

Administrative Panel Decision

In the matter of

Between

USANA HEALTH SCIENCES, INC.

And

MYBIDS ENTERPRISE

Case No: RCA/DNDR/2010/22

**1. The Parties**

1.1 The Complainant is USANA HEALTH SCIENCES, INC. (Company Registration No. 1175041-0142) a company incorporated under the laws of Utah on 20 July 1992, having a principal place of business at 3838 West Parkway Boulevard, Salt Lake City, Utah 84120-6336, United States of America. The Complainant was formerly known as USANA, INC.

1.2 The Respondent is MYBIDS ENTERPRISE (Business Registration No. 001746955-K), a business incorporated under the laws of Malaysia and having a principal place of business at 19, Jalan Nusa, Taman Duta, 50480 Kuala Lumpur.

**2. The Domain Name and Registrar**

2.1 The domain name in dispute is <usana.com.my> (“**the Domain Name**”). It was registered on January 29, 2009 vide Registration No. D1A107540. The Registrar is Malaysian Network Information Centre (MYNIC) (“**the Registrar**”).

**3. Procedural History**

3.1 The Panel has sighted only some of the documents relating to the procedural history of this matter but the Case Administrator has provided the following table:-

CASE FILE-CHRONOLOGY

<b>SUBMISSION DATE</b> <b>Documents submitted by Parties</b> <b>(date received by Centre)</b> <b>Documents communicated by Centre</b> <b>(date issued)</b>	<b>DESCRIPTION</b>
April 2, 2010	1. CTC & Form A-Complaint (e-mail/hardcopy)
April 6, 2010	2. Acknowledgement of Receipt of Complaint
April 7, 2010	3. Centre’s Request for MYNIC’s Verification of identity of domain

	name(s) holder
April 6, 2010	4. Complaint Notification Instructions and Commencement of Proceeding
April 27, 2010	5. Form B-Response (e-mail/hardcopy)
April 29, 2010	6. Acknowledgement of Receipt of Response
May 6, 2010	7. Reply (e-mail/hardcopy)
May 7, 2010	8. Acknowledgement of Receipt of Reply
May 21, 2010	9. Statement of Acceptance and Independence of the Panel
May 24, 2010	10. Notifications of Appointment of the Panel and Projected Decision Date
May 24, 2010	11. Communications of Notification on Panel Appointment to the Parties
May 27, 2010	12. Email from Mr. Andy Tan (Respondent)
May 28, 2010	13. Email from Ms. Sonia Ong (Claimant)
May 31, 2010	14. Communication email from Panelist of potential conflict of interest to KLRC
June 3, 2010	15. Notification of withdrawal of Panelist to the Parties
June 7, 2010	16. Statement of Acceptance and Independence of new Panelist
June 8, 2010	17. Notifications of Appointment of the new Panelist and new Projected Decision
June 8, 2010	18. Communications of Notifications on new Panelist Appointment to the Parties

3.2 The Complainant elected a single-member Panel (“**the Panel**”) to decide the Proceeding. Mr. Deepak Pillai was originally appointed as the Panel. Mr. Deepak Pillai subsequently recused himself on the ground that his impartiality and independence may be an issue due to certain allegations made by the parties with regard to a specific individual. I, the undersigned, was constituted by the Centre as the Panel in substitution of Mr. Deepak Pillai. The notice of appointment of the Panel was sent on June 7, 2010. The Panel submitted the Declaration of Impartiality and Independence on June 7, 2010.

#### **4. Background Facts**

4.1 The Complainant develops and manufactures nutritional and personal care products that are sold directly to preferred customers and associates throughout, *inter alia*, the United States of America, Canada, Australia, New Zealand, Hong Kong, Japan, Taiwan, Singapore and Malaysia (“**Complainant’s goods**”).

4.2 The Complainant is the owner of the domain name <usana.com> (“**Complainant’s domain name**”). Apart from extracts printed from the website <www.usana.com>, there is no evidence that the Complainant is the owner the domain name <usana.com>.

4.3 The Complainant is the registered proprietor for the trade mark “USANA” (“**Complainant’s trade mark**”) via trade mark Registration Nos. 96003482 in class 5, 04005317 in class 30 and 04005319 in class 3 in Malaysia.

4.4 The Respondent is a business registered under the Business Registration Act 1956 on February 28, 2008. The registration expires on February 27, 2011. According to the information sheet obtained pursuant to a search conducted at the Companies Commission of Malaysia on March 31, 2010, the Respondent is in the business of online building and purchasing electronic and electrical items. The proprietor of the Respondent is Tan Kah Hong (“**Tan**”). It would appear that Tan refers to himself and is known by others as “Andy Tan”.

4.5 Tan was registered as a distributor of the Complainant’s products on July 7, 2008.

## **5. Parties’ Contentions**

### **The Complainant’s Contentions**

5.1 The Complainant contends that the Domain Name is identical to the Complainant’s trade mark.

5.2 The Complainant asserts that the Respondent had registered the Domain Name without the Complainant’s authorization and in bad faith. Further, the Complainant asserts that the Respondent, by registering and using the Domain Name had created a possibility of confusion amongst the public that the Domain Name is associated to the Complainant.

5.3 The Complainant further asserts that the Respondent by offering the Complainant’s products on its website at [www.usana.com.my](http://www.usana.com.my) (“**Respondent’s website**”) is attempting to attract or divert Internet users to the Domain for commercial gain.

5.4 The Complainant also contends that the Respondent is passing off its website as a website authorized by the Complainant. The Complainant further contends that the Respondent had by registering the Domain Name breached the distributor agreement made between the Complainant and the Respondent.

5.5 The Complainant in its Reply alleged that registration and continued use of the Domain Name constitutes infringement of the Complainant’s trade mark registrations.

### **The Respondent’s Contentions**

5.6 The Respondent denies that it had acted in bad faith.

5.7 The Respondent contends that it registered the Domain Name for the purposes of assisting the public in joining the Complainant, purchasing the Complainant’s products and to increase distributor and customer confidence in the Complainant’s mark.

5.8 The Respondent admits that the Domain Name is identical with the Complainant's mark. The Respondent states that the contents of its website are similar to the Complainant's website (at [www.usana.com](http://www.usana.com)) so that the public would believe that the Respondent's website is promoting the same business as the Complainant which the Respondent asserts is indeed the case.

5.9 The Respondent contends that it did not register the Domain Name with the intention to sell it for profit. The Respondent further avers that prior to registration of the Domain Name, Tan had been authorized verbally by a Dr. Andy Woo ("**Dr Andy Woo**") to "register any domain name but the contents of the Usana website has to be approved by the management". The Respondent states that Dr Andy Woo was previously the "acting Managing Director of UHS Essential Health Sdn Bhd". The Panel notes that the Respondent is probably referring to UHS Essential Health (Malaysia) Sdn Bhd and that the error in the company name is in all likelihood unintentional.

5.10 The Panel notes that a dispute has arisen with regard to the evidence of the Complainant on the allegation of an offer for sale of the Domain Name by Tan to the Complainant. The Panel will deal with this later in this decision.

5.11 The Respondent alleges that the Complainant had failed to furnish evidence on the probability of confusion and the damage the Complainant had sustained.

5.12 The Respondent contends that there has been no business transactions carried out through the Domain Name and that there is no payment gateway at the website which enables the public to purchase the Complainant's goods through the website.

5.13 The Respondent also contends that the prices of the Complainant's goods are displayed on the website of the Domain Name to inform that the public that Usana is a competitive brand with competitive prices and thus, the Domain Name is not being used by the Respondent for commercial gain.

5.14 The Respondent has offered to transfer the Domain Name to a Gold Director but not the Complainant to resolve this matter.

5.15 The Respondent avers that the Complainant has neither taken action against other third parties using the Complainant's trade mark on the internet nor undertaken any advertising activities to promote the <Usana.com> website in local Google search engines.

5.16 On the allegation on breach of contract, the Respondent states that the prohibition against registration or selling the Complainant's trade mark was not in the Usana Policies and Procedures when Tan became a distributor in June 2008 and thus is not binding on him.

## **6. The Complainant's Reply**

6.1 The Complainant avers that the fact that the Respondent and his girlfriend are distributors of the Complainant's goods and that the website was created to generate

new leads for the Respondent's girlfriend supports the Complainant's claim that the Respondent acted in bad faith, that is, the Domain Name was registered with an intention to attract users for commercial gain by creating a possibility of confusion that the Domain Name is authorized by the Complainant.

6.2 The Complainant states that unauthorized use of the Complainant's trade mark by third parties is wholly irrelevant to the Complainant's complaint against registration of the Domain Name by the Respondent.

6.3 The Complainant asserts that the Respondent made admissions in its Response which strongly support its passing off claim, *inter alia*, the Domain Name was created to encourage the public to sign up with the Complainant. The Complainant also asserts that use of the Complainant's trade mark would only be legitimate if the Complainant authorized or consented to its use.

6.4 The Complainant adduced an email dated December 7, 2009 from Dr Andy Woo to the Complainant stating that Tan had made an offer to sell the Domain Name to the Complainant for a sum of RM 100,000.00. The Panel notes that the Respondent had written to the former Panel, Mr Deepak Pillai disputing the authenticity and truth of the said email. The Panel would comment further on this matter later in this decision.

6.5 The Complainant asserts that it is trite law that evidence of actual confusion is not necessary to establish a claim in passing off.

6.6 The Complainant further asserts that Tan is bound by changes made to the Usana Policies and Procedures as Tan agreed to be bound by such changes when he became a distributor of the Complainant's goods.

## **7. Discussions and Findings**

7.1 Rule 17 of the Rules states that the Panel is to decide the proceeding based on the documents and evidence submitted by the Parties, the Policy and Rules as well as any other rules and principles of law which are applied in Malaysia.

7.2 Paragraph 5.2 of the Policy provides that the Complainant must establish each of the following elements in the Complaint:-

- (i) The Domain Name is identical or confusingly similar to a trade mark or service mark to which the Complainant has rights; and
- (ii) The Respondent has registered and/or used the Domain Name in bad faith.

### **Identical or confusingly similar**

7.3 The Respondent admits that the Domain Name is identical to the Complainant's domain name.

7.4 The Domain Name incorporates the Complainant's mark in its entirety. It is well established in domain name cases that the inclusion of gTLD and ccTLD is

immaterial in determining whether the Domain Name is identical or confusingly similar to a Complainant's trade mark (**Volkswagen Group Singapore Pte Ltd v Webmotion Design Case No.: rca/dndr/2003/01 (int)**). Accordingly, the Panel finds that the Domain Name is identical to the Complainant's mark.

7.5 Apart from the evidence that the Complainant was incorporated on July 20, 1992 in the United States of America and the earliest trade mark registration obtained by the Complainant in Malaysia was on April 4, 1996, there is no evidence on how long the Complainant had used its mark in Malaysia. However, taking into consideration the evidence, the Panel finds that the Complainant has adduced prima facie evidence that it has rights over the USANA mark in relation to its goods. Accordingly, the Panel is satisfied that paragraph 5.2(i) of the Policy has been established.

7.6 The Panel states that the Complainant's failure to promote its domain name <usana.com> in search engines in Malaysia is not a relevant consideration for the purposes herein and does not affect the Complainant's rights to the USANA mark.

### **Rights and legitimate interests**

7.7 Paragraph 7.1 of the Policy provides that the registration and/or use of the Domain Name is not in bad faith if the Respondent establishes that he has rights and legitimate interests in the Domain Name.

7.8 Evidence of rights and legitimate interests may include any one of the following circumstances:-

- (i) before any notice of the Complainant's dispute, the Respondent had used or made preparations to use the Domain Name or a name corresponding to the Domain Name in relation to a genuine offering of goods or services; or
- (ii) the Respondent is commonly known by the Domain Name eventhough the Respondent has not acquired trade mark or service mark rights in the same; or
- (iii) the Respondent is using the Domain Name for legitimate, non-commercial and/or fair purposes and have no intention of using the same for profits or to deceive the public.

7.9 The Respondent has adduced evidence to show that prior to receiving notice of the Complaint, it had used the Domain Name to make a genuine offering of goods and services. The Complainant's goods are being offered for sale on the website of the Domain Name. The fact that the Complainant's goods cannot actually be purchased online is different from and does not detract from the fact that an offer for sale of the Complainant's goods is made on the website. As a distributor of the Complainant, Tan is using the website of the Domain Name as a means to offer for sale the Complainant's goods. In addition, the emails dated 25 September 2009 and 30 March 2010 show that the Respondent is providing services in replying to queries on the Complainant's goods.

7.10 It is pertinent to point out that the “discounted” prices displayed on the website of the Domain Name are the “wholesale price” fixed by the Complainant. There is however no indication that the prices are referred to as the “RRP” are prices fixed by the Complainant. Although, the Panel is of the view that use of the word “discounted” is somewhat misleading in view of the lack of explanation of the “RRP”, there is nonetheless an offering of goods and services on the website of the Domain Name. In **The Bear Stearns Companies Inc. v Pacific Residential WIPO Case No. D2004-0314, Credit Management Solutions, Inc. v Collex Resource Management WIPO Case No. D2000-0029 and Sweeps Vacuum & Repair Center, Inc. v Nett Corp. WIPO Case No. D2001-0031**, each of the complaints was denied on the ground that the respondents had, prior to receiving notice of the complaints, used the domain names (albeit not as a trade mark) for the genuine offering of goods and/or services.

7.11 On the issue of whether the offering of goods and services is genuine, the Complainant aptly referred to the decision in **Netflowers Pte Ltd v Chan, Hong Mun T/A Mymall Dot Com Enterprise** Case No. rca/dndr/2005/07. In that case, the panel referred to the ICANN Policy and observed that the expression used is “bona fide” and took the view that the expression “genuine” in the Policy should be read in light of the expression “bona fide”. Thus, even if use is apparent, the panel’s inquiry must go further since “genuine” or “bona fide” use requires something more than a mere offering of goods or services, including a legitimate explanation for the choice of the domain name, a reasonable period of use before the dispute arose and the lack of any intention to infringe the trade mark.

7.12 Having regard to the rationale adopted by the panel, and noting that “bona fide” and “genuine” are used inter-changeably, each being the synonym for the other, the Panel also holds the view that the expression “genuine” is equivalent to the expression “bona fide”. However, **Netflowers Pte Ltd v Chan, Hong Mun T/A Mymall Dot Com Enterprise** Case No. rca/dndr/2005/07 can be distinguished. In that case, the respondent used the complainant’s trade mark as part of its domain name for a competing business. It was obvious that by using the disputed domain name, the respondent was diverting traffic to his own website which offers services identical to those offered by the complainant. In the instant case, the Respondent is not competing with the Complainant. He is a distributor of the Complainant’s products. If he is to be accused for competing, he should properly be accused of competing with his fellow distributors.

7.13 The Panel is of the view that **Hotnet Sdn. Bhd. v Web Business Solutions Sdn. Bhd.** Case No. rca/dndr/2009/19 relied upon by the Complainant is also distinguishable. In that case, the complainant and respondent were in competing businesses in a similar field of activity. There was evidence of actual confusion provided by the complainant in that customers had made bookings with the respondent thinking that they were making bookings through the complainant. The confusion resulted in diversion of business to the respondent’s website. The panel held that there was bad faith.

7.14 The Panel is further of the view that **360agaricus.com.my** Case No. rca/dndr/2004/04 is also distinguishable. In that case, the respondent did not use or make preparations to use the disputed domain name for a genuine offering of goods or

services and had offered for sale the disputed domain name to the complainant. The panel held that there was bad faith.

7.15 In **Freni Brembo S.p.A.** v **Webs We Weave** WIPO Case No. D2000-1717, the respondent was a licensed distributor of the complainant's products, namely Brembo brakes. The respondent had registered the disputed domain name <brembobrakes.com>. The complainant averred that registration of the disputed domain name was in bad faith on the ground that at the time of the registration, it was fully aware of the complainant's trade mark rights, the respondent is attempting to attract customers by creating the impression that the respondent is affiliated with, sponsored or endorsed by the complainant by stating that "Brembobrakes.com" is a division of Britalia Imports. The panel held that there was sufficient evidence of use of the disputed domain name for the bona fide offering of complainant's goods before receipt of notice of the dispute, in that the respondent is merely reselling the complainant's products in its capacity as an authorized distributor.

7.16 More importantly, it is apt to refer to the panel's observation on cases of this nature as follows:-

*"This case concerns a not uncommon type of dispute between a principal and an authorized distributor/reseller. The Panel does not have jurisdiction or the mandate to decide whether or not a distributor/reseller has the right to make use of a tradename or a trademark owned by the principal. Such causes of action require a profound analysis of the factual issues and a complicated weighing of the parties' various interests which these administrative proceedings are not designed to accommodate. The question must be addressed by an ordinary court.*

*... In certain instances the principle of "First Come First Serve" must be viewed as furthering the interests of a domain name Registrant who acts the fastest, provided that the registration and use of the domain name occurs within the limits of the ICANN Policy. The question of permissible or impermissible use of a mark still exists, but this is a problem which must be left to ordinary courts for resolution."*

7.17 In **Weber-Stephen Products Co.** v **Armitage Hardware** WIPO Case No. D2000-0187, the respondent was an authorized sales representative of and was duly licensed by the complainant to use the respondent trade mark in advertising and sales of the complainant's goods. The complainant claimed that the respondent had registered the disputed domain name in bad faith. The panel held that there was sufficient evidence to prove that the disputed domain name had been used in connection with the bona fide offering of the complainant's goods or services and it was apparent from the respondent's web page that the respondent was selling the complainant's goods under the complainant's trade mark. The panel further said as follows:-

*"If Complainant desires to obtain relief based upon some allegations that Respondent overstepped or overstated the bound of its arrangement with Complainant, or that no such arrangement exists, that argument is better addressed to a court, which is equipped to resolve such complicated factual*



*issues. On the record presented herein, this Panel must draw the conclusion that Respondent's use of its domain name was in connection with the bona fide offering of goods and services of Complainant."*

7.18 The Panel holds the views expressed in the above cases. Therefore, the panel states that the Complainant's grievances relating to breach of contract, passing off and trade mark infringement should be addressed by a court of law and not in these proceedings.

7.19 Based on the above findings and observations, the Panel concludes that the Respondent had, prior to receipt of notice of the Complaint used the Domain Name for a genuine offering of goods and/or services and has therefore established legitimate rights and interests in the Domain Name under paragraph 7.1 (i) of the Policy.

### **Bad Faith**

7.20 It appears that the crux of the Complainant's complaint of bad faith falls within paragraph 6.1(iv) of the Policy. Paragraph 6.1(iv) of the Policy states that evidence of bad faith may include circumstances where the Respondent had registered and is using the Domain Name with the intention of attracting or diverting, for commercial gain, Internet users to the Respondent's web site by creating a possibility of confusion or deception that the Respondent's web site is operated or authorised by, or otherwise connected with the Complainant and/or its trade/service mark.

7.21 The Panel is of the view that the website of the Domain Name is confusingly similar to the website of the Complainant's domain name. Although evidence of actual confusion is not a requirement and evidence of confusion itself is not sufficient to prove bad faith under the Policy, the Panel nevertheless notes that none was produced by the Complainant.

7.22 Based on the findings on legitimate rights and interests in the Domain Name, the Panel finds there to be no compelling evidence to establish that the Respondent had acted in bad faith within paragraph 6.1(iv) of the Policy.

7.23 The Complainant had in its Reply also relied on paragraph 6.1(i) of the Policy. Paragraph 6.1(i) of the Policy states that evidence of bad faith may include circumstances where the respondent registered and/or are using the Domain Name mainly to sell, rent or transfer the Domain Name for profit to the Complainant, its competitor or the owner of the trade mark or service mark.

7.24 The Panel would like to make an observation on the evidence adduced in support of this ground by the Complainant, namely, an email from Dr. Andy Woo claiming that Tan had offered to sell the Domain Name to the Complainant for RM 100,000.00. The Panel is of the view that the email by Dr. Andy Woo would be admissible to show that the statement was made by Tan. However, the said email would be inadmissible if the purpose of admitting it is to prove the truth of the statement, that is, Tan had in fact offered to sell the Domain Name to the Complainant for RM 100,000.00. Since the purpose of the email as stated in the Complainant's

Reply is to prove that Tan had in fact made an offer to sell the Domain Name to the Complainant, this document is inadmissible on the ground that it is hearsay.

7.25 In view thereof, the Panel has not exercised its discretion under paragraph 14.1 of the Rules to request for further statements or documents from the Respondent.

7.26 Accordingly, the Panel finds that the Complainant has not adduced any evidence to substantiate its claim under paragraph 6.1(i) of the Policy.

7.27 The Panel further finds that the Complainant has not adduced any or sufficient evidence to prove bad faith under any of the limbs set out in paragraph 6.1 of the Policy. In the circumstances, the Panel concludes that the Complainant has not met its burden of proof on the issue of bad faith registration and use.

7.28 At this juncture, the Panel finds it pertinent to highlight that the Policy is designed to prevent extortionate behaviour known as cyber squatting. It is not designed to prevent a trade mark owner from barring entry to online competitors or legitimate sellers (see **Dr. Ing. H.c. F. Porsche AG v Del Fabbro Laurent** WIPO Case No. D2004-0481).

7.29 The Panel would also like to highlight the decisions of **Petroliam Nasional Bhd v Khoo Nee Kiong** [2003] 4 MLJ 216 and **British Telecommunications plc and another v One In A Million Ltd and others** [1998] 4 All ER 476, where it was held that a person who registers well-known trade names as domain names is equipping himself with instruments of fraud and accordingly, such registrations are made with the purpose of appropriating the goodwill and property of the trade name owners and with an intention of threatening dishonest use of such trade names. It is pertinent to bear in mind what was said by Su Geok Yiam JC in **Petroliam Nasional Bhd v Khoo Nee Kiong** [2003] 4 MLJ 216, that any realistic use of domains names which are instruments of fraud would result in passing off. It is apposite to note that there is no evidence that the Respondent is equipping himself with an instrument of fraud as there is evidence that he is directing the public to the Complainant website at <usana.com>.

7.30 As a final observation, it would appear that the Complainant's real complaint is that registration and use of the Domain Name by the Respondent is an infringement of their trade/service mark rights and/or an attempt to pass off its goods and services as that of the Complainant's. The documents submitted by the Complainant do raise such issues in particular, the scope of the Complainant's rights and the contractual rights and obligations of the Respondent. If indeed such is the dispute, neither this forum nor the Policy is appropriate to resolve it. (**Freni Brembo S.p.A. v Webs We Weave** WIPO Case No. D2000-1717, **Weber-Stephen Products Co. v Armitage Hardware** WIPO Case No. D2000-0187, **UPIB, Inc. v Muhammad Arshad** WIPO D2004-0428, **The Bear Stearns Companies Inc. v Pacific Residential** WIPO Case No. D2004-0314 and **Credit Management Solutions, Inc. v Collex Resource Management** WIPO Case No. D2000-0029).

7.31 With due regard to the parameters of the Policy, the Rules and the Supplemental Rules, the Panel finds that the Complainant has failed to prove bad faith under paragraph 5.2(ii) of the Policy.

**8. Conclusion**

8.1 Based on the foregoing reasons, the Complaint is denied.

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Michael Soo Chow Ming  
Single-member Panel

Dated this June 28, 2010