

DISPUTE RESOLUTION SERVICE

DRS 07172

Decision of Independent Expert

SECURITY PEOPLE INC.

and

ADRIAN SLATTER

The Parties

Complainant: Security People Inc.
Address: c/o Bromhead Johnson
19 Buckingham Street
London

Postcode WC2N 6EF
Country: United Kingdom

Respondent: Adrian Slatter
Address: Rosewood
High Street
Hermitage
Berkshire

Postcode: RG18 9RE
Country: United Kingdom

The Domain Name

digilocks.co.uk

Procedural History

1. The following is the brief procedural history of this dispute. The Complaint was received by Nominet on 23 April 2009. The Response was lodged on 13 May 2009, followed by the Reply, on 20 May 2009. Stephen Bate was appointed as the expert on 17 July 2009.

Factual Background

2. The complainant is Security People Inc. ("SPI"), a company incorporated under the laws of California, USA. It manufactures and distributes digital locks under the trade mark 'DIGILOCK' in the United Kingdom and elsewhere. SPI is the registered proprietor of European Community Trade Mark registration number 2323848 in the name 'DIGILOCK' with respect to locks and other specified goods and services. Since 19 July 2006 SPI has been the registrant of digilock.com, which it uses to market its digital locks.
3. The Respondent is an individual, Adrian Slatter ("Mr Slatter"). He is a director of Digilocks Direct Limited ("DDL"), a company incorporated under the laws of England and Wales on 10 July 2003 under company number 04827888 and which is wholly owned by Codelocks Limited ("Codelocks") of which he is also a director.
4. DDL operates a website from digilocks.co.uk ("the Domain Name"), advertising and selling digital locks manufactured by Codelocks. The Domain Name was first registered to Mr Slatter on 3 December 2007.

Parties' Contentions

The Complaint

5. SPI asserts that it has Rights in the Domain Name, namely the European Community Trade Mark specified in paragraph 2 above and unregistered rights of passing off, being the right to exclusive use of the word 'DIGILOCK' in association with the manufacture and sale of digital locks.
6. SPI says that the Domain Name is an Abusive Registration, because Mr Slatter has no rights or legitimate interests in respect of the Domain Name, on the grounds that -
 - 6.1 Mr Slatter 'has never been commonly known by the domain name and, as evident from the Nominet WHOIS Query ... is stated to be a non-trading individual who has opted to have his address omitted from the WHOIS service.'
 - 6.2 Neither Mr Slatter nor DDL, the user of the Domain Name, uses the word DIGILOCK or DIGILOCKS as an abbreviated or short-hand name for the product itself.

- 6.3 However, the word 'DIGILOCKS' is used in direct and close association with the goods being sold and as such constitutes improper use of the trade mark.
7. Further, the Domain Name was registered, and is being used, in bad faith because -
- 7.1 Mr Slatter was or should have been aware of SPI's business under its trade mark since before 3 December 2007, when he first registered the Domain Name, which was many years after 31 July 2001, the date of registration of SPI's Community Trade Mark.
- 7.2 DDL was incorporated on 10 July 2003, nearly 2 years after that registration and notwithstanding the express warning given by UK Companies House to persons seeking to form a company: that 'a domain or company name registration may infringe someone else's trade mark'. Mr Slatter ignored this advice.
- 7.3 The goods of DDL being marketed under the name DIGILOCKS on the website at digilocks.co.uk are precisely the same kind of goods that have been marketed by SPI since 1998 and are directed at the same purchasers and users.
- 7.4 Mr Slatter's web-site at www.digilocks.co.uk thus deliberately diverts traffic intended for SPI's website at www.digilock.com in order to increase DDL's sales. In particular, SPI's goods bear the trade mark 'DIGILOCK', so DDL's use of the web-site at www.digilocks.co.uk creates a likelihood of confusion between the products sold through the .com web-site or through its other trade channels on the one hand and those on the site complained of. This use of the Domain Name aims to and succeeds in undermining the strength of SPI's registered and unregistered rights.

The Response

8. The Response is short and can conveniently be set out in full. It is as follows,
-

'Why should the complaint not succeed?'

- 1. Primarily it should be noted that Codelocks Ltd wholly own Digilocks Direct Ltd, with the primary directors of Codelocks Ltd being Directors of Digilocks Direct Ltd.*
- 2. Codelocks Ltd has been manufacturing, marketing and distributing digital mechanical and electronic locks for the last 20 years.*
- 3. The term digilock or digilocks or other derivations is common parlance for locks manufactured like the type shown on the Codelocks Ltd website and the Digilocks [D]irect Ltd website. It should be noted that all product marketed on the Digilocks [D]irect Ltd website are [sic]*

manufactured by Codelocks Ltd. The word digilock is not specific to or owned by Security Products [I]nc.

- 4. A cursory search on the web using the term digilocks will immediately reveal many digital locks produced by a range of manufacturers who identify with the generic use of the word digilocks, their product, i.e. digital code locks.*
- 5. The products manufactured by Security Products [I]nc which are the subject of the complaint are primarily used for lockers and cabinets. The products manufactured by Codelocks Ltd are primarily used for standard doors and in no way can be shown to be passing off as Security Products [I]nc products.*
- 6. All [C]odelocks Ltd products are clearly branded as Codelocks products.*
- 7. Digilocks Direct Ltd do not use or display the specific TRADE MARK 'Digilock'.*
- 8. Digilocks Direct Ltd are not acting in an abusive way towards Security Products Inc, the contrary standpoint may be considered.*

Codelocks Ltd and Digilocks Direct Ltd will strongly resist any attempt by Security Products Inc to frustrate trade. We would urge the complainant to cease and desist forthwith.

As far as you are aware, have any legal proceedings been issued or terminated in connection with the domain name?

[answered no]

Are there any web pages which support this dispute?

[None provided]. '

The Reply

9. In its Reply, SPI asserts -

9.1 The ownership of DDL is irrelevant.

9.2 Whether or not Codelocks has been manufacturing digital locks is also irrelevant. SPI is not seeking cessation of that activity, merely the use of their trade mark in relation to such activity.

9.3 The words DIGILOCK and DIGILOCKS are not generic and are not in common parlance. Had the Community Trade Marks Office considered the term to be in common parlance or descriptive of the goods or incapable of distinguishing one trader's goods from another's, it would not have permitted the registration.

- 9.4 It is noteworthy that on its website DDL uses neither the term DIGILOCK nor DIGILOCKS as a term to describe their products, which they refer to by the descriptive term 'digital lock'.
- 9.5 Internet search results for 'digilock' or 'digilocks' refer to suppliers of digital locks which, in the main, are products emanating from SPI. The search results provided in Exhibit B to Annex C to the Complaint show this.
- 9.6 The 'Digilock' branded products of SPI are used not only for lockers and cabinets, but also for doors and drawers. In this respect, their activities are precisely the same as those of DDL and of Codelocks – see, for example, the locker and storage cupboard locks of DDL on various parts of the websites of DDL and Codelocks.
- 9.7 No objection is or would be taken to use of the word 'Codelock' on the DDL website and SPI would be content for DDL to change the references on the website from 'DIGILOCK' or 'DIGILOCKS' to 'Codelock' or 'Codelocks'.
- 9.8 It is of no assistance if the first time a purchaser of a product from either DDL or Codelocks first sees the name 'Codelock' on a product is after purchase and delivery of a product. It is abusive for the product so named to be advertised by reference to the wholly different expression DIGILOCK, which is the Registered Trade Mark of SPI.
- 9.9 It is manifestly untrue for Mr Slatter to say that DDL does not use or display the trade mark 'DIGILOCK'. Each of its uses of that mark constitutes trade mark infringement.

Discussions and Findings

Does SPI own Rights?

10. In making the findings set out below, I have accepted the contents of the parties' written cases, save where otherwise set out.
11. By paragraph 1 of the Dispute Resolution Policy ("the Policy"), -
'Rights means rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning.'
12. SPI has produced an extract dated 11 March 2009 from the on-line register for Community Trade Marks maintained by the Office for Harmonization in the Internal Market of the European Community. This extract shows that the trade mark application for 'DIGILOCK' was filed on 31 July 2001, was registered as a word mark on 2 September 2005 and is to expire on 31 July 2011. The owner of the mark is stated to be SPI.

13. The mark is registered in classifications 6, 9 and 37. Classification 6 includes ironmongery, locks and bolts, metal furniture for doors and windows and safes. Classification 9 includes security apparatus and instruments and classification 37 includes installation of locks. The application was opposed by a company named Autona S.A. on 5 July 2002. There is no information about that opposition, but clearly it did not prevent the registration of the word mark.
14. Therefore, SPI has Rights in the word 'DIGILOCK', being the owner of a registered Community Trade Mark.
15. These Rights are in respect of a name or mark which is similar to the Domain Name, the only difference being that the Domain Name uses the word 'digilock' in lower case.
16. SPI also claims unregistered Rights, in passing off. In view of the conclusions I have reached, it is not necessary to address this alternative case.

Is the Registration Abusive?

17. SPI also bears the burden of establishing on the balance of probabilities that the registration was abusive. Paragraph 1 of the Policy states, -

'Abusive registration means a Domain Name which either:

- i. was registered or otherwise acquired in a manner which, at the time when the registration or other acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; or*
- ii. has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights.'*

Paragraph 3 of the Policy states -

'3. Evidence of Abusive Registration

- a. A non-exhaustive list of factors which may be evidence that the Domain Name is an Abusive Registration is as follows:-*
 - i. Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name primarily:
A....
B....; or
C. for the purpose of unfairly disrupting the business of the Complainant.*
 - ii. Circumstances indicating that the Respondent is using or threatening to use the Domain Name in a way which has confused or is likely to confuse people or businesses into*

believing that the Domain Name is registered to, operated or authorised by, or otherwise connected to, the Complainant.'

Paragraph 4 of the Policy states, -

'4. How the Respondent may demonstrate in its response that the Domain Name is not an Abusive Registration.

a. A non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration is as follows:

i. Before being aware of the Complainant's cause for complaint (not necessarily the 'complaint' under the DRS), the Respondent has:

A. used or made demonstrable preparations to use the Domain Name or a domain name which is similar to the Domain Name in connection with a genuine offering of goods or services;

B. been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name; or

C. made legitimate non-commercial or fair use of it.

ii. The Domain Name is generic or descriptive and the Respondent is making fair use of it.

.....'

18. Important background facts are set out in a Statutory Declaration dated 2 April 2009 made by Ms Julie Rose, the Chief Financial Officer of SPI, contained in Annex C to the Complaint. They may be summarised as follows, -

18.1 SDI has sold manual and electronic digital locks since 1998 by reference to the trade mark DIGILOCK. Locks are imprinted or stamped with the word DIGILOCK.

18.2 SDI has had a 90% market share in manual and electronic digital locks in each of the years in the period between 2001 and 2008.

18.3 In that period, it has sold 20,000 digital locks under that trade mark, resulting in a turnover of approximately £575,000.

18.4 During that time it has advertised its digital locks by reference to the trade mark at a major trade fair in the UK each year and has spent approximately US\$675,000 promoting DIGILOCK locks worldwide.

18.5 SPI's digital locks bearing the trade mark 'DIGILOCK' are sold in virtually every town and city in the United Kingdom through SPI's distribution network and digital locks bearing the trade mark are sold through other sources, such as builders.

19. Apart from the conclusions to be drawn from a Google search of the word 'digilock' exhibited to the Declaration, none of the contents of the Statutory Declaration are disputed and I accept them.
20. Mr Slatter is a director and Company Secretary of DDL, appointed on 17 December 2007. He is also a director of Codelocks. Codelocks has been marketing and distributing mechanical and electronic digital locks for since 1989. The Response also states that Codelocks has also been manufacturing these locks. For how long is not made clear. However, it is likely that this was for much or all of that period; and at least since the middle of 2003. No other source of supply is indicated in the Response and there is no suggestion by either party that Codelocks ever sold the locks of SPI, which held 90% of the UK market from 2001. No explanation has been given for the formation of DDL other than the sale of digital locks manufactured by Codelocks.
21. Although Mr Slatter says that 'digilock' is generic, it is important to establish how the word came to be selected as the corporate name of DDL and the Domain Name. Curiously, the Response says nothing about these matters at all.
22. First, the company. In the years 2001-2003 SPI accounted for 90% of all digital locks sold in the UK. I refer to those parts of the Complaint summarized in subparagraphs 7.1 and 7.2 above. In the Complaint, it is stated –

'The Respondent is, or should have been, aware of the Complainant's business under its Trade Mark since before 3 December 2007, the date of registration of the domain name in dispute. The domain name ... was registered many years after 31 July 2001, the registration date of the Complainant's Trade Mark registration No. 2323848. Further, the Company, DIGILOCKS DIRECT LIMITED was incorporated on 10 July 2003, likewise some years after the registration date of the Complainant's Community Trade Mark.. and notwithstanding the fact that UK Company registration procedure enjoins persons who are forming a company to conduct a prior Trade Mark search ... This advice was clearly ignored both by the Respondent and by DIGILOCKS DIRECT LIMITED.'
23. SPI was incorrect in stating that its Community Trade Mark was registered in 2001. Registration did not occur until 2 September 2005. It was filing that occurred on 31 July 2001. There is no contradiction of 10 July 2003 in the Response as the date of DDL's incorporation and I accept that date, although in view of the company search exhibited to the Complaint, the date on which the company became known as DDL was slightly later, namely 27 October 2003, when the name of the company was changed from Inglecastle Ltd.
24. However, it is very striking is that there was no denial in the Response of the allegations referred to in paragraph 22 above. From 2001 SPI's digital locks accounted for 90% of the digital locks sold in the UK. True it is that the

market was small, SPI's turnover for the years 2001-2003 being just over \$US100,000 in relation to 1700 items sold, as set out in the Statutory Declaration.

25. I find it unlikely that the person or persons who formed DDL were unaware of the trade mark DIGILOCK used by a trade competitor which had 90% of the UK market from 2001; in circumstances where DDL was proposing to sell digital locks marketed and made by a trade rival, Codelocks, who had been in the business since 1989. I am reinforced in this conclusion by the failure of the Response to answer the specific allegations made in the Complaint concerning formation of the company and that Mr Slatter was or should have been aware of SPI's business at that time. Quite apart from those allegations, it is obvious that an innocent explanation as to why the name 'Digilock' had been selected for the company would have been highly material in rebutting SPI's complaint. Mr Slatter says that he is at liberty to use the Domain Name, because it is generic. However, he does not say that the word was generic in 2003 and that such a belief was why that name was chosen for the company's name.
26. In the first sentence of paragraph 25 above, I say 'person or persons'. This is likely to have included Mr Slatter. Although he was appointed as a director and Company Secretary of DDL on 17 December 2007, it is likely on the evidence that he was a director of Codelocks at the time when DDL was formed and I also refer to the failure to answer the allegation that 'the Respondent' was or should have been aware of the matters alleged, as referred to in paragraph 22 above. Even if Mr Slatter was not concerned in the formation of DDL, in formulating the Response it is likely that he would have had access to information concerning the choice of company name, but no explanation has been given.
27. In the face of the silence in the Response to the specific allegation that the advice given by Companies House was ignored, I find also that Mr Slatter or the other persons who formed DDL were aware of the advice linked to the Companies House on-line service (as set out in exhibits I and J to the Complaint), but failed to concern themselves as to whether or not use of the name they had chosen might infringe the intellectual property rights of a third party. The likelihood, as I infer from the facts found in paragraph 24 above, is that those persons knew that they might well find from a trade mark search that the manufacturer of DIGILOCK digital locks either had, or (as was the case) was claiming, a legal monopoly in the word 'digilock' in connection with the supply of digital locks.
28. SPI registered the .com address on 19 July 2006 and used it as a platform to market its digital locks. As indicated, Mr Slatter became a director of DDL and its Company Secretary on 17 December 2007. The Domain Name had been registered by Mr Slatter 2 weeks before that.
29. Again, I find it likely that Mr Slatter was aware of the .com address and of SPI's use of it when he registered the Domain Name. No explanation is given by him in the Response as to how he chose the Domain Name and as to whether or not he investigated the availability of the .com address. In

view of the lack of explanation, I find it likely that he was aware that the .com address was registered to SPI and was used to market DIGILOCK locks. I also refer to Mr Slatter's silence in the face of the allegations made in the Complaint and set out in paragraph 22 above. Mr Slatter must also have known of SPI's digital locks for yet further reasons. First, SPI still held 90% of the UK market at the time. Second, by late 2007 the market for (keyless) digital locks was that much larger, as indicated by SPI's turnover figures for UK sales; US\$285,087 in 2006 and US\$343,398 for 2007.

30. At this stage, it is appropriate to consider the contention that the word 'digilock' is generic in common parlance or descriptive. The Oxford English Dictionary (2nd ed.) defines 'generic' as, -

*'a. Belonging to a genus or class; applied to a large group or class of objects; general ...
b. Of a name or designation (as for some type of product): that is used generally for the article, etc., that it describes, and is therefore not admissible as a trade mark; not protected by legislation, non-proprietary.'*

31. Mr Slatter has failed to establish that the word was generic or in common parlance. In the Response, he says -

'A cursory search on the web using the term digilocks will immediately reveal many digital locks produced by a range of manufacturers who identify with the generic use of the word 'digilocks', their products, i.e. digital code locks.'

32. No searches are exhibited to the Response. The allegation is dealt with in paragraph 4 of the Reply, which says that in the main the search results refer to suppliers of digital locks 'emanating from' SPI.

33. SPI exhibited extracts of a Google search of the word 'digilock' to its Statutory Declaration (items 1-10 of 11,200). That extract refers to web-sites other than digilock.com in connection with 'Digilocks'. The Response did not comment on this search and I accept what is said in paragraph 4 of the Reply. Also, the cached words highlighting the word 'digilock(s)' from the web-sites that appear on the extract refer in many instances to specific digital locks, rather than to a generic use or one indicating common parlance; e.g. 'locksmithtooldandsupply.com and the reference to 'Digital SES is an electronic lock that has been specifically designed for employee lockers'.

34. I also take into account the content of DDL's web-site on 9 March 2009, as set out in exhibit H to the Complaint. There is no generic use of the word 'digilock(s)'. To the contrary, where the generic is used, other words are deployed, e.g. '[Digilocks] keyless locks', 'a Digital Lock is best for protecting access ...', '[Digilocks] keyless digital locks', 'Digital locks are simple to use', 'keyless door locks suitable for use in the garden'. I also take into account the registration of SPI's word mark, though it is fair to point out that the registration states 'Acquired distinctiveness: no.' It is

possible that the word has become generic since registration of the mark, but on the facts, I have concluded that this is not the case.

35. It may well be that the word 'digilock' is used by some in the trade to refer to digital locks. However, for the reasons given above, I am not satisfied that the word 'digilock(s)' is generic or in common parlance as alleged. Further, there is no evidence to suggest that the purchasing public, as opposed to the trade, recognise a generic use of the word. 'Digilock' is not a dictionary word but an invented word. It is descriptive to an extent, but all the indications are that it was SPI who, if they did not invent it, at least first used it in the UK as a brand name in connection with digital locks.
36. Mr Slatter suggests that DDL's use of digilock.co.uk is unlikely to cause loss to SPI, because the locks sold through that web-site are primarily used for standard doors, whereas SPI's locks are mainly used for lockers and cabinets.
37. Even this case admits that there will be some overlap. The extracts from the DDL web-site have a section headed 'Locks for Cupboards and Cabinets'. I accept SPI's case that it also sells digital locks for doors and drawers. Whatever the use to which the digital locks on the DDL web-site may be put, there will be and is likely to have been, an inevitable confusion on the part of persons seeking to purchase 'DIGILOCK' digital locks. They are likely to believe that the manufacturers of DIGILOCK digital locks are making digital locks for a wide variety of home and commercial uses, as shown on the DDL website at www.digilocks.co.uk.
38. This confusion will result from typing in the words 'digilocks.co.uk' and seeing the digital locks sold by DDL for the various uses advertised on the site. The confusion will be reinforced by DDL's use of the word 'Digilock' to connote digital locks of DDL. I have already referred to a page from DDL's web-site (paragraph 34 above), where there appear the following, 'Digilocks keyless locks' and 'Digilocks keyless digital locks'. On the top left hand of the same web-page there appears in large letters the word 'DIGILOCKS'. That word appears on other main pages of the web-site, in the same prominent position. At the top of each main page extracted appear the word 'why digilocks' after references such as 'locks for home', 'locks for gardens' and 'locks for business'.
39. A person who wanted to buy a product from the site or to discuss it further would be likely to refer also to the page of Contact Details, which states 'Contact Digilocks Direct Ltd as follows ...'. A trade or other customer may well be unaware of the corporate name of SPI and will believe that DDL is a distributor of DIGILOCK locks or even a manufacturer of those locks.
40. Paragraph 7 of the Response states, '[DDL] do not use or display the specific TRADE MARK 'digilock''. In view of the findings made in paragraph 38 above, this is plainly incorrect.
41. It is also irrelevant that the products sold on DDL's web-site are branded Codelocks. Once the customer has purchased the product, it is too late.

42. True it is that there is no evidence of actual confusion. Also, the Domain Name was first registered some time ago, on 3 December 2007. However, there is no evidence as to when DDL's web-site went 'live'. Actual confusion is difficult to establish by direct evidence and the more so in this case, where the products are sold by a network of distributors. Furthermore, there is no evidence as to exactly when DDL's web-site began to advertise the locks by reference to the word 'Digilock' on the site itself. All in all, I find it to be likely that confusion of the type indicated above has occurred and is also likely to occur in the future.
43. I refer to the various non-exhaustive factors that may evidence or contradict abuse. I have already found that the word 'DIGILOCK' or 'digilock' is not generic. The fact that the word 'digilock' is the main part of a corporate name of a company in which Mr Slatter has a commercial interest does not weigh in his favour in view of the circumstances surrounding formation of this company as I have found them to be.
44. In view of the findings of fact set out above, Mr Slatter knew when he registered the Domain Name that digital locks were made by a trade rival of Codelocks under the brand DIGILOCK and intended to disrupt the business associated with locks sold under that brand by using the word 'digilock' as the main part of the address for DDL's web-site. This was done deliberately, with a view to diverting business from customers who were interested in buying products branded 'DIGILOCK'. The registration was, as I infer, primarily for disrupting the business of SPI, there being no other explanation for adoption of that word on the facts as I have found them. It was a deliberate attempt to trade unfairly in the market for the supply of digital locks by using the brand name of one manufacturer to sell the products of a trade rival. Hence, the grounds under paragraph 3a.i.C of the Policy are made out.
45. In view of the findings made above, I also conclude that there are circumstances indicating that Mr Slatter has both been using and is threatening to use the Domain Name in a way which has confused and is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected to, the Complainant, SPI. Hence, the grounds under paragraph 3a.ii. of the Policy are also made out.
46. It follows from the findings made above, that none of the grounds contradicting abuse in paragraph 4 of the Policy are made out. I find that the facts as found establish Abusive Registration.

Decision

47. In the light of the findings above, namely that the Complainant has Rights in a name or mark, namely 'DIGILOCK', which is similar to the Domain Name, and which is an Abusive Registration in the hands of the

Respondent, the Expert directs that the domain name 'digilocks.co.uk' be transferred to the Complainant.

STEPHEN BATE

31 July 2009