

< RESOLUTION INSTITUTE DOMAIN NAME
DISPUTE ADMINISTRATIVE PANEL

Matter No: <auDRP_18_07>

Single Panelist Decision

Qalo Inc and
Qalo LLC

v.

PJS Distributors Pty Ltd

<www.qalo.com.au>

1. The Parties

According to the Complaint contained in a letter dated September 12, 2018 from their solicitors, Kalus Kenny Intalex Lawyers, of Toorak Road, South Yarra, in the State of Victoria, the Complainants are Qalo Inc and Qalo LLC. Qalo Inc is said in the Complaint to be 'based in Santa Ana, California' and in the Annexure Item 1 to the Complaint, entitled *Resolution Institute Domain Name Dispute Application Form* the address is entered as 72-11 Austin Street, PMB No 406, Forest Hills, NY 11375 USA. No address is anywhere supplied for Qalo LLC.

The Respondent is PJS Distributors Pty Limited (ABN 74 601 608 584) represented by Frenkel Partners Lawyers of William Street, Melbourne, in the State of Victoria.

2. The Domain Name and Registrar

The domain name <qalo.com.au> (**Domain Name**) is registered with Web Address Registration Pty Ltd (formerly Crazy Domains Pty Ltd) (**Registrar**). However the dispute detailed in the Complaint is directed to a Domain <www.qalo.com.au>

(Disputed Domain) rather than the Domain Name. The Complaint refers to the Disputed Domain in the heading to the Complaint and seeks remedies in relation to it (and not the Domain Name). The Panel will deal with this dichotomy further below.

3. Procedural History

The procedural history of this matter is replete with contradictions and/or errors. The Panel will explain the procedural history in some detail as it bears on the determination.

The Complaint

By letter dated 12 September 2018 (and apparently emailed to Resolution Institute **(RI)** on that day) the Complainants filed their Complaint. Qalo Inc and Qalo LLC were throughout collectively referred to as ‘the Complainants’. As outlined above, the Complaint purported to initiate a dispute pursuant to the auDRP not in relation to a contested domain name but in relation to the Disputed Domain). The Complainants sought alternative remedies, namely the transfer of the Disputed Domain to Qalo Inc. or alternatively the cancellation of the Disputed Domain.

The Complaint has a number of Annexures. In Annexure Item 1, entitled *Resolution Institute Domain Name Dispute Application Form*, the Complainant is entered as Qalo Inc alone. The Panel considers that the substantive Complaint, rather than any annexure thereto, should be accorded primacy in the consideration of this conflict, and therefore treats the Complaint as one made by both Complainants.

The Acknowledgement

According to the RI document entitled *Acknowledgement of Complaint Lodged*, dated September 14, 2018, RI received the Complaint on 9 December 2018. I treat this latter date as an obvious error; the Complaint was apparently notified to RI by email on 12 September 2018.

In the *Acknowledgement of Complaint Lodged*, RI treated the Complaint as one

initiated by Qalo Inc alone (presumably relying on the completed form Annexure Item 1 to the Complaint). However RI also identified the dispute as being one in relation to the Domain Name <qalo.com.au> notwithstanding that on the form Annexure Item 1 the Complainants had stated that the domain name in dispute was 'www.qalo.com.au'. The Panel concludes that the manner in which RI acknowledged the Complaint cannot in law alter the terms of the Complaint itself. Nowhere in the Complaint is any allegation of dispute directly raised in regard to the Domain Name.

Communication with the Registrar

A copy of the Complaint was emailed to Web Address Registration Pty Ltd (formerly Crazy Domains Pty Ltd) (alleged to be the Registrar of the Domain Name) on September 14, 2018 with a request to clarify the Respondent's details and (acting under the apparent misapprehension that the Complaint raised a contest regarding the Domain Name) requested the Registrar lock the Domain Name pending determination of the dispute. On September 17, 2018 Web Address Registration Pty Ltd confirmed via email to RI that it was the Registrar of the Domain Name and that 'a request to place the domain to locked has already been sent to the registry'. The Panel concludes that the Registrar was being imprecise in its description of the request and that strictly it was referring to the locking of the Domain Name. Resolution Institute advised auDA of the Complaint on September 18, 2018 via e-mail.

Notification to Respondent

Purportedly pursuant to Paragraph 4(a) of the Rules for the auDRP (**auDRP Rules**), on September 18, 2018 RI, notified the Respondent in a document entitled *Respondent Notification of Complaint Lodged* that the Complaint was
*'received by Resolution Institute from the Complainant on **Wednesday 12 September 2018** via email and again on Friday 12 September 2018 when a copy of same was served by the Complainant on the Respondent'.*

The Panel treats this latter date as a misprint and concludes that the RI document

should have read that the Complaint was ‘again received and a copy served on the Respondent on Friday 14 September’. Indeed this accords with the date on which RI communicated with the Registrar to confirm the Domain Name registration details and to request that the Domain Name be locked by the Registrar.

No further copy of the Complaint is noted as having been attached to the *Respondent Notification of Complaint Lodged*. The Panel assumes that the copy of the Complaint served on the Respondent was the Complaint dated 12 September 2018 made on behalf of the Complainants. Whatever the date the Complaint was received, the Respondent, in the letter dated October 8, 2018 from its solicitors, acknowledged receipt of the complaint ‘outlined in the letter from Kalus Kenny Intelelex dated 12 September 2018’.

The Date of Commencement of Administrative Proceeding purportedly determined pursuant to Paragraph 4(c) of the Policy was stated by RI to be September 18, 2018. This Complaint therefore commenced on that date in accordance with Paragraph 4(d) of the auDRP Rules. The due date for any response to the Complaint was confirmed to be October 8, 2018.

Response of the Respondent

On October 8, 2018, the Respondent, by letter from its solicitors emailed to RI and, so the Panel has been informed by RI, to the Complainants’ solicitors, acknowledged receipt of the Complaint and supporting documents. It is apparent from that letter that the Respondent treated the Complainants as both Qalo Inc and Qalo LLC. It also noted in the heading to its letter that the matter concerned the ‘Disputed Domain: www.qalo.com.au’..

4. Factual Background

Incorporation

The Complainant Qalo Inc is claimed to be international consumer product company based in Santa Ana, California in the United States of America. There is no contention in relation to Qalo LLC as to what it is or where it is incorporated. The location of the registered offices of neither Qalo Inc nor Qalo LLC is set out. No documents have been filed evidencing the incorporation of either of the Complainants.

Trademarks

Qalo LLC is claimed to be the registered owner of eight Australian trademarks which Qalo LLC has allegedly agreed to license to Qalo Inc and given it rights to sublicense. The Complaint relies upon these marks pursuant to Sch. B para. 4(viii) of the auDRP Rules.

Copies of purported trademark registrations (five of which refer to the word or name 'Qalo', set out in various forms or typefaces) are produced by the Complainants in Annexure Item 7 of the Complaint. None of the purported registrations is certified by the Registrar of Trade Marks and therefore none purports to evidence an entry in the Trade Marks Register in Australia in compliance with s.211(2) of the Trade Marks Act 1955 (Cth). All of the documents in Annexure Item 7 state that the owner of each trademark is Qalo LLC; none refers to Qalo Inc.

No agreement has been produced to evidence any alleged license between the Claimants giving any rights to Qalo Inc. in respect of the trademarks or any of them. Even if it were to assume that Qalo LLC is an incorporated entity and that it does own relevant Australian trademarks the Panel concludes that there is no evidence that Qalo Inc has any rights in relation to any of the alleged trademarks.

5. Parties' Contentions

A. Complainants

The Complainants make the following contentions:

- a) on or around January 17, 2017 Qalo Inc entered into a Distribution Letter Agreement (“the Agreement”) (Annexure Item 4 to the Complaint) with the Respondent pursuant to which the Respondent was engaged to distribute certain products online in Australia and New Zealand ‘via the website www.qalo.au’. The Complainants allege that the parties to the Agreement ‘understood that the reference in the Agreement to www.qalo.au was intended to be the Australian domain and is in fact www.qalo.com.au’.
- b) Qalo Inc is the owner of the domain www.qalo.com.
- c) Pursuant to the Agreement Qalo Inc permitted the Respondent to register an Australian domain, claimed to be a ‘limited and revocable right to use the www.qalo.au domain’.
- d) The Agreement provides that the Respondent acknowledges and agrees that ‘it does not have any rights in the domain www.qalo.au and that the domain remains the exclusive proprietary property of Qalo Inc at all times’.
- e) On or around 17 July 2018 Qalo Inc by letter (Annexure Item 5 to the Complaint) terminated the Agreement.
- f) Immediately upon termination ‘all rights of the Respondent in the Disputed Domain ceased’.
- g) The Respondent has refused to transfer the Disputed Domain to Qalo Inc as required by the Agreement.
- h) Continued use or possession of the Disputed Domain by the Respondent is ‘without the authority of the Complainants and infringes the rights of the Complainants in the Registered Trade Marks’.

B. Respondent

The Respondent makes the following contentions in response:

- a) The Respondent became the registered owner [properly 'licensee'] of the Domain Name on or before April 22, 2016.
- b) The Respondent made an oral agreement with Qalo Inc in June 2016 for its appointment as Qalo Inc exclusive distributor of products in Australia and New Zealand.
- c) A written distributor agreement was received from Qalo Inc by the Respondent on July 1, 2016.
- d) The original written distributor agreement from Qalo Inc was signed by the Respondent and returned to Qalo Inc on July 11, 2016.
- e) A further written distributor agreement 'in substantially the same terms as the 1 July 2016 letter' was received from Qalo Inc by the Respondent on January 12, 2017.
- f) The further written distributor agreement from Qalo Inc was signed by the Respondent and returned to Qalo Inc on January 17, 2017.
- g) The Respondent received the letter from the solicitors then acting for Qalo Inc dated July 17, 2018 (Complaint Annexure Item 5).
- h) By letter dated July 20, 2018, (not produced) the solicitors for the Respondent queried the legal basis of the demand that the Respondent was not entitled to sell any products in its possession after 16 August 2018 but received no response.
- i) By letter dated August 14, 2018 the solicitors for the Respondent complained of various breaches of the express and implied terms of the distributor agreements by Qalo Inc

The Panel notes that the Complainants have not sought to challenge any of the Respondent's contention by providing any further evidence or statement pursuant to Paragraph 12 of Schedule A to the auDRP.

The Respondent by its Response dated October 8, 2018 seeks dismissal of the Complaint on various grounds:

- a) It maintains that the Complaint is premised on the contention that the Agreement has been validly terminated.

- b) It challenges the contention that the Agreement has been validly terminated pursuant to the law of California and maintains that until such termination is established, the Complaint is premature.
- c) It produces the letter from the Respondent's solicitors to Qalo Inc dated August 14, 2018 concerning the purported termination and maintains that the Respondent has engaged US legal counsel and intends to commence legal proceedings in California challenging the purported termination.
- d) It refers to and relies upon the provisions contained in the Agreement requiring that disputes arising should be governed by and construed in accordance with the laws of the State of California and that the courts of and in that state are given exclusive jurisdiction in this regard.
- e) It contends that it became the registered owner of the Domain Name <qalo.com.au> on or before 22 April 2016 and in any event before the signing of the Agreement.

The Panel notes that the Agreement produced by the Claimants is not a copy of an Agreement executed on behalf of Qalo and the Respondent, as the final paragraph required that the copy of the Agreement signed by Mr Baker be also signed and dated on behalf of the Respondent and be returned to Qalo Inc 'if [the Respondent is] in agreement with the terms of this Letter Agreement'. The copy Agreement produced (Annexure Item 4 to the Complaint)

- 1) bears only a signature of Ted Baker, CEO of Qalo Inc,
- 2) bears no signature on behalf of the Respondent
- 3) has not been dated on behalf of the Respondent
- 4) has an incomplete commencement date in the first paragraph.

Nevertheless it appears that the Respondent in its response dated October 8, 2018 accepts the validity of the Agreement.

- f) It disputes that the parties to the Agreement 'understood that the reference in the Agreement to 'www.qalo.au' was intended to be a reference to the Australian domain 'www.qalo.com.au' and maintains this is one of the issues for determination under the laws of California.

6. Discussion and Findings

Does the auDRP apply this Administrative Proceeding?

The auDRP provides:

2. **APPLICATION OF THE auDRP**

...

- 2.2 *The auDRP does not apply to all types of domain name disputes. It only applies to disputes which meet the requirements set out in Paragraph 4(a) of the auDRP at Schedule A of this document.*

The auDRP also sets out the remedies available upon proof of a contravention of auDRP:

6. **REMEDIES AVAILABLE TO COMPLAINANT**

- 6.1 *A Complainant may seek to have the domain name licence:*

- a) cancelled, in which case the domain name will become available for registration in the normal way; or*
- b) transferred to themselves, but only if the registrar determines that they are eligible to hold the domain name under the relevant policy rules.*

The auDRP Schedule A provides, inter alia:

- 1. Purpose.** *The .au Dispute Resolution Policy ("auDRP") is incorporated by reference into your Registrant Agreement, and sets forth the terms and conditions that govern a dispute between you and any party other than us (the registrar) over the registration and use of an Internet domain name registered by you in one of the open .au second level domains (2LDs).*
- 4. Mandatory Administrative Proceeding.** *This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative dispute resolution service providers listed on the auDA website at <http://www.auda.org.au/policy/audrp> (each, a "Provider").*

- a. Applicable Disputes.** *You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure that:*
- (i) your domain name is identical or confusingly similar to a name [Note 1], trademark or service mark in which the complainant has rights; and*
 - (ii) you have no rights or legitimate interests in respect of the domain name [Note 2]; and*
 - (iii) your domain name has been registered or subsequently used in bad faith.*

In an administrative proceeding, the complainant bears the onus of proof.

In the present Complaint, the Complainants make no claims which fall within the auDRP Rule 4(a). They do not allege any dispute in relation to any domain name nor is any remedy sought in relation to any such domain name.

There is no remedy under the auDRP of cancellation of a *domain* or the transfer of a *domain* to a Complainant, as is presently sought. Whilst a domain name may provide the electronic route to a domain, the domain itself, i.e. the website, may consist of numerous interconnected web pages, containing text, graphics and images, each the product of design effort and complex html interlinking. The auDRP provides no entitlement to a party claiming to have the entitlement to registration of a disputed domain name to the content of the domain website to which that disputed domain name presently resolves. The Panel is not satisfied that this claim in relation to the Disputed Domain is subject to the auDRP nor that it falls within the requirements for resolution in a mandatory administrative proceeding as prescribed in Paragraph 4(a) of the auDRP.

For this reason the Panel will in due course dismiss the Complaint.

However in case the parties intended to treat this as a complaint in relation to a the Domain Name <qalo.com.au> (the **Inferred Domain Name Dispute**) the Panel will consider the issues raised and set out its conclusions to this alternative argument. This

Inferred Domain Name Dispute is conducted on the assumption that the auDRP, the auDRP Rules and the Resolution Institute's Supplemental Rules (auDRP 2016-01) ("the Supplemental Rules") apply.

Rights or Legitimate Interests

On the basis that the auDRP, Rules and Supplementary Rules do apply, the Panel determines that the Respondent had rights or legitimate interests in the Domain Name, prior to the entering into the Agreement (Annexure Item 4 to the Complaint) with Qalo Inc. The Respondent claims (without contradiction) to have registered the Domain Name in or about mid 2016, well prior to entering into the Agreement in or about January 2017.

The Panel concludes that in the event that this were merely a dispute under the auDRP relating to the domain name <qalo.com.au> the Claimants' contention that the Respondent has lost any rights or legitimate interests in the Domain Name must flow from a valid termination of the Agreement by the letter dated July 17, 2018 (Annexure Item 5 to the Complaint). By the very terms of that Agreement this issue is one for the exclusive determination of California courts. The Respondent has shown that it has and does question the validity of the purported termination and claims to have instructed Lawyers in America to represent it in contesting the alleged termination.

The Panel notes the apparent inconsistency between the Complaint, which alleges that by the letter (Annexure Item 5 to the Complaint) Qalo Inc terminated the Agreement whereupon 'all rights of the Respondent in the Disputed Domain ceased', the Agreement itself (Annexure Item 4 to the Complaint) which provides that Qalo was entitled to terminate the Agreement 'at any time for any reason by giving at least thirty (30) days notice in writing' and the termination letter (Annexure Item 5 to the Complaint) which without reason purports to provide 30 days notice of termination and refers to the termination date as being 16 August 2018.

The Panel determines that the Respondent has rights or legitimate interests in the Domain Name.

Remedy Sought

On the assumption, which the Panel has rejected, that the Complainants requested that, if successful, the disputed domain name should be transferred to Qalo Inc or cancelled, the Panel observes that under paragraph 4(i) of the Policy, the remedy of transfer is available only where the Complainant is otherwise eligible to hold the domain name.

Schedule A, paragraph 2 of auDA's Domain Name Eligibility and Allocation Policy Rules for the Open 2LDs requires a registrant to be an Australian "as defined under the eligibility and allocation rules for each 2LD."

Paragraph 1 of Schedule C of the Domain Name Eligibility and Allocation Policy Rules for the Open 2LDs specifies that for a ".com.au" domain name, the registrant must be:

- a) an Australian registered company; or
- b) trading under a registered business name in any Australian State or Territory; or
- c) an Australian partnership or sole trader; or
- d) a foreign company licensed to trade in Australia; or
- e) an owner of an Australian Registered Trade Mark; or
- f) an applicant for an Australian Registered Trade Mark; or
- g) an association incorporated in any Australian State or Territory; or
- h) an Australian commercial statutory body.

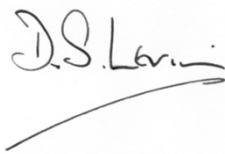
In the present case the Complainants do not allege that Qalo Inc is the owner of Australian registered trademarks relating to the word QALO. The Claimants' evidence (unsatisfactory as it is) of the registration details for each of the Australian registered trademarks (if valid) on which the Complainant relies, in Annexure Item 7 of the Complaint, reveals that the apparent owner of the trademarks is Qalo LLC. There is no evidence showing that Qalo Inc falls within any of the categories in Paragraph 1 of Schedule C.

In the Complaint the solicitors for the Complainants allege that Qalo Inc is licensed to use and sublicense the trademarks, but it has not produced any evidence in support of this contention. Even if there were a valid licence of the trademarks to Qalo Inc, that entity does not qualify as “Australian” for the relevant purposes and no transfer of any domain name to it could be ordered.

7. Decision

For all the foregoing reasons, the Complaint is dismissed

Date: October 18, 2018



**David Levin Q.C.
Panelist**