

ADMINISTRATIVE PANEL DECISION

Sunward Intelligent Equipment Co., Ltd v. Domain Proxy Service, Namesco Limited / Joshua McNally, J Mac Excavators Ltd
Case No. D2022-2668

1. The Parties

The Complainant is Sunward Intelligent Equipment Co., Ltd, China, represented by Inlex IP Expertise, France.

The Respondent is Domain Proxy Service, Namesco Limited, United Kingdom / Joshua McNally, J Mac Excavators Ltd, United Kingdom, represented by Newhall Solicitors LLP, United Kingdom.

2. The Domain Name and Registrar

The disputed domain name <sunwardexcavators.com> is registered with Register SpA (the “Registrar”).

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on July 21, 2022. On the same day, the Center transmitted by email to the Registrar a request for registrar verification in connection with the disputed domain name. On July 22, 2022, the Registrar transmitted by email to the Center its verification response disclosing registrant and contact information for the disputed domain name that differed from the named Respondent and contact information in the Complaint.

The Center verified that the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the “Policy” or “UDRP”), the Rules for Uniform Domain Name Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

In accordance with the Rules, paragraphs 2 and 4, the Center formally notified the Respondent of the Complaint, and the proceedings commenced on July 28, 2022. In accordance with the Rules, paragraph 5, the original due date for Response was August 17, 2022. On August 9, 2022, in accordance with the Rules, paragraph 5(b), the due date for Response was extended to August 21, 2022 at the request of the Respondent. The Response was filed with the Center on August 19, 2022.

The Center appointed Matthew Kennedy as the sole panelist in this matter on August 24, 2022. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and

Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

4. Factual Background

The Complainant is an underground engineering equipment company founded in 1999. It holds multiple trademark registrations in multiple jurisdictions for a semi-figurative mark featuring the term SUNWARD, including the following:

- European Union trademark registration number 006537427, registered on April 3, 2009, specifying goods and services in classes 7, 12, and 35, including excavators;
- United Kingdom trademark registration number UK00906537427, registered on April 3, 2009, specifying goods and services in classes 7, 12, and 35, including excavators; and
- United Kingdom trademark registration number UK00003375728, registered on July 12, 2019, specifying goods and services in classes 7, 12, and 35, including excavators.

The above trademark registrations remain current. The Complainant operates a website associated with the domain name <sunward.com.cn>, registered on October 27, 2003, where it provides information about itself and its products. A company named Sunward Europe Heavy Industry NV operates websites associated with the domain names <sunwardeurope.com>, registered on April 17, 2014, and <sunward.eu>, registered on March 25, 2021. The Complainant alleges that Sunward Europe Heavy Industry NV is its subsidiary, although the evidence only shows it to be a subsidiary of a company named Sunward Intelligent (H.K.) Ltd.

The Respondent (formerly named J C Mac Ltd) is a reseller of engineering equipment.

The Parties concluded an exclusive distributor franchise agreement on December 29, 2018 (the “Distributor Franchise Agreement” or the “Agreement”) under which the Complainant appointed the Respondent to be the exclusive distributor of its excavators and tele handlers, and licensed the Respondent to use its trademarks, including the SUNWARD brand, throughout the entire United Kingdom for rolling terms of five years.

The disputed domain name was created on January 7, 2019. It resolves to a website that prominently displays the Complainant’s semi-figurative SUNWARD mark besides the letters “UK” in smaller font and it offers for sale the Complainant’s excavators. The website claims that the Respondent is the “official distributor of Sunward Excavators”.

By letter dated March 27, 2020 (which is not on file), the Complainant appears to have informed the Respondent that it had reduced the territory under the distributor agreement from the entire United Kingdom to the West Midlands region of England due to the Respondent’s alleged failure to meet a sales target. By letter dated April 16, 2020, the Respondent, through its solicitor, threatened to commence legal proceedings in China against the Complainant and disputed the validity of the purported reduction of its territory. By letter dated June 3, 2020, the Complainant gave the Respondent 60 days’ notice of breach of their agreement (the “notice of breach”). By letter dated June 16, 2020, the Respondent, through its solicitor, claimed that the Complainant had not clearly defined the nature of any breach. By letter dated June 28, 2020 (which is not on file), the Complainant apparently alleged that the Respondent had failed to accept the reduction of territory; the Complainant demanded, among other things, that the Respondent remove the Sunward UK logo and all references to “Sunward UK” or the Respondent being the “UK” distributor for the Complainant’s products from websites, social media pages, equipment platforms and any other media channels. By letter dated August 9, 2020, the Complainant served a notice of termination of their agreement (the “notice of termination”). By letter dated August 25, 2020, the Respondent, through its solicitor, asserted that the Complainant was not entitled to terminate the agreement because the prior notice of breach was defective. On September 14, 2020, the Respondent sent a pre-arbitration letter of demand claiming, among things, that

the Complainant was in breach of their agreement and that the agreement remained in force. By letter dated October 6, 2020, the Complainant, through its legal representative, sent a “pre-suit notice” demanding, among other things, that the Respondent close the website associated with the disputed domain name and cease use of the Complainant’s trademarks, including in connection with the sale of a competitor’s products. On October 14, 2020, the Respondent sent the pre-arbitration letter of demand to the Complainant’s legal representative.

The Registrar confirmed that the language of the Registration Agreement is English.

5. Parties’ Contentions

A. Complainant

The disputed domain name is confusingly similar to the Complainant’s SUNWARD mark.

The Respondent has no rights or legitimate interests in respect of the disputed domain name. The website associated with the disputed domain name presents the Respondent as “the official distributor of Sunward excavators” and displays its contact details. The distributor agreement between the Parties has been terminated. If the Respondent was formerly allowed to use the sign SUNWARD in the United Kingdom, it is not any more. The Respondent is not using the disputed domain name in a legitimate noncommercial or fair manner, without intent for commercial gain. On the contrary, the disputed domain name is being used in bad faith.

The disputed domain name has been registered and is being used in bad faith. The Respondent was, in the past, authorized to use the sign SUNWARD, and so the disputed domain name, thanks to the distributor agreement. However, it is no longer the case and the Complainant did its best to obtain a voluntary ceasing of use of that sign by the Respondent in accordance with the agreement. The behavior of the Respondent clearly characterizes a serious breach of the Distributor Franchise Agreement and bad faith. By continuing to use the disputed domain name containing the SUNWARD sign and pretending to still be an official distributor/reseller of the Complainant, the goal of the Respondent is clearly to create confusion in consumers’ minds and to attract prospects interested in SUNWARD products. Such behavior obviously characterizes an intention to divert the Complainant’s customers to its own advantage and to trade off the value of the SUNWARD name and trademark and benefit from them. This behavior is also fraudulent and misleading because consumers could believe that they can order the Complainant’s products from that reseller, which is not the case as the Respondent is no longer authorized to sell such products. The use of the disputed domain name is obviously voluntary and conscious. The Respondent is using the disputed domain name primarily to disrupt the business of the Complainant. The fact that the disputed domain name was registered through a privacy service could also be proof of the Respondent’s bad faith.

B. Respondent

Pursuant to an exclusive Distributorship Franchise Agreement made between the Parties for a five-year term, which the Respondent avers is still subsisting, the Complainant does not have the rights to the name in question which are, by virtue of that agreement, vested in the Respondent. The Complainant is put to strict proof of any presently subsisting rights or interest in the use of the name “Sunward” in the relevant territory to which the website relates, being the United Kingdom.

The Complainant has itself acknowledged that the Respondent was, at least in the past entitled, to use the name “Sunward” due to the terms of the Agreement between the Parties. That Agreement has not been validly terminated and is still subsisting so that the right of the Respondent to use the word “Sunward” continues. The purported breach on which the termination was supposedly based was the use of the words “Sunward UK”. This is entirely illogical and circular as the Complainant admits that the Respondent was entitled to use the name “Sunward” until termination and yet is also arguing that the reason the Complainant was entitled to terminate was that the Respondent was using the name “Sunward” before termination. The

Respondent cannot have been in breach by using the name “Sunward” and it follows that the Agreement has not been validly terminated. Furthermore, in any event, the Complainant based its purported termination upon the notice of breach which wrongly treated the fact that the Respondent had contested its purported territorial adjustment and that it had appointed a lawyer to represent it as breach of the Agreement allowing the Complainant to terminate. The act of contesting and disputing a purported right to a territorial adjustment cannot possibly itself be a breach of the Agreement as the Agreement itself provides for dispute resolution mechanisms. Further, the Agreement states that any disputes shall be settled in the first instance through friendly negotiation and in this case no effort has been made at negotiations in regard to the use of the disputed domain name. The Agreement provided that, in the event that friendly negotiations failed to resolve the dispute, any dispute should be submitted to arbitration in Beijing. The Complainant has entirely failed to follow this procedure. The Agreement is to be interpreted in all respects according to the law of China which the Panel is not equipped to do. The Complainant has not even ventured to give its opinion on how Chinese law would apply. The Complaint provides no evidence of the alleged breach of the sales target nor even a copy of the letter of March 27, 2020. The Complainant also failed to provide copies of pre-Complaint correspondence sent on behalf of the Respondent. In circumstances such as this in which the Complainant, being legally represented, has failed entirely to deal with such points of law and substance, the only sensible course open to the Panel in this matter is to dismiss the Complaint.

The Respondent holds the following *bona fide* beliefs: at no time has the Respondent breached its contractual obligations towards the Complainant; there has been no legitimate reduction in the territory granted to the Respondent with regard to its exclusive distributorship; the purported breaches in the so-called “notice of breach” did not constitute breaches at all; that the Agreement between the Parties was never validly terminated and is still subsisting; and, as the Complainant admits, that Agreement gave the Respondent the right to use the word/name “Sunward”. The fact that the Respondent’s solicitor set out the basis for the above beliefs in detailed correspondence to the Complainant and its legal representative and that neither responded to rebut them is cogent evidence that the beliefs expressed were *bona fide*. It follows that the Respondent cannot be said to have acted in bad faith.

6. Discussion and Findings

6.1 Preliminary Issue: Identity of the Respondent

The Response submits that the Complaint is wrongly drawn as “J Mac Excavators Ltd” should be substituted as the name of the Respondent or joined to the case or regarded as Second Respondent / Intervenor and heard accordingly.

The Panel recalls that paragraph 1 of the Rules defines the respondent as “the holder of a domain name registration against which a complaint is initiated.” In the present case, the Complaint formally identifies the Respondent as “Domain Proxy Service, Namesco Limited”, which is the disputed domain name holder identified in the Registrar’s public Whois database. However, the Registrar verified that the underlying registrant is “Joshua McNally, J Mac Excavators Ltd”, and that company is correctly identified in the body of the Complaint as the user of the disputed domain name. The underlying registrant has been given a fair opportunity to present its case and it has in fact taken that opportunity by submitting a timely Response. In these circumstances, the Panel determines that the Complaint has initiated this dispute against both the proxy service and the underlying registrant.

The Panel further notes that nothing in the record indicates any relationship between Domain Proxy Service, Namesco Limited, on the one hand, and Joshua McNally, J Mac Excavators Ltd, on the other hand, beyond the provision of privacy registration services. Accordingly, the Panel exercises its discretion to determine that the underlying registrant, Joshua McNally, J Mac Excavators Ltd, is the proper Respondent against which this dispute should proceed, and refers to it in this Decision as the “Respondent”, except where otherwise specified.

6.2 Substantive Issues

Paragraph 4(a) of the Policy provides that the Complainant must prove each of the following elements with respect to each disputed domain name:

- (i) the disputed domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) the Respondent has no rights or legitimate interests in respect of the disputed domain name; and
- (iii) the disputed domain name has been registered and is being used in bad faith.

A. Identical or Confusingly Similar

Based on the evidence of the Complainant's trademark registrations, the Panel finds that the Complainant has rights in the semi-figurative SUNWARD mark.

The disputed domain name wholly incorporates the textual element of the SUNWARD mark as its initial element. For technical reasons, the figurative elements of that mark cannot be reflected in a domain name, hence they may be disregarded in the comparison between the disputed domain name and the SUNWARD mark. See [WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition \("WIPO Overview 3.0"\)](#), section 1.10.

The disputed domain name also includes the descriptive word "excavators". The addition of this word does not prevent a finding of confusing similarity as the textual element of the SUNWARD mark remains clearly recognizable within the disputed domain name. See [WIPO Overview 3.0](#), section 1.8.

The only other element in the disputed domain name is a generic Top-Level Domain ("gTLD") extension (".com"). As a standard requirement of domain name registration, the gTLD extension may be disregarded in the comparison between the disputed domain name and the Complainant's mark. See [WIPO Overview 3.0](#), section 1.11.

The Respondent puts in issue the existence of the Complainant's trademark rights in the United Kingdom. However, the Panel recalls that, the Internet being a global medium, the jurisdictions in which a complainant's trademark rights are valid are irrelevant to the assessment of the first element of paragraph 4(a) of the Policy. See [WIPO Overview 3.0](#), section 1.1.2. In this regard, the Complainant has demonstrated that it holds European Union trademark registration number 006537427 for the SUNWARD mark, which is sufficient to satisfy the standing requirement under the first element of paragraph 4(a) of the Policy. In any event, the Complainant has demonstrated with recent online status reports from the United Kingdom Intellectual Property Office trademark database that it is the registered proprietor of the SUNWARD mark in the United Kingdom. Although the Complainant granted an exclusive license to the Respondent to use its trademarks in that country, nothing indicates that the Complainant ever assigned its rights in those trademarks.

Therefore, the Panel finds that the disputed domain name is confusingly similar to a trademark in which the Complainant has rights. The Complainant has satisfied the first element in paragraph 4(a) of the Policy.

B. Rights or Legitimate Interests

The Panel considers that the assessment of whether the Respondent has any rights or legitimate interests in respect of the disputed domain name should be made in view of the circumstances prevailing at the present time. See [WIPO Overview 3.0](#), section 2.11.

The Parties agree that the Complainant appointed the Respondent a distributor of its products under an agreement that they executed in 2018. They dispute whether the Distributor Franchise Agreement between

them remains valid. In any case, the website associated with the disputed domain name still displays the SUNWARD logo and claims that the Respondent is the official distributor of the Complainant's excavators.

The Panel observes that the website associated with the disputed domain name offers for sale not only the Complainant's excavators but also a range of "JMac" brand excavators.¹ If the Distributor Franchise Agreement remains valid, its clause 4.13 expressly prohibits the Respondent from trading in products substitutable for the Complainant's products. If the Distributor Franchise Agreement is no longer in effect, the website associated with the disputed domain name must only sell the Complainant's trademarked goods according to the so-called "Oki Data principles". See *Oki Data Americas, Inc. v. ASD, Inc.*, WIPO Case No. [D2001-0903](#). Either way, the Respondent's use of the textual element of the SUNWARD mark in the disputed domain name to attract Internet users to a site where it offers to sell competing products does not constitute a use of the disputed domain name in connection with a *bona fide* offering of goods or services.

Although reference is made in pre-Complaint correspondence to a company named "Sunward UK Ltd", the evidence on record does not indicate that the Respondent has been commonly known as "Sunward Excavators" or the disputed domain name.

Given these circumstances, the Panel considers that it would be very difficult to find that the Respondent has rights or legitimate interests in respect of the disputed domain name for the purposes of the second element in paragraph 4(a) of the Policy at the present time. However, it is not necessary for the Panel to reach a definitive view on this question in view of its findings regarding bad faith registration below.

C. Registered and Used in Bad Faith

The third element of paragraph 4(a) of the Policy sets out two requirements conjunctively. In order to succeed, a complainant must demonstrate both that the disputed domain name has been registered in bad faith, and also that it is being used in bad faith.

The disputed domain name was registered on January 7, 2019, almost a decade after some of the registrations of the Complainant's SUNWARD trademark. The Respondent was fully aware of the Complainant and its mark at the time that it registered the disputed domain name because nine days earlier the Parties had executed a Distributor Franchise Agreement. Clause 10 of that Agreement granted the Respondent the exclusive right to use the SUNWARD mark in promotion, advertisement and sale of the Complainant's products within a defined territory.

Nothing in the evidence on record indicates that the Respondent's original intention was to register the disputed domain name in bad faith. The Respondent did not register the disputed domain name until after it had signed the Distributor Franchise Agreement. The Agreement did not specifically address domain names. The disputed domain name combines the textual element of the SUNWARD mark with the word "excavators", which accurately describes a product that it was obliged to promote and service under the agreement.

The Complainant does not assert that it was ever unaware of the disputed domain name or the associated website. On the contrary, it is clear that the Complainant was actively monitoring the Respondent's online presence from at least June 2020 and that it did not initially object to the Respondent's use of the SUNWARD mark. After the purported territorial reduction, the Complainant objected to the combination of the SUNWARD mark with the letters "UK" which, the Panel notes, is the title of the Respondent's website. Specifically, in its letter dated June 28, 2020, the Complainant demanded that the Respondent remove the "Sunward UK" logo from websites and other online locations. In its notice of termination, the Complainant confirmed that the Respondent had taken no such action. In its pre-suit notice, the Complainant's legal representative referred to only one website address, which is the one that incorporates the disputed domain name.

¹ The Panel notes its general powers articulated *inter alia* in paragraphs 10 and 12 of the Rules and has visited the website associated with the disputed domain name in order to verify the use to which it is being put. The Panel considers this process of verification useful in assessing the Parties' respective arguments. See [WIPO Overview 3.0](#), section 4.8.

There is no reason to suppose that the Respondent registered the disputed domain name originally for any purpose other than to perform its obligations under the Distributor Franchise Agreement. The Complainant did not allege that the Respondent was promoting a competing product until after it served its notice of termination and, even then, it did not allege that this was connected to the use of the disputed domain name. In the Panel's view, a complainant cannot succeed in showing bad faith registration simply by showing that its distributor has behaved badly after alleged termination. See *APT Advanced Polymer Technology Corp. v. Matt Arnold, Majestic Capital*, WIPO Case No. [D2019-0824](#).

The Complainant suggests that the Respondent's use of a privacy service to register the disputed domain name could be evidence of bad faith. However, the Panel notes that the Respondent published its name and contact details on the website associated with the disputed domain name, as confirmed in the Complaint.

Although a contractual dispute has arisen between the Parties that the Panel has no jurisdiction to resolve under the Policy, the issue regarding the Respondent's intentions at the time of registration of the disputed domain name is severable from that wider dispute. Nothing in this Decision prejudices either Party's claims regarding anything besides the disputed domain name. Naturally, the Complainant remains free to pursue its claims regarding the disputed domain name and the associated website in a court or other forum of competent jurisdiction.

Therefore, the Panel does not find that the disputed domain name has been registered in bad faith. Accordingly, it is unnecessary to evaluate whether the disputed domain name is being used in bad faith. The Complainant has failed to satisfy the third element in paragraph 4(a) of the Policy.

7. Decision

For the foregoing reasons, the Complaint is denied.

/Matthew Kennedy/

Matthew Kennedy

Sole Panelist

Date: September 5, 2022