,

- 1.2. Licensee: VANBELLE LAW,
With registered office at 1050 Brussels, Louizalaan 343

Not represented

2. Domain Name

Domain Name: "magformers.be"
Registered on: May 05, 2010

hereafter referred to as "the Domain Name".

3. Background to the case

1.
On June 21, 2017 the Complainant filed a complaint with the Belgian Centre for Arbitration and Mediation (CEPANI) concerning the Domain Name, pursuant to the CEPANI Rules for Domain Name dispute resolution and the Dispute resolution policy of DNS BE (Article 10 of the Terms and conditions for Domain Name registrations

under the “.be” domain operated by DNS BE).

The Complaint was filed in English pursuant to Article 11 of the CEPANI Rules for Domain Name dispute resolution.

On July 25, 2017 the Licensee submitted a response.

Mr. Joris DEENE was appointed on July 27, 2017 by CEPANI as the Third Party Decider to settle the dispute pursuant to Article 6.2 of the CEPANI Rules for Domain Name dispute resolution.

With the permission of the Third Party Decider, the Complainant filed a retort on August 9, 2017 and the Licensee a rejoinder on August 24, 2017.

On August 25, 2017, pursuant to Article 12 of the CEPANI Rules for Domain Name dispute resolution, the deliberations were closed.

The Third Party Decider’s decision is issued according to:

- The complaint dated June 21, 2017 and annexed documents
- The response dated July 25, 2017 and annexed documents
- The retort dated August 9, 2017 and annexed documents
- The rejoinder dated August 24, 2017

4. Factual information

2.

The Complainant is a company under the law of the republic of Korea named “GYMWORLD”.

The Complainant holds title to the intellectual property as she is the holder of the Union trademark “Magformers” registered on 24 January 2014 for magnetic toys; toy construction sets and toys (see annex 5 to the complaint).

The Complainant is holder of the Domain Name “magformersworld.com” and several other ccTLDs (see annex 7 to the complaint).

The Magformers product is a 3D educational magnetic toy (see annex 3 to the complaint).

3.

The Licensee is a Belgian law firm.

It alleges to hold the Domain Name for the account and in name of its client, being Magforce Invest SA, with registered office at 1050 Brussels, Louizalaan 343 (see annex 2 to the response).

Magforce Invest alleges to have purchased the Domain Name (together with two other domain names) from Smart Industries NV for a purchase price of 24.000 euro as was agreed through an agreement in principle on 22 December 2016 (annex 7 to the response), confirmed in a letter of Vanbelle Law dated 9 January 2017 (annex 12 to the response) and a more elaborate agreement dated 25 February 2017 (annex 8 to the response).

Magforce Invest wishes to use the Domain Name in a future project in which it intends to offer educational and training activities.

4.

On 4 November 2016, the Complainant has formally forewarned the previous Domain Name holder, Smart Industries NV, to turn over the Domain Name (see annex 9 to the complaint). Smart Industries appears to have been a former distributor of the Magformers products in Belgium, reason for which the Domain Name was registered, but is alleged to market competing products after the termination of the contractual relationship.

5.

In March 2017 (annex 10 to the response; annex 10 to the complaint; annex 14 to the complaint) there was correspondence between the counsel of the Complainant and Vanbelle Law, in which it was reported by Vanbelle Law that the particular Domain Name was held in name of and at the request of its client, the "Magforce group" and that this client would be willing to sell the Domain Name (together with two other domain names) for an amount of 30.000 euro.

5. Position of the parties

5.1. Position of the Complainant

6.

The Complainant requests the Third Party Decider to order the transfer of the Domain Name since all conditions provided in the Policy, contained in article 10, b), (1), are fulfilled.

The Complainant claims that the Domain Name is identical or at least confusingly similar to the Union trademark "Magformers".

The Complainant is of the opinion that the Licensee has no legitimate interest in holding the registration of the Domain Name. The Licensee is by no means associated with the "Magformers" trademark or brand by any means. There is no evidence that can possibly demonstrate that the Licensee is commonly known by the Domain Name. The Complainant stresses that the Licensee must have knowledge of the Complainant's rights when it bought the Domain Name, since the Magformers trademarks are well-known and there are two links between Magforce Invest and Smart Industries.

Lastly, the Complainant asserts that the Licensee's Domain Name has been registered and is being used in bad faith. The Complainant argues that the Domain Name is not held by the Licensee in connection with a bona fide offering of the Complainant's Product; in fact the Domain Name is not being used by the Domain Name holder at all. The document 'MagFormers Project – First Look' does not qualify as demonstrable preparations to use the Domain Name. She argues that the Licensee offered to sell the Domain Name (together with two other Domain Names) to the Complainant for 30.000 euro. The Complainant stress that the Licensee is a law firm which is as such legally not allowed to acquire any commercial gain from holding the Domain Name. Further, the Licensee distorts competition in the sense that it intentionally tries to limit the Complainant's business operations in the EU, given that potential clients who attempt to access the Domain Name receive an error in screen and thus getting the impression that the Complainant is no longer operating business in the EU.

5.2. Position of the Licensee

7.

First of all, the Licensee is of the opinion that the complaint as addressed against Vanbelle Law is inadmissible, as the law firm is only the third-holder of the Domain Name and not its legal owner or final user; that is its client, the Belgian Company Magforce Invest. The actions of the Complainant should therefore be formulated toward the real holder of the Domain Name.

The correspondence of the Domain Name with the trademark registered by the Complainant is not questioned by the Licensee

The Licensee claims that its client, Magforce Invest, does have a legitimate interest for the registration of the Domain Name. Magforce Invest alleges to develop an educational project complementary to its main activity. "Former" means "to educate" in French, reason for which the name "Mag-Former" was seen as particularly useful. For that reason Magforce Invest contacted Smart Industries and both parties reached an agreement in principle on 22 December 2017. On 25 February 2017 both parties signed a definitive sale and purchase agreement. This purchase agreement relates therefore, according to the Licensee, in the preparation of a new activity.

The Licensee claims that the Domain Name is being held in good faith, in accordance with bona fide commercial practices. The Licensee further claims that Magforce Invest did not have knowledge of the trademark of the Complainant and that its trademark will be used in a totally different field of business. The two links between Magforce Invest and Smart Industries are therefore not relevant and rely on pure coincidence. According to the Licensee, the fact that the Domain Name (and two other Domain Names) was offered for sale at a price of 30.000 euro merely reflects the purchase price of 24.000 euro, increased with a reasonable margin of 6.000 euro for the efforts and costs for the purchase and defence of the Domain Names and a fair expectation of their use in the future projects of the company that will be substantially frustrated by its cession.

6. Discussion and findings

8.

Pursuant to Article 16.1 of the *CEPANI rules for Domain Name dispute resolution*, the Third-party decider shall rule on Domain Name disputes with due regard for the Policy and the CEPANI rules for Domain Name dispute resolution.

Pursuant to Article 10b(1) of the Terms and conditions of Domain Name registrations under the ".be" domain operated by DNS BE, the Complainant must provide evidence of the following:

- *" the licensee's Domain Name is identical or confusingly similar to a trademark, a tradename, a social name or corporation name, a geographical designation, a name of origin, a designation of source, a personal name or name of a geographical entity in which the Complainant has rights; and*
- *the licensee has no rights or legitimate interests in the Domain Name; and*
- *the licensee's Domain Name has been registered or is being used in bad faith."*

6.0 The complaint is admissible

9.

The Third Party Decider rejects the argument of the Licensee that the complaint as addressed against Vanbelle Law is inadmissible.

In CEPANI disputes concerning “.be” Domain Names there are always two parties: the Complainant and the Licensee (or Domain Name holder).

Article 2 of the Cepani Rules for Domain Name dispute resolution defines “Domain Name holder” as: *the person having obtained or having applied for the registration of a particular name in the “.be” domain.*

According to the DNS.be database the registrant/holder of the Domain Name is Vanbelle Law, represented by Jo Vanbelle. Nowhere is Magforce Invest disclosed as the Domain Name holder or is any reference to this company made.

It is true that Vanbelle Law did state as early as its first communication with the counsel of the Complainant that it held the Domain Name in name of and for the account of a client, however, the identity of this client was kept vague by referring to “the Magforce Group” (see e.g. Annex 14 to the complaint). This is not sufficient to identify the exact company that was intended to have been referred to.

The Complainant therefore was only able to furnish the information given to her by DNS to CEPANI to commence this Domain Name registration dispute.

For that reason, the complaint is admissible.

6.1. Identical or similar to

10.

According to article 10, b), (1), (i) of the Policy, the Complainant has to prove that he has the right in a trademark and that the Domain Name is identical or confusingly similar to such trademark.

(a) As to the existence of prior rights

The Complainant provides evidence that she is the owner of the Union trade mark “Magformers”. The Complainant’s right on its trade mark does not seem questionable prima facie, and the Third-Party Decider therefore regards them as valid.

(b) As to the identity and the risk of confusion

The Domain Name (magformers.be) is identical to the Union trademark ‘Magformers’.

According to the established case law of CEPANI, the suffix “.be” does not exclude the identity and/or the similarity since the suffix refers only to the geographical extension and origin of the website.

The Licensee does not dispute the similarity.

As a result of the above, the Domain Name can be considered as identical to the trade mark of the Complainant.

The Third Party Decider therefore concludes that the first condition is met.

6.2. Rights and legitimate interests

11.

According to article 10, b), (1), (ii) of the Policy, the Complainant has to prove that the Licensee has no rights or legitimate interests in the disputed Domain Name.

While the overall burden of proof is on the Complainant, it is settled case-law that proving a Licensee lacks rights or legitimate interests in a domain name may result in the often impossible task of 'proving a negative', requiring information that is often primarily within the knowledge or control of the Licensee. As such, where a Complainant makes out a prima facie case that the Licensee lacks rights or legitimate interests, the burden of production on this element shifts to the Licensee to come forward with relevant evidence demonstrating rights or legitimate interests in the domain name. If the Licensee fails to come forward with such relevant evidence, the complaint is deemed to have satisfied the second condition.

To demonstrate rights or legitimate interest in a domain name, non-exclusive licensee defenses under article 10, b) (3) of the Policy include the following:

- (i) prior to any notice of the dispute, the registrant used the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services or made demonstrable preparations for such use; or
- (ii) the registrant (as an individual, business, or other organisation) has been commonly known by the domain name, even if he has no trademark;
- (iii) the registrant is making a legitimate and non-commercial or fair use of the domain name, without intent to misleadingly divert consumers for commercial gain or to tarnish the trademark, trade name, social name or corporation name, geographical designation, name of origin, designation of source, personal name or name of the geographical entity at issue.

12.

There is disagreement between the parties whether this second condition must be met by Vanbelle Law or by its client Magforce Invest.

In accordance with Belgian law, a lawyer must be treated as an agent of its client in the sense of article 1984 Civil Code and further. A mandated agent therefore performs legal acts in the name of and for the account of its principal. Consequently, the rights and legitimate interests must be determined as weighing on its principal, Magforce Invest.

13.

The Third Part Decider considers that Magforce Invest is not able to prove legitimate rights or interests in the Domain Name.

As they are not independently verifiable by the Third Party Decider, claimed examples of use or demonstrable preparations to use the Domain Name in connection with a bona fide offering of goods or services cannot be merely self-serving but should be inherently credible and supported by relevant pre-complaint evidence.

The reference to a side-activity which is to be titled "Magformers" does not convince the Third Party Decider. Sole evidence of this project (which is still in a preparatory phase) is a working document titled "Magformers project – First Look" (annex 6 to the response).

Even disregarding the fact that this document apparently originates from Magforce Be(Igique) (a separate and distinct company from Magforce Invest), it is impossible to determine the authenticity or at least the date of this document. No other evidence is additionally submitted to support the existence of the project.

However, clear contemporaneous evidence of bona fide pre-complaint preparations is required.

It is consequently impossible to objectively determine whether this project, or at least the actual preparation of it, is a true fact.

The Third-Party Decider therefore considers that the Licensee does not have any legitimate interest in the Domain Name.

The second requirement of article 10, b), of the Policy is therefore met.

6.3. Registration in bad faith

14.

According to article 10, b), (1), (iii) of the Policy, the Complainant has to prove that the Domain Name has been registered or is being used by the Licensee in bad faith.

Bad faith under the Policy is broadly understood to occur where a Licensee takes unfair advantage of or otherwise abuse a complainant's mark. To facilitate assessment of whether this has occurred, and bearing in mind that the burden of proof rests with the Complainant, article 10, b), (2) of the Policy provides that any one of the following non-exclusive scenarios constitutes evidence of a Licensee's bad faith:

- (i) circumstances indicating that the domain name was registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain name to the complainant who is the owner of the trademark, trade name, registered name or company name, geographical designation, name of origin, designation of source, personal name or name of the geographical entity, or to a competitor of the complainant, for a price that exceeds the costs that the registrant can show are directly related to the acquisition of the domain name; or
- (ii) the domain name was registered in order to prevent the owner of a trademark, a trade name, a registered name or a company name, a geographical designation, a name of origin, a designation of source, a personal name or a name of a geographical entity to use the domain name and that the registrant has engaged in a pattern of such conduct; or
- (iii) the domain name was registered primarily for the purpose of disrupting the business of a competitor; or
- (iv) the domain name was intentionally used to attract, for commercial gain, Internet users to the registrant's web site or other on-line location, by creating confusion with the complainant's trademark, trade name, registered name or company name, geographical designation, name of origin, designation of source, personal name or name of a geographical entity as to the source,

sponsorship, affiliation, or endorsement of the registrant's web site or location or of a product or service on his web site or location. • the registrant has registered one or more personal names without the existence of a demonstrable link between the registrant and the registered domain names.

15.

The Third Party Decider concludes that the Licensee bought the Domain Name from Smart Industries in bad faith and continues to hold it in bad faith.

Firstly, the Third Party Decider considers that there are strong indications to hold that Magforce Invest and Smart Industries concocted a legal construction in order to avoid that Smart Industries would be forced to transfer the Domain Name to the Complainant.

The Complainant posits that Smart Industries initially registered the Domain Name in its capacity as distributor of Magformers products in Belgium, but that it kept the Domain Name after the termination of the distribution agreement and marketed competing products. It could have been deduced from this that a Domain Name dispute procedure against Smart Industries were likely to be successful.

On 4 November 2016 Smart Industries was formally forewarned to transfer the Domain Name to the Complainant. It appears that no answer was given to this, but shortly thereafter the Domain Name was transferred to Magforce Invest.

The Third Party Decider considers it highly unlikely that Smart Industries -considering its mandatory representations and warranties as seller- would not have disclosed the dispute with the Complainant to Magforce Invest. Moreover, the Third Party Decider observes that the Complainant does not deny having knowledge, but merely posits that the holding of the Domain Name in bad faith by the previous Licensee has no impact on the bad or good faith status of the current Licensee.

Although the Licensee is strictly speaking correct, the Third Party Decider considers that the cooperation to a sale of a Domain Name in order to avoid that the previous Licensee would have to transfer it, must be taken into account for the determination of the existence of good or bad faith.

Secondly, the Licensee writes in its retort the following: *'the law firm Vanbelle Law, was appointed by the parties to register the change of ownership of the domains in order to temporarily complete the purchased transaction and when fully paid, transfer the domain holder's identity toward the group Magforce'*. From this it would appear that Magforce Invest and Smart Industries willingly try to shield the identity of Magforce Invest by registering Vanbelle Law as the Licensee in the DNS Database. This is a clear breach of article 8.a.6 of the Policy, as the Domain Name may not be registered with contact data that have as goal to shield the identity of the real owner.

The Third Party Decider considers that there is no reason why a seller would transfer a Domain Name to the attorney of the purchaser (who is not a third trusted party) without having received full payment yet.

It is remarkable also that in the communication and the agreements with Smart Industries in December 2016, January 2017 and March 2017 it is repeatedly stated that the transfer of ownership of the Domain Names is to be considered with retroactive effect to January 2016, whereas there is no logical or sensible reason for this. It does fit however in a strategy to shield Smart Industries from the complaint by

the Complainant by setting up a fictional transfer of ownership which purports to pre-date the formal forewarning by the Complainant.

The link between Magforce Invest and Smart Industries is also reinforced by the fact that two persons, Mr. Jean-Luc Heuze and Mr. Rolf Vandoren are linked to both companies simultaneously.

16.

Additionally the Third Party Decider considers that despite the fact that the purchase of the Domain Name was apparently important for a new side-activity of Magforce Invest and the purchase agreement therefore needed to be acquired quickly (see annex 1 of the response), it was offered for sale already after the first communication with the counsel of the Complainant at a price of 30.000 euro.

Notwithstanding that the actual purchase price for the Domain Name was 24.000 euro (of which it moreover did not seem to have been (fully) paid), a margin of 6.000 euro is not compatible with the cost of obtaining it. It therefore seems that the Domain Names were purchased also with a speculative design, to be sold for a large amount to the Complainant.

This is also an indication that the Domain Name is not held in good faith.

17.

Finally, the Third Party Decider observes that the Domain Name is not in fact used by the Licensee or at least that there is no website linked to it.

This is an additional indication that the Domain Name is not held in good faith.

18.

Therefore the Third-Party Decider finds that the above circumstances show that the Licensee has registered ('purchased') and used the Domain Name in bad faith.

As a result, the Third Party Decider considers that the third condition is met.

7. Decision

19.

Consequently, pursuant to Article 10(e) of the *Terms and conditions of Domain Name registrations under the ".be" domain operated by DNS BE*, the Third-party decider hereby rules that the Domain Name registration for the "magformers.be" Domain Name is to be transferred to the complainant.

Ghent, September 7, 2017.

Joris DEENE
The Third-party decider

