

**IN THE MATTER OF A COMPLAINT PURSUANT TO THE CANADIAN INTERNET REGISTRATION
AUTHORITY DOMAIN NAME DISPUTE RESOLUTION POLICY**

Complainant:	Alpargatas S.A.
Complainant counsel:	David Potter
Registrant:	Essi Nikulainen
Panel:	Barry C. Effler
Service Provider:	British Columbia International Commercial Arbitration Centre
BCICAC File Number:	DCA-1434-CIRA

DECISION

The Parties, Domain Names and Registrar

1. The Complainant is Alpargatas S.A., a Brazilian corporation. The Complainant recently changed its corporate name from São Paulo Alpargatas S.A. to Alpargatas S.A.
2. The Registrant is Essi Nikulainen, of Kingston, Ontario.
3. The Domain Name at issue in this dispute is **havaianas.ca**.
4. The Registrar is HEXONET Services Inc.
5. The Domain name was registered by the Registrant on July 19, 2012.

Procedural History

6. The procedural history of this matter was set out in a letter from the British Columbia International Commercial Arbitration Centre to the Panel herein dated December 3, 2012:

The Complaint was reviewed and found to be compliant. By letter and email dated October 26, 2012, BCICAC as Service Provider so advised the parties and forwarded a copy of the Complaint together with Schedules A –T to the Registrant.

The Registrant has not provided a Response. As permitted given the absence of a Response, the Complainant has elected under Rule 6.5 to convert from a panel of three to a single arbitrator.

The Centre hereby appoints you, Barry C. Effler, LL.B., LL.M., C. Arb. (Fellow), as sole arbitrator in the above-referenced matter.

7. As required by paragraph 7.1 of the Rules, I have declared to BCICAC that I can act impartially and independently in this matter as there are no circumstances known to me which would prevent me from so acting.
8. I am not aware of any other legal proceeding or other arbitration in relation to the Domain Name that would give rise, under paragraph 13.2 of the Rules, to a need to stay or terminate the progress of this proceeding.

Eligibility of Complainant

9. I have reviewed the material submitted by the Complainant and am satisfied that the Complainant is an eligible complainant under paragraph 1.4 of the Policy. It is the owner of a registered Canadian trade-mark in which the exact word component of such trade-mark is the same as the Domain name in dispute.

Relief Requested

10. The Complainant requests that the Domain Names in dispute be transferred from the Registrant to the Complainant.

Applicable Law

11. As directed by paragraph 12.1 of the Rules, I will render my decision based upon the rules and principles of the laws of Ontario, and the laws of Canada.

Background Facts

12. Background facts alleged by the Complainant and accepted by me as probative are quoted here from the Complaint:

9. The Complainant is the owner of the trade-mark HAVAIANAS (hereinafter the "HAVAIANAS Mark"). Since 1962, the Complainant has been offering its flip-flops and espadrilles under the HAVAIANAS Mark and name, and has built an extensive worldwide reputation. HAVAIANAS flip-flops are known for their high quality, comfort, style and variety of color.

10. The Complainant offers over 150,000 points of sale throughout its home country of Brazil, and exports its famous HAVAIANAS flip-flops to over eighty (80) countries around the world, including Canada, Australia and the United States as well as other countries located in South America, Asia, Europe, the Caribbean and Africa.

11. The Complainant sells millions of HAVAIANAS sandals and espadrilles annually. In 2007 alone, 173 million pairs of Havaianas sandals were sold. . . . With respect to sales in Canada, the Complainant sold over 105,000 pairs in 2008; over 93,000 pairs in 2009; over 157,000 pairs in 2010; and over 98,000 pairs in 2011.

12. The Complainant has spent significant amounts of money on extensive advertising to help ensure that its HAVAIANAS Mark is recognized and widely known around the world.

13. To help protect its trademark rights and to put others on notice of these rights, the Complainant has obtained numerous trademark registrations for the HAVAIANAS Mark around the world. These registrations cover a variety of wares including flip-flops. . . .

14. The Complainant has also relied on the Internet as a forum to advertise and sell HAVAIANAS footwear. The Complainant owns several domain names that incorporate the HAVAIANAS Mark, including havaianas.com. This website has a Canadian specific webpage which can be accessed via the main home page. 15. In addition, the Complainant has an official website in Canada which is operated by its Canadian distributor located at havaianascanada.com. The Complainant registered the domain names havaianas.com on June 21, 1997 and havaianascanada.com on April 22, 2009. . . .

16. The Complainant actively uses its havaianascanada.com domain name, and Internet users can find extensive information about the Complainant at

that domain name. Moreover, the Complainant allows customers to place orders for its HAVAIANAS flip-flops through its official website havaianascanada.com. . . .

No Relationship Between the Parties

20. There has never been any relationship of license, permission or otherwise between the Complainant and the Registrant, including in relation to the mark HAVAIANAS and the domain name havaianas.ca.

13. The Complainant submitted evidence that it is the owner of numerous trade-marks throughout the world. Of particular relevance to this dispute, the Complainant is the owner of the registered Canadian trade-mark number TMA515403 for “HAVAIANAS and design”, registered August 26, 1999. There are also pending Canadian applications for “HAVAIANAS”, under number 1352990 filed June 6, 2007 and number 154915 filed October 24, 2011, for different wares and services.

Discussion and Findings

14. Policy paragraph 4.1 sets forth the onus on a complainant. It provides as follows:

4.1 Onus. To succeed in the Proceeding, the Complainant must prove, on a balance of probabilities, that:

(a) the Registrant’s dot-ca domain name is Confusingly Similar to a Mark in which the Complainant had Rights prior to the date of registration of the domain name and continues to have such Rights; and

(b) the Registrant has registered the domain name in bad faith as described in paragraph 3.5;

and the Complainant must provide some evidence that:

(c) the Registrant has no legitimate interest in the domain name as described in paragraph 3.4.

Even if the Complainant proves (a) and (b) and provides some evidence of (c), the Registrant will succeed in the Proceeding if the Registrant proves, on a balance of probabilities, that the

Registrant has a legitimate interest in the domain name as described in paragraph 3.4.

15. The Policy provides a definition of the term “Mark” (but as amended no longer defines Rights):

3.2 **Mark.** A “Mark” is:

(a) *a trade-mark, including the word elements of a design mark, or a trade name that has been used in Canada by a person, or the person’s predecessor in title, for the purpose of distinguishing the wares, services or business of that person or predecessor or a licensor of that person or predecessor from the wares, services or business of another person; ...*

16. The Complainant is the owner of a registered Canadian trade-mark in which the exact word component exactly matches the Domain Name excluding the dot ca portion of the domain name. The Complainant established that it has rights in a trade-mark that was a “Mark” prior to the date on which the Domain Name was registered. The trade-mark was registered August 26, 1999, which is significantly earlier than the July 19, 2012 date of registration of the Domain Name.
17. The relevant definition of “Mark” requires that a trade-mark be “used”. The term “use” is no longer defined in the Policy. As indicated in the Background Facts set out above, the Complainant has been advertising and selling its flip flops using the registered trade-mark since at least 2007. The Complainant therefore meets this requirement.
18. I am satisfied that the Domain Name is confusingly similar to the Complainant’s Mark. The relevant key word “Havaianas” in the Domain Name is the same word as in the Mark, with the exclusion of the dot ca in the Domain Name. See also the discussion of consumer confusion in paragraph 22, below.
19. I am satisfied that the Complainant has established bad faith by the Registrant for the purposes of paragraphs 4.1 of the Policy by showing circumstances meeting paragraphs 3.5 (a), (b), and (d) of the Policy.

Paragraph 3.5 of the Policy:

3.5 Registration in Bad Faith. *For the purposes of paragraphs 3.1(c) and 4.1(b), any of the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence that a Registrant has registered a domain name in bad faith:*

(a) the Registrant registered the domain name, or acquired the Registration, primarily for the purpose of selling, renting, licensing or otherwise transferring the Registration to the Complainant, or the Complainant's licensor or licensee of the Mark, or to a competitor of the Complainant or the licensee or licensor for valuable consideration in excess of the Registrant's actual costs in registering the domain name, or acquiring the Registration;

(b) the Registrant registered the domain name or acquired the Registration in order to prevent the Complainant, or the Complainant's licensor or licensee of the Mark, from registering the Mark as a domain name, provided that the Registrant, alone or in concert with one or more additional persons has engaged in a pattern of registering domain names in order to prevent persons who have Rights in Marks from registering the Marks as domain names;

...

(d) the Registrant has intentionally attempted to attract, for commercial gain, Internet users to the Registrant's website or other on-line location, by creating a likelihood of confusion with the Complainant's Mark as to the source, sponsorship, affiliation, or endorsement of the Registrant's website or location or of a product or service on the Registrant's website or location.

20. The Complainant's evidence is that the website to which the Domain Name refers is a pay per click website:

22. All visitors (who are attracted to the website by the famous brand HAVAIANAS) are offered a series of links and advertisements for various third party sites and products. These offerings are automatically generated and appear at random on the website. The links and advertisements include:

(a) Purported and misleading sales and “cheapest of the cheap” offerings of HAVAIANAS branded sandals through third parties – clicking on which directs the user to further pay-per-click websites;

(b) Wholesale and designer offers on sandals from market competitors to the Complainant;

(c) Products and services for erasing wrinkles;

(d) Magazine subscriptions;

(e) Various domain name purchasing sites; and

(f) Women’s clothing.

...

25. The website further clearly notes in the top right corner of every page that the domain is for sale. Selecting the link provided takes a user to a page where they may blindly bid on the purchase of the domain.

21. The offering of the Domain name for sale meets the circumstances outlined for bad faith in paragraph 3.5 (a) of the Policy.
22. The conducting of a business of operating a website which generates referrals to advertisers on that site (per click advertising) is a legitimate one. To meet the test outlined in paragraph 3.5 (d) of the Policy, the Complainant must establish that the Registrant is attracting Internet users to the site for commercial gain by creating a likelihood of confusion as to the source of the website. There is clearly in this case a business offering referrals to advertisers’ businesses, and I am prepared to make the presumption that revenue is earned by the Registrant from those commercial type of advertisers, thereby meeting the commercial gain issue. The Registrant is obtaining visitors to the site by trading on the brand name fame of the “Havaianas” brand based on user confusion as to the source and operation of the Domain name. The Complainant cites *Masterpiece Inc. v. Alavida Lifestyles Inc.* 2011 SCC 27, paras. 70 to 73 for the proposition that the material time for consideration of consumer confusion is when the consumer encounters a mark in the marketplace. I agree with the proposition and quoting from the *Masterpiece Inc.* decision:

[72] . . . It is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

[73] Indeed, before source confusion is remedied, it may lead a consumer to seek out, consider or purchase the wares or services from a source they previously had no awareness of or interest in. Such diversion diminishes the value of the goodwill associated with the trade-mark and business the consumer initially thought he or she was encountering in seeing the trade-mark. Leading consumers astray in this way is one of the evils that trade-mark law seeks to remedy. . . .

23. I am satisfied that the registrant’s operation of the Domain Name website meets the circumstances outlined for bad faith in paragraph 3.5 (d) of the Policy.
24. The test for bad faith outlined in paragraph 3.5 (b) of the Policy requires the Complainant to establish that the Registrant “has engaged in a pattern of registering domain names in order to prevent persons who have Rights in Marks from registering the Marks as domain names.”
25. In the Complaint the Complainant states:

Registrant’s Additional Websites

36. In addition to making use of the famous mark HAVAIANAS as part of the domain name under complaint, the Registrant has also secured registrations for approximately 80 “.ca” domain names. These domains were registered within the past year and are either well-known or famous names or are minor variations of well-known or famous names, including:

Admiralmarkets.ca Chinaairlines.ca Duracelldirect.ca

Bottega-veneta.ca Steve-madden.ca Moevenpick.ca

Clarksoriginals.ca Leecooper.ca Waldorfastoria.ca

Edhardyshop.ca Leica-camera.ca Amazonflow.ca

Konica-minolta.ca Merck-millipore.ca Deutschepost.ca

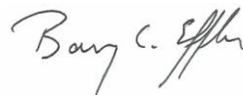
Merckmillipore.ca Skoda-auto.ca Gianfrancoferre.ca
Handelsbanken.ca Barclayscorporate.ca Skanska.ca

26. I accept this evidence and finds that these circumstances meet the circumstances outlined for bad faith in paragraph 3.5 (b) of the Policy.
27. The Complainant states it has no business relationship with the registrant, see paragraph 20 of the Complaint quoted under Background Facts, above.
28. There is no evidence that any of the circumstances outlined in paragraph 3.4 of the Policy regarding legitimate interest apply and I am satisfied that the Registrant has no legitimate interest in the Domain Names.
29. I am satisfied that the Complainant has met the onus on it to succeed, as required by paragraph 4.1 of the Policy.

Order

30. For the reasons set forth above, I order the Domain Name in issue to be transferred to the Complainant.

Dated: January 5, 2013



Barry C. Effler, LL.B., LL.M., C. Arb. (Fellow)
Sole Panellist