

ADMINISTRATIVE PANEL DECISION

Candy Cloud IP LLC v. Mike Morgan
Case No. D2022-3368

1. The Parties

The Complainant is Candy Cloud IP LLC, United States of America (“United States”), represented by WilliamsMcCarthy LLP, United States.

The Respondent is Mike Morgan, Canada, represented by John Berryhill, Ph.d., Esq., United States.

2. The Domain Name and Registrar

The disputed domain name <candycloud.com> is registered with NameSilo, LLC (the “Registrar”).

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on September 9, 2022. On September 9, 2022, the Center transmitted by email to the Registrar a request for registrar verification in connection with the disputed domain name. On September 12, 2022, the Registrar transmitted by email to the Center its verification response disclosing registrant and contact information for the disputed domain name, which differed from the named Respondent (Domain Administrator, See PrivacyGuardian.org) and contact information in the Complaint. The Center sent an email communication to the Complainant on September 13, 2022, providing the registrant and contact information disclosed by the Registrar, and inviting the Complainant to submit an amendment to the Complaint. The Complainant filed an amended Complaint on the same day.

The Center verified that the Complaint together with the amended 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 September 19, 2022. In accordance with the Rules, paragraph 5, the due date for Response was October 9, 2022. The Response was filed with the Center October 4, 2022. On October 5, 2022, the Respondent filed an Amended Response to correct some “erroneous text” in the Response.

The Center appointed Warwick A. Rothnie, John Swinson, and Steven M. Levy as panelists in this matter on October 31, 2022. The Panel finds that it was properly constituted. Each member of 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 disputed domain name was registered on May 12, 2006. The Response does not disclose whether that registration was by the Respondent. It does admit that the Respondent was the registrant by May 12, 2008, the date of the earliest Whois record captured by DomainIQ.

On July 12, 2022, the Complainant registered in the Principal Register United States Registered Trademark No. 6,786,540, CANDY CLOUD, in respect of providing food and drink. The registration includes a disclaimer of the exclusive right to use “Candy”. It derived from an application filed on June 25, 2021, which claimed first use in commerce from June 1, 2019.

On August 7, 2022, the Complainant filed an application to register a stylised version of CANDY CLOUD and device with the United States Patent and Trademark Office: Trademark Application No. 97,538,623. That application is still pending.

The Complaint also includes images from the Complainant’s¹ Instagram, Door Dash, and a point of sale display in the Complainant’s retail store showing images of products bearing the Complainant’s stylised trademark. These products are mostly beverages such as cans of Iced Macchiato, Strawberry Lemonade, Horchata, and the like.

Meanwhile, between 2008 and the registration of the Complainant’s trademark earlier this year, there is evidence showing that the disputed domain name resolved to a parking page. Until in or about 2017, the parking page mostly displayed pay-per-click (“PPC”) links to candy and related items. Since in or about 2017, there have also been an increasing number of PPC links to cloud computing services. As the Response acknowledges, there was also a period in 2011 where the disputed domain name resolved to, or directed traffic to, a gambling site “CandyStand.com”.

Since 2014, a number of other persons unrelated to either party have also secured trademark registrations in the United States for “cloud candy” or “candy clouds”:

- (a) No 4,658,378 registered in 2014 in the name of King.Com Limited in respect of a wide range of electronic goods – but which has since been cancelled;
- (b) United States Registered Trademark No 5,052,247 registered in 2016 in the name of Baity Enterprises LL) in respect of electronic cigarette liquid;
- (c) No 5,822,730 registered in 2019 in the name of Abercrombie & Fitch Trading Co in respect of body sprays, deodorants, and non-medicated skin care preparations;
- (d) No 5,844,829 registered in 2019 in the name of Might Squirrel Brewing Co in respect of beers;
- (e) No 6,058,045 registered in 2020 in the name of (Whiting’s Food Concessions Inc.) in respect of cotton candy; and
- (f) No 6,555,944 registered in 2021 in the name of Candy Clouds LLC in respect of smoking pipes and tobacco tins.

¹ The trading entity appears to be the Complainant’s affiliate and the Complainant itself appears to be the entity holding the business’ intellectual property.

There is no evidence before the Panel as to whether or how extensively these trademarks were used.

At least since 2017, the Respondent has also offered the disputed domain name for sale. The Complaint includes evidence that the disputed domain name is listed for sale for USD 40,000 and was in fact offered for sale to the Complainant for that amount when the Complainant contacted the Respondent about the disputed domain name.

Before any of the events above, The Candy Clouds Company of Florida in the United States registered United States Registered Trademark No. 2,709,394, CANDY CLOUDS and device, in respect of cotton candy in International Class 30 on April 22, 2003. The Candy Clouds Company of Florida is not a party to this proceeding and is not related to either party to this proceeding.

United States Registered Trademark No. 2,709,394 was filed on December 12, 2001 and claimed first use in October 2001. However, the registration was automatically cancelled on November 28, 2009, for failure to file the section 8 affidavit verifying that the trademark had been used in the five years since its registration.²

5. Discussion and Findings

Paragraph 4(a) of the Policy provides that in order to divest the Respondent of the disputed domain name, the Complainant must demonstrate each of the following:

- (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.

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

A. Identical or Confusingly Similar

The first element that the Complainant must establish is that the disputed domain name is identical with, or confusingly similar to, the Complainant's trademark rights.

There are two parts to this inquiry: the Complainant must demonstrate that it has rights in a trademark at the date the Complaint was filed and, if so, the disputed domain name must be shown to be identical or confusingly similar to the trademark.

The Complainant has proven ownership of the registered trademark CANDY CLOUD, United States Registered Trademark No 6,786,540.

As the Respondent points out, the Complainant's pending trademark application does not qualify as a trademark right under the Policy. See *e.g.*, WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition ("[WIPO Overview 3.0](#)"), section 1.1.4.

The second stage of this inquiry simply requires a visual and aural comparison of the disputed domain name to the proven trademarks. This test is narrower than and thus different to the question of "likelihood of confusion" under trademark law. Therefore, questions such as the scope of the trademark rights, the geographical location of the respective parties and other considerations that may be relevant to an

² The Lanham Act §8, 15 USC §1058.

assessment of infringement under trademark law are not relevant at this stage. Such matters, if relevant, may fall for consideration under the other elements of the Policy. See e.g., [WIPO Overview 3.0](#), section 1.7.

In undertaking that comparison, it is permissible in the present circumstances to disregard the generic Top-Level Domain (“gTLD”) component as a functional aspect of the domain name system. [WIPO Overview 3.0](#), section 1.11.

Disregarding the “.com” gTLD, the disputed domain is identical to the Complainant’s registered trademark.

Accordingly, the Panel finds that the Complainant has established that the disputed domain name is identical with the Complainant’s trademark and the requirement under the first limb of the Policy is satisfied.

B. Registered and Used in Bad Faith

In the circumstances of this case, it is appropriate to consider next the third requirement: that the disputed domain name was registered in bad faith and is being used in bad faith.

Under the third requirement of the Policy, the Complainant must establish that the disputed domain name has been both registered and used in bad faith by the Respondent: see e.g., *Burn World-Wide, Ltd. d/b/a BGT Partners v. Banta Global Turnkey Ltd*, WIPO Case No. [D2010-0470](#).

Paragraph 4(b) identifies situations which may demonstrate that registration or use of a disputed domain name was not in bad faith under the Policy:

For the purposes of paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of [the disputed] domain name in bad faith:

(i) circumstances indicating that [the Respondent] has registered or [the Respondent has] acquired the [disputed] domain name primarily for the purpose of selling, renting, or otherwise transferring the [disputed] domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of [the Respondent’s] documented out-of-pocket costs directly related to the [disputed] domain name; or

(ii) [the Respondent has] registered the [disputed] domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [the Respondent has] engaged in a pattern of such conduct; or

(iii) [the Respondent has] registered the [disputed] domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the [disputed] domain name, [the Respondent has] intentionally attempted to attract, for commercial gain, Internet users to [the Respondent’s] web site or other on-line location, by creating a likelihood of confusion with the Complainant’s mark as to the source, sponsorship, affiliation, or endorsement of [the Respondent’s] website or location or of a product or service on [the Respondent’s] web site or location.

While the instances of bad faith set out in paragraph 4(b) of the Policy are examples only, intended to illustrate types of conduct which are caught by the Policy (see *Do The Hustle, LLC v Tropic Web*, WIPO Case No. [D2000-0624](#)), the Complainant contends that a finding of bad faith under this requirement of the Policy should be made on the basis of either or both of the circumstances identified in paragraphs 4(b)(i) or (ii).

The Complainant points out that the Respondent was and is offering the disputed domain name for sale for USD 40,000. When the Complainant contacted the Respondent and made a “fair” offer of USD 5,000, the

Respondent rejected this, maintaining the USD 40,000 price but indicating some willingness to negotiate. The Complainant contends that this conduct was undertaken in circumstances where the Respondent has no rights or legitimate interests in the disputed domain name and, moreover, according to the Complainant, the Respondent is “squatting” on at least 768 domain names thus indicating an intention to commercialise them rather than use them.

The fundamental problem confronting the Complainant is that the Respondent became the registrant of the disputed domain name more than a decade before (on the best case for the Complainant) the Complainant or its affiliate began using the Complainant’s trademark. The Respondent simply could not have known about the Complainant let alone been targeting it.

Indeed, as the Response points out, the USD 40,000 price the Respondent was asking for the disputed domain name was set well before the Complainant or its affiliate even claim to have started using the Complainant’s trademark.

The Complainant seeks to counter this by pointing to the long dead United States registration of “Candy Clouds” and device (Reg. No. 2,709,394). The fact that the registration was cancelled in November 2009 and presumably had been abandoned by 2008 (if it had in fact been used) does not support an argument attributing bad faith to the Respondent in this case. It has nothing to do with the Complainant’s claim that it’s own trademark is being targeted. Moreover, there is no evidence to suggest that the Respondent was even aware of that registration when he became the registrant of the disputed domain name. Nor is there any evidence of any use of that cancelled registration such as to suggest a likelihood that the Respondent would have been aware of it. The registration itself was for a very narrow description of goods – candy floss. All that is known of the registrant is that it was a Florida corporation. There is no evidence about how substantial an enterprise it was, whether it had one store or many, if any, or even if it promoted its trademark on the Internet. In addition to the very limited scope of the cancelled registration, its verbal element was different to the content of the disputed domain name.

The Panel fails to see how an abandoned trademark can support the Complaint’s allegations of bad faith, especially on a record as thin as that propounded in this case.

The Complainant does contend that the Respondent should have been aware of the registration of the cancelled trademark or should have done a trademark search. Generally speaking, however, panels have not accepted a doctrine of constructive notice under the Policy except sometimes between two parties in the United States. The exceptions do not apply here.

First, the Respondent is not located in the United States.

Secondly, the content of the disputed domain name if not directly descriptive is apt for a wide range of uses. The Respondent contends that the words “candy” and “cloud” are ordinary dictionary words and in combination have a descriptive meaning. At least, according to the Respondent, the way the disputed domain name has been used is apt for an obvious usage of the composite expression. Bearing in mind that aptness, the disputed domain name is also different to the verbal element of the cancelled trademark where the plural conveys a different sense or meaning and, further, the cancelled trademark was for a very narrow range of goods.

Thirdly, the Complainant’s evidence of the Respondent holding 768 domain names is a reverse Whois search on the name “Michael Morgan”. As the Respondent points out, however, even the most cursory review of the Whois list provided by the Complainant reveals that the Respondent is not the registrant of many, if not all, of these domain names. Bearing in mind that the Respondent is located in Nova Scotia, Canada, the registrants in the list include a founding partner in Morgan Sports Law, a graphic artist, a photographer, the president of an engineering firm, the principal of Morgan Analytics in Texas, United States. Others are involved in a construction company, the Champlain Bridge marina, an automobile dealer or repairer, a hardware supplier, and a business involved in the aerospace industry.

On this evidence, the allegation is groundless and must be rejected.

In these circumstances, the Panel finds that the Complainant has failed to prove the disputed domain name was registered in bad faith.

Given that finding, the Complainant cannot establish all three requirements under the Policy and the Complaint must fail.

C. Rights or Legitimate Interests

As the Complaint must fail, no useful purpose can be served by considering this ground.

D. Reverse Domain Name Hijacking

The Respondent has not sought a finding of Reverse Domain Name Hijacking. However, the Panel may make such a finding of its own motion. Paragraph 15(e) of the Rules provides, in part:

“If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.”

Paragraph 1 of the Rules defines “Reverse Domain Name Hijacking” to be “using the Policy in bad faith to attempt to deprive a registered domain name holder of a domain name”.

The fact that a complaint has failed is not in itself sufficient to warrant a finding of reverse domain name hijacking.

In the present case, however, the disputed domain name was registered by the Respondent years before the Complainant’s rights accrued. The Complainant has attempted to circumvent that fundamental problem by invoking a cancelled registration wholly unrelated to the Complainant and which had been apparently been abandoned by 2008.

The Panel also notes the attempt to attribute ownership of some 768 disputed domain names to the Respondent on evidence which does not withstand even the most cursory inspection.

Finally, the evidence of correspondence with the Respondent, submitted by the Complainant, gives the impression that it was the Respondent who initiated contact with the Complainant in an effort to sell the disputed domain name. However, the Respondent’s evidence shows that it was, in fact, the Complainant who initiated such contact. This appears to be an act, by the Complainant, of withholding certain evidence in an attempt to mislead the Panel as to the facts of this case.

These factors mean the Complaint was always doomed to fail and, indeed, the Respondent pointed out to the Complainant, in correspondence before the Complaint was filed, that the disputed domain name predated the asserted trademark. Nonetheless, the Complainant persisted.

In these circumstances, the Panel considers that a finding of reverse domain name hijacking is appropriate and declares that the Complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

6. Decision

For the foregoing reasons, the Complaint is denied.

/Warwick A. Rothnie/

Warwick A. Rothnie

Presiding Panelist

/John Swinson/

John Swinson

Panelist

/Steven Levy/

Steven Levy

Panelist

Date: November 14, 2022