



CANADIAN INTERNATIONAL INTERNET DISPUTE RESOLUTION CENTRE

DOMAIN NAME DISPUTE ADMINISTRATIVE PANEL DECISION

CIIDRC case number: URDP-12132

Decision date: 9 June 2020

Panelist: David L. Kreider

Complainant: External Skate Protection Inc.

Respondent: Kenneth Belanger

Domain in Dispute: shotblockers.com

Registrar: GoDaddy.com LLC

1. PROCEDURAL HISTORY

The Complaint was submitted to the Canadian Internet Dispute Resolution Centre (the "Centre" or "CIIDRC") on April 30, 2020. On May 1, 2020, the Centre transmitted by email to the Registrar a request for registrar verification.

On May 6, 2020, the Registrar transmitted by email to the Centre its verification response confirming that the Respondent in this proceeding is the registrant of the disputed domain name and providing the contact details of the registrant. The Registrar of the disputed domain name also confirmed that the <Shotblockers.com> domain was placed on a Registrar LOCK.

On May 7, 2020, the Centre confirmed compliance of the Complaint with the Uniform Domain Name Dispute Resolution Policy (the "Policy" or "URDP"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the CIIDRC Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "CIIDRC Supplemental Rules").

Also on May 7, 2020, pursuant to Rule 4 of the Policy and Rule 5 of the CIIDRC Supplemental Rules, the Centre notified the Respondent of this administrative proceeding and forwarded a

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Notice with information for the Respondent at the email: ken@shotblockers.com and postmaster@shotblockers.com to log into the CIIDRC Internet platform and a link to the Complaint. The Notice informed the Respondent that the date of commencement of the present administrative proceeding is May 7, 2020 Pacific Time, and that accordingly, in the absence of any extension, the deadline for the submission on-line of the Respondent's Response was May 27, 2020 Pacific Time.

The Respondent failed to file a response by the due date of May 27, 2020.

By email on May 29, 2020, the Centre notified the parties that the time for submitting a Response to the Complaint had expired; that the Respondent had failed to submit a Response by the deadline of May 27, 2020; and that the CIIDRC would proceed to appoint a single-member panel.

On June 1, 2020, the Centre appointed David L. Kreider, as a single-member panel in the present matter and he provided a statement of acceptance and declaration of impartiality and independence, as required by the Rules.

2. **FACTUAL BACKGROUND**

According to the Complaint, the Complainant, Exterior Skate Protection Inc., a British Columbia Corporation, was engaged in the manufacture and sale of protective coverings for ice skates called "Shotblockers" since about 2010. Until the Complainant became insolvent and ceased operations in about December of 2018, the Respondent, Kenneth Belanger, had been a director and 50% shareholder, who along with the other 50% shareholder and director, Bruce Booth, ran the Complainant company.

The Complaint alleges that this administrative proceeding is brought by the Complainant, "External Skate Protection Inc.", a company incorporated under the laws of British Columbia, Canada, by its court appointed receiver (the "Receiver"). Annex A to the Complaint is a Receivership Order rendered by the Supreme Court of British Columbia on January 27, 2020, granting the Receiver authority to take possession and control over all the assets and property of Exterior Skate Protection Inc., the Defendant Debtor in that action.

Since about 2010, the Complainant used the trademark "shotblockers" (the "Mark") to distinguish its business from that of its competitors and to market the proprietary exterior

skate protection it had developed, tested and manufactured. The disputed Domain Name <shotblockers.com> and the domain name <shotblockers.ca> were registered in favour of the Complainant in April 2010 and were used in connection with the business. The Complainant avers that the Mark is the property of the Complainant.

The Respondent, Kenneth Belanger, is a resident of Sault Ste. Marie, Ontario. The Complainant alleges that, at the time of initial registration of the disputed Domain Name in 2010, the Respondent, Kenneth Belanger, was originally authorized by the Complainant to register the Domain Name, but that, in about December 2018, without the authorization of the Complainant, the Respondent wrongfully and in breach of his fiduciary duty as a director of the Complainant transferred control of the Domain Name to himself by falsely representing to the Registrar, namely, Go Daddy, that he was entitled to do so. Since the transfer, the Respondent has been unilaterally using the Domain Name in connection with a business he is operating from Sault Ste. Marie, Ontario, using an Ontario company that he incorporated under the name "Shotblockers Inc." The Respondent's business is virtually identical to the Complainant's business, to wit: the manufacture and sale of exterior skate protectors.

Following its appointment, by letter dated March 15, 2020, the Receiver demanded, on behalf of the Complainant, that the Respondent cease and desist using the Domain Name. The Respondent has ignored the Receiver's demands.

3. **CONTENTIONS OF THE PARTIES**

- **Complainant**

The Domain Name is Identical or Confusingly Similar to a Mark in which the Complainant has Rights

The Domain Name contains the Mark replicated identically, and as such, the requirement that the domain name in question is confusingly similar is fulfilled.

The Respondent has no rights or legitimate interests in the Domain Name

The Complainant is only obligated to demonstrate a *prima facie* case that the Respondent does not hold any rights and legitimate interest in the disputed domain name. *See, Neal & Massey Holdings Limited v Gregory Ricks*, FA 159327 (FORUM April 12, 2014).

As described by the Supreme Court of Canada in *Boma Manufacturing Ltd. v. Canadian Imperial Bank of Commerce*, 1996 Carswell BC 2314 “the tort of conversion involves a wrongful interference with the goods of another, such as taking, using or destroying these goods in a manner inconsistent with the owner’s right of possession” (at paragraph 31).

At no time did the Company sell or transfer the right to use the Mark to the Respondent, the New Business, or any other party. As such, the right to use the Mark remains with the Company.

Without the consent of the Company, the Respondent diverted control over the Domain Name to his sole authority and is using the Domain Name and the Mark to market a proprietary product, which was developed, manufactured and marketed by the Company prior to December 2018.

The Respondent is using the Domain Name and the Mark in furtherance of his own interests, and contrary to the Company’s right of possession. By transferring control of the Domain Name to himself and using it in connection with the new business to the exclusion of the Company without due authority from the Company, the Respondent has appropriated the Domain Name and the Mark, which amounts to a conversion of the Company’s property. Furthermore, the Respondent has failed to respond to all correspondence from the Complainant.

In *Poss v Laffoley*, CIIDRC case No. UDRP-9149, the Panel considered a lack of response from the respondent amplified the position that he had no right or legitimate interest in the Mark. Therefore, there is at least a *prima facie* case that the Respondent does not have a right or legitimate interest in the Domain Name.

The Domain Name has been registered and is being used in bad faith

The Complainant asserts that a showing of bad faith does not require that the Respondent registered the Domain Name in bad faith, but that it is sufficient that the Respondent be shown to have acquired the registration in bad faith. In this regard, the Complainant relies on paragraph 4(b)(iii) and 4(b)(iv) of the Policy, which addresses a situation where the Respondent acquired the domain name primarily for the purpose of operating a business in direct competition with the Complainant Company, which has disrupted the business of the Company; and where the Respondent is using the Domain Name intentionally to attract

consumers to his website in order to market wares, which are a proprietary product of the Company, for commercial gain.

In *UVA Solar GmbH & Co K.G. v Mads Kragh*, WIPO Case No. D2001-0373, the panel concluded that a “. . . registration of a domain name can lose its *bona fide* if the registrant subsequently breaches one of the terms upon which he was authorized to register it.”

Furthermore, in *Poss v. Laffoley, supra.*, the panel concluded that, although the respondent was authorized at the time to register the domain name, by retaining, renewing and continuing to use the domain name to the exclusion of the owner, while knowing he was not entitled to do so, he had acted in bad faith.

At the time of initial registration in 2010, the Respondent was authorized by the Company to register the Domain Name. However, in about December 2018, and without the authorization of the Complainant, the Respondent acquired the Registration when he wrongfully transferred control of the Domain Name to himself by falsely representing to the Registrar that he was entitled to do so.

According to the broad principles described by the Supreme Court of Canada in *Canadian Aero Service Ltd. v. O'Malley* 1973 Carswell Ont 236, a director's a fiduciary duty to their company requires "loyalty, good faith and avoidance of a conflict of duty and self-interest" (at paragraph 24). Additionally, a director's fiduciary duty precludes a director "from obtaining for himself, either secretly or without the approval of the company (which would have to be properly manifested upon full disclosure of the facts), any property or business advantage either belonging to the company" (*ibidem*).

The Complaint argues that the jurisdiction of this Panel is limited to the Domain Name <shotblockers.com>, while further asserting that the Respondent acquired control over and continues to use both the Complainant's domain <shotblockers.ca> and the Domain Name in bad faith and without legitimate right or interest in connection with his competing business under the corporate name Shotblockers Inc. The Respondent did not have approval of the Complainant to use the Domain Name to his advantage and is using the Domain Name and Mark in conflict with the interests of the Company and in his pursuit of own self-interest.

As such, the Respondent appropriated the Domain Name in contravention of his fiduciary obligations to the Company, and the Respondent continues to make use of the Company's

proprietary rights, including the Domain Name, without proper authority and in direct competition with the Company's interests. As such, the Respondent's acquisition of the Registration must be considered to constitute bad faith. Furthermore, the Respondent has failed to respond to the Receiver's demands that he transfer the Domain Name and other Company Property to the Receiver, despite the Receivership Order.

In all the circumstances, the Respondent has acquired the Domain Name in bad faith. It belongs to the Company, has never been transferred or licensed to the Respondent, and therefore is subject to the Receivership Order.

- **Respondent**

The Respondent failed to submit a Response.

4. **DISCUSSION AND FINDINGS**

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

In view of the Respondent's failure to submit a response, the Panel shall decide this administrative proceeding on the basis of the Complainant's undisputed representations pursuant to paragraphs 5(e), 14(a) and 15(a) of the Rules and draw such inferences it considers appropriate pursuant to paragraph 14(b) of the Rules. The Panel is entitled to accept all reasonable allegations and inferences set forth in the Complaint as true, unless the evidence is clearly contradictory. *See Vertical Solutions Mgmt., Inc. v. webnet-marketing, inc.*, FA 95095 (Nat. Arb. Forum July 31, 2000) (holding that the respondent's failure to respond allows all reasonable inferences of fact in the allegations of the Complaint to be deemed true); *see also Talk City, Inc. v. Robertson*, D2000-0009 (WIPO Feb. 29, 2000) ("In the absence of a response, it is appropriate to accept as true all allegations of the Complaint.")

The Panel observes at the outset a troubling inconsistency in the Complainant's case. The opening paragraph of the Complaint alleges:

"This complaint is brought by External Skate Protection Inc. (the '**Company**'), by its Court Appointed Receiver and Manager, G. Moroso & Associates Inc. (the '**Receiver**'), together hereinafter described as the '**Complainant**'."

(Emphasis supplied).

A review of the January 27, 2020, Receivership Order of the Supreme Court of British Columbia ("Annex A" to the Complaint), reflects that the receivership action was brought by one Bruce Roland Booth, as Plaintiff. Mr. Booth is identified in the Complaint as "the other 50% shareholder and director of the Company", in addition to the Respondent. Significantly, however, the Defendant and "Debtor" named in the Receivership Order is not the Complainant, "External Skate Protection Inc." as alleged in the Complaint, but rather, an entity by a different name, to wit: "Exterior Skate Protection Inc." Nowhere in the Complaint is there any mention of this company.

The Panel notes, however, that by the express terms of the Receivership Order, the Receiver was appointed to act as the Receiver of the assets, undertakings and property of "Exterior Skate Protection Inc." and not, as the Complaint alleges, as the Receiver of the assets of the Complainant in this proceeding, "External Skate Protection Inc." From the limited record available in this administrative proceeding, the Panel is unable to confirm the identity of the directors, officers or shareholders of Exterior Skate Protection Inc., or explain that company's relationship, if any, to Complainant.

In accordance with Paragraph 4 of the Policy, the onus is on the Complainant to prove:

- 1) That the Domain Name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights:
- 2) That the Respondent has no rights or legitimate interests in the Domain Name; and
- 3) That the Domain Name has been registered and is being used in bad faith.

Preliminary Issue 1: No evidence showing rights in a trademark

The Complainant claims common law trademark rights in SHOTBLOCKERS, a descriptive mark. The SHOTBLOCKERS mark is not registered, nor does the record show that the Complainant has attempted to register the mark. Evidence of a valid trademark registration generally avoids the necessity to prove-up secondary meaning within a UDRP proceeding, since rights are presumed, although rebuttable. *See, Men's Wearhouse, Inc. v. Wick*, FA 117861 (Nat. Arb. Forum Sept. 16, 2002) ("Under U.S. trademark law, registered marks hold a presumption that they are inherently distinctive and have acquired secondary meaning"); *see also Janus Int'l Holding Co. v. Rademacher*, D2002-0201 (WIPO Mar. 5, 2002) (finding

that panel decisions have held that registration of a mark is *prima facie* evidence of validity, which creates a rebuttable presumption that the mark is inherently distinctive and that a respondent has the burden of refuting this assumption).

The Complainant must establish that its Mark has become a distinctive identifier which consumers associate with the Complainant's wares. As the Panel in *AOL LLC v. Joe DiMarco*, FORUM Case No. FA0907001275978, elucidated:

"A party claiming trademark rights in a generic or descriptive mark must show that such mark has acquired secondary meaning through use. 'Secondary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.' *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (U.S. 1995) In its papers, Complainant presents only 'bare bones' assertions to show that the public identifies the AUTOBLOG mark with the source of Complainant's services rather than as merely a phrase describing those services. Therefore, as discussed below, the record does not support a finding that Complainant has rights in AUTOBLOG pursuant to Policy 4(a)(i) and accordingly relief must be denied."

The UDRP requires that a complainant submit sufficient evidence to show that a descriptive or generic mark has acquired distinctiveness, mere allegations are not enough. The *AOL LLC v. DiMarco* Panel further explained in this regard:

"In determining whether or not a mark has acquired secondary meaning, tribunals consider several factors. Direct evidence of secondary meaning includes: (a) direct consumer testimony; and (b) consumer surveys. Circumstantial evidence of secondary meaning includes: (c) exclusivity, length, and manner of use; (d) amount and manner of advertising; (e) amount of sales and number of customers; (f) established place in the market; and (g) proof of intentional copying. See *Echo Travel, Inc. v. Travel Associates, Inc.*, 870 F.2d 1264, 1267 (7th Cir. Wis. 1989) citing *Vaughan Manufacturing Co. v. Brikam International, Inc.*, 814 F.2d 346, 349 (7th Cir. 1987); *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 907 (7th Cir. 1983); *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 380 (7th Cir. 1976); *American Scientific Chemical, Inc. v. American Hospital Supply Corp.*, 690 F.2d 791, 793 (9th Cir. 1982); see also *McCarthy* §§ 15:9-15:20."

The Panel in that case concluded by explaining:

"Therefore, it is Complainant's burden to not only plead, but also prove that that its descriptive mark has acquired distinctiveness and thereby is a protectable trademark under Policy ¶4(c)(i). There is no presumption in Complainant's favor. Complainant must prove the status of its mark via competent evidence, not by conjecture or innuendo. Furthermore, the degree of burden to prove that a mark has acquired distinctiveness should not be attenuated because of the abbreviated nature of the instant proceeding. Nor should it be increased. To do either would indicate an arbitrary predisposition in favor [of] the benefited party's alignment. Expedience should not be served at the cost of fairness. There is no authority that the Panel is aware of that stands for the proposition that sufficient evidence of secondary

meaning requires either volumes or even pages to present. But to the extent that it does in particular cases, the requirement is independent of the nature of the proceedings or forum.”

In the present case, the Complainant has produced no evidence whatsoever to show that the purported trademark SHOTBLOCKERS has acquired secondary meaning in the minds of the public through use, which might support a finding by this Panel that the Complainant has trademark rights for purposes of the UDRP.

Preliminary Issue 2: Outside the scope

The Complainant alleges that at the time of initial registration of the Domain Name in 2010, the Respondent, Kenneth Belanger, one of two directors and a 50% shareholder in the Complainant, had been authorized to register the Domain Name on behalf of the Complainant; that in about December 2018, without the authorization of the Complainant, the Respondent wrongfully transferred control of the Domain Name to himself by misrepresenting to the Registrar that he was entitled to do so, in breach of his fiduciary duty to the Complainant; and that the Respondent has since been using the Domain Name in connection with a new, “virtually identical” competing business.

The Panel decision in *Transact Network Limited v. MobiStub LLC*, FORUM Claim No. FA0808001221820 presented similar facts. In that case, the Respondent was a former founder and director of the Complainant who had been placed in charge of registering certain domain names for use in the Complainant’s business. A dispute arose between the parties. The parties chose to dissolve their relationship, but the Respondent refused to relinquish the domain names to the Complainant.

The Complainant in *Transact Network*, as in the present case, urged the Panel to find that the Complainant had common law rights in the trade name. As in the present case, the *Transact Network* Respondent had failed to file a Response. Further, as in the case before this Panel, *Transact Network* involved a claim of a potential breach of fiduciary duty by the Respondent. The *Transact Network* Panel introduced the claim thusly:

“Complainant acknowledges that Respondent, Miles Paschini, was a founding member and director of Complainant’s business. At the time that Respondent served as director, Complainant adopted the name Transact Network Limited at the request of Respondent. Complainant was formed to provide an ‘e-money business’ through the Internet. In furtherance of this business, Respondent registered the <transactnetwork.com> and <transactnetwork.net> domain names.

According to Complainant, the relationship between Mr. Paschini and Complainant dissolved in August of 2008. At the dissolution of the relationship, Mr. Paschini maintained control of the disputed domain names and has not relinquished control since. Complainant urges the Panel to find that Complainant has common law rights in the trade name, 'Transact Network,' and that Respondent has registered and used the domain name in bad faith."

The Transact Network Panel rejected the Complainant's claim and denied relief under the Policy, explaining its reasoning in the following terms:

"[T]he Panel finds that this dispute is not a case of cyber-squatting as presented by Complainant. Rather this is a business dispute between a founder and former director and the company he helped to start. As a result, this matter involves a subject matter that is outside the scope of the UDRP and therefore the purview of this Panel. Mainly, this case centers on a potential breach of fiduciary duty on the part of Miles Paschini or possibly a contractual dispute, whether written or oral, between the parties. Such a dispute requires testimony and evidence that is beyond the power of this Panel. Previous panels have held, as this Panel holds, that these facts preclude a finding on the merits under the UDRP. See *Fuze Beverage, LLC v. CGEYE, Inc.*, FA 844252 (Nat. Arb. Forum Jan. 8, 2007) (concluding that when the respondent registers a domain name on behalf of the complainant and then refuses to relinquish control over the domain name registration, the cause of action is for breach of contract or fiduciary duty and is thus outside the scope of the UDRP Policy); see also *Thread.com, LLC v. Poploff*, D2000-1470 (WIPO Jan. 5, 2001) (finding that the Policy did not apply to a business dispute because trying 'to shoehorn what is essentially a business dispute between former partners into a proceeding to adjudicate cyber-squatting is, at its core, misguided, if not a misuse of the Policy'); see also *Frazier Winery LLC v. Hernandez*, FA 841081 (Nat. Arb. Forum Dec. 27, 2006) (holding that disputes arising out of a business relationship between the complainant and respondent regarding control over the domain name registration are outside the scope of the UDRP Policy).

(Emphasis added).

In *The Thread.com, LLC v. Jeffrey S. Poploff*, WIPO Case No. D2000-1470, which also involved an alleged breach of fiduciary duty between formerly related business parties, the Panel addressed the scope of UDRP proceedings, observing:

"[T]his is not a garden-variety cybersquatting case. In fact, it is not a cybersquatting case at all. Rather, this appears to be a breach of contract and breach of fiduciary duty dispute between former partners. The only arguable reason that Complainant is seeking relief in this forum is that the property at issue is a domain name.

This Panel is not a general domain name court, and the Policy is not designed to adjudicate all disputes of any kind that relate in any way to domain names. Rather, the Policy is narrowly crafted to apply to a particular type of abusive cybersquatting. To invoke the Policy, a Complainant must show that the domain name at issue is identical or confusingly similar to a mark in which the Complainant has rights, that the Respondent lacks rights or a legitimate interest in the domain name, and that the Respondent registered and used the name in bad faith. Policy §4(a). To attempt to shoehorn what is essentially a business dispute between former partners into a proceeding to adjudicate cybersquatting is, at its core, misguided, if not a misuse of the Policy. *Latent Technology Group, Inc. v. Bryan*

Fitchie, File No. FA0007000095285 (NAF Sept. 1, 2000) (dispute concerning employee’s registration of domain name in his own name and subsequent refusal to transfer it to employer raises issues of breach of contract and breach of fiduciary duty that are more appropriately decided in court, not before a UDRP panel).”

Although cybersquatting within the purview of the UDRP can occur between current or former business partners, Panels have generally held that the URDP cannot be used to settle a portion of a business dispute between parties known to each other. *See, e.g., Bootie Brewing Company v. Deanna D. Ward and Grabebootie Inc.*, WIPO Case No. D2003-0185; *All Packaging Machinery Supplies, Corp. v. Crystal Flex Packaging Corp.*, WIPO Case No. D2002-0383; *Arma Partners LLP v. Me, Victor Basta*, WIPO Case No. D2009-0894; and *Champion Innovations, Ltd. v. Udo Dussling (45FHH)*, WIPO Case No. D2005-1094.

Against the background of Preliminary Issues 1 and 2 explained above, the Panel chooses to forego analysis under the UDRP and dismiss the Complaint.

5. **DECISION and ORDER**

For the above reasons, in accordance with Paragraph 4 of the Policy, Paragraph 15 of the Rules, and Rule 10 of the Supplemental Rules, the Panel orders that: relief shall be **DENIED**.

Made as of June 9, 2020.

SIGNATURE OF PANEL



David L. Kreider

