



WIPO Arbitration and Mediation Center

ADMINISTRATIVE PANEL DECISION

Franchise Recruiters, Ltd. v. Franstaff, Inc.

Case No. D2000-1625

1. The Parties

The Complainant is Franchise Recruiters, Ltd., a corporation organized in the State of Delaware, United States of America (USA), with place of business in Crete, Illinois, USA.

The Respondent is Franstaff, Inc., a corporation organized in the State of Florida, USA, with address in Sarasota, Florida, USA.

2. The Domain Name(s) and Registrar(s)

The disputed domain name is “franchiserecruiters.com”.

The registrar of the disputed domain name is Network Solutions, Inc., with business address in Herndon, Virginia, USA.

3. Procedural History

The essential procedural history of the administrative proceeding is as follows:

- (a) The Complainant initiated the proceeding by the filing of a complaint by e-mail received by the WIPO Arbitration and Mediation Center (“WIPO”) on November 22, 2000, and by courier mail received by WIPO on November 27, 2000. Payment by Complainant of the requisite filing fees accompanied the courier mailing. On November 28, 2000, WIPO transmitted a Request for Registrar Verification to the registrar, Network Solutions, Inc. (with the Registrar’s Response received by WIPO on December 3, 2000).
- (b) On December 5, 2000, WIPO transmitted notification of the complaint and commencement of the proceeding to Respondent via e-mail, telefax and courier mail.

- (c) On December 18, 2000, Respondent requested by e-mail to WIPO an extension of the time period for the filing of its response. By e-mail of December 19, 2000, to Respondent and Complainant, WIPO granted Respondent a ten-day extension. By e-mail of December 19, 2000, to WIPO, Complainant objected to the granting of the aforesaid extension. On December 22, 2000, Respondent confirmed its understanding of the extension to WIPO and Complainant.
- (d) Respondent's response was received by WIPO via e-mail on January 4, 2001, and subsequently via courier mail. Respondent also transmitted the response to Complainant.
- (e) Complainant transmitted a reply to Respondent's response via e-mail to Respondent and WIPO of January 23, 2001, and subsequently via courier mail. Such reply included a statement of justification for the Panel's consideration.
- (f) Respondent transmitted an objection to Complainant's reply via courier mail to Complainant and WIPO received on February 6, 2001. Respondent indicated that, should the Panel decide to accept Complainant's reply, Respondent would request to file a sur-reply.
- (g) On February 6, 2001, WIPO invited the undersigned to serve as panelist in this administrative proceeding, subject to receipt of an executed Statement of Acceptance and Declaration of Impartiality and Independence ("Statement and Declaration"). On February 6, 2001, the undersigned transmitted by fax the executed Statement and Declaration to WIPO.
- (h) On February 8, 2001, Complainant and Respondent were notified by WIPO of the appointment of the undersigned sole panelist as the Administrative Panel (the "Panel") in this matter. WIPO notified the Panel that, absent exceptional circumstances, it would be required to forward its decision to WIPO by February 22, 2001. On February 8, 2001, the Panel received an electronic file in this matter by e-mail from WIPO. The Panel subsequently received a hard copy of the file in this matter by courier mail from WIPO.
- (i) The file transmitted to the Panel by WIPO included Complainant's proposed reply to Respondent's response, and Respondent's objection to such reply. On February 13, 2001, the Panel notified the parties that it would accept Complainant's reply, and granted Respondent leave until February 23, 2001, to file a sur-reply. On February 23, 2001, Respondent transmitted its sur-reply via e-mail to the Panel, Complainant and WIPO, and also transmitted the sur-reply via courier mail.
- (j) By e-mail of February 26, 2001, the Panel notified WIPO and the parties that due to changed circumstances it would plan to render its determination in this matter by March 19, 2001. WIPO granted an extension to the Panel accordingly.

The Panel has not received any additional requests from Complainant or Respondent regarding further submissions, waivers or extensions of deadlines, and the Panel has not

found it necessary to request any additional information from the parties. The proceedings have been conducted in English.

4. Factual Background

Complainant has registered the word service mark “FRANCHISE RECRUITERS LTD.” on the Principal Register of the United States Patent and Trademark Office (USPTO), reg. no. 2,370,527, dated July 25, 2000. Such registration is in International Class 35, covering “management personnel searching and placement services”. Complainant’s USPTO trademark registration claims a date of first use in commerce of May 1, 1984, disclaims use of “LTD.” apart from the mark as shown, and was granted under Section 2(f) of the Trademark Act of 1946. Complainant’s application for trademark registration at the USPTO was filed on March 18, 1999. (Complaint, Annex 13)

Complainant has registered the word service mark “FRANCHISE RECRUITERS LTD.” on the Register of Trade-Marks in Canada, reg. no. TMA383, 589, dated April 26, 1991, covering “Service of locating employees for franchised businesses, employment opportunities in franchised business, and opportunities in connection with purchase of franchises or franchised businesses”. Complainant’s Canadian trademark registration asserts a date of first use in Canada at least as early as November 1987. Such registration includes the disclaimer “The right to the exclusive use of the words FRANCHISE and RECRUITERS is disclaimed apart from the trademark.” (*Id.*, Annex 12)

Complainant has registered the domain name “franchiserecruitersltd.com” and maintains an active business website at the Internet address “www.franchiserecruitersltd.com”. The “franchiserecruitersltd.com” domain name was registered by Complainant on September 13, 1999. Network Solutions WHOIS database printout of December 29, 2000, Response, Annex 8.

Complainant has used the term “Franchise Recruiters Ltd.” to identify its business and services in the United States and Canada since 1984. Such use has been extensive, and Complainant is a very well known enterprise within the franchise service industry. This is evidenced by extensive references to Complainant in various industry literature, as well as references to Complainant in major newspapers such as the Wall Street Journal. *See* Complaint, Annexes 4-9.

By letter dated May 5, 1986, Mr. James W. Dement, President of Respondent (then doing business as Concept Consultants, Ltd.) wrote to Mr. Jerry C. Wilkerson, then and now President of Franchise Recruiters Ltd. In that letter, Mr. Dement proposed to Mr. Wilkerson as follows:

“We are currently expanding into new offices that will have space for a number of franchise related services. After reading your ad in Franchising World, it occurred to me that it may be mutually beneficial for us to establish a Franchise Recruiters LTD. office in Chicago under an exclusive licensed [sic] agreement which would give us the use of your name and access to your client and candidate files on a split fee basis. We, in turn, would offer you the national strength of a Midwest office location which would provide local access to clients and

candidates in this area, as well as the additional referrals generated from our consulting services. From this beginning, you may want to license (or franchise) offices in other major cities if we can establish and demonstrate a meaningful program.” Complaint, Annex 24

Complainant did not enter into the aforesaid arrangement proposed by Respondent’s president (*id.*, paragraph 12.B).

Complainant has submitted a NEXIS news article search for the term “franchise recruiters” showing a result of 69 articles, 68 of which concerned Complainant (*id.*, Annex 8).

According to the Network Solutions’ verification response, Respondent is the listed registrant of the disputed domain name “franchiserecruiters.com”. A Network Solutions WHOIS database printout of November 16, 2000, indicates that the record for the disputed domain name was created on April 24, 1998, and was last updated on April 19, 2000. “Dement, James” is listed as the Administrative Contact for the disputed domain name. Complaint, Annex 1

Respondent uses the disputed domain name to direct Internet users to its “Franstaff” website (*id.*, paragraph 12.B and Annex 28). Respondent is incorporated and does business as “Franstaff”, identifying itself as “Executive Search Consultants to the Franchising Industry” (*id.*, Annex 23).

Respondent indicates that it performed a trademark search regarding the combination term “franchise recruiters”, apparently about the time it registered the disputed domain name. According to Respondent:

The search revealed (i) Claimant had no valid U.S. trademark as its registration had been canceled for over one year [referring to a registration on the Supplemental Register] and (ii) Claimant’s Canadian trademark expressly permitted free use of the words ‘franchise recruiters’ (Resp. Annex. 6).” Response, paragraph II.B

Respondent has submitted evidence that the terms “franchise” and “recruiting”, “recruit” and “recruitment” are often used in news reports and trade publications to refer to the activity of recruiting personnel for employment in franchise businesses. Response, Annexes 17–53. The evidence accompanying its response does not show use of the specific combination term “franchise recruiters” other than to refer to Complainant. In its sur-reply, Respondent identifies two news articles (one from “LocalBusiness.com”, dated November 20, 2000, and one from the Globe and Mail, dated July 9, 1999) that use the terms “franchise recruiters” descriptively (each of these articles is submitted twice, as sur-reply Annexes 2 & 3, and 4 & 7, respectively). In addition, in its sur-reply Respondent provides a copy of a printout of a web page from “www.mediacorp2.com”, dated January 24, 2001, that, in defining the occupational category of “Franchising”, includes reference to “franchise recruiters” (Sur-reply, Annex 5).

Respondent has submitted a letter from Mr. David A. Welsher of DW Consulting (that assisted Respondent in creating its web presence) dated December 15, 2000, stating that as a commonly used method for increasing web traffic:

“Register the site with search engines and directories every 3-4 months and check your ranking using keyword searches that pertain to your site (e.g., franchising, franchise recruitment, search firms, executive consulting, executive search executive recruitment, etc.)

“Consider registration of other Internet domain names that closely fit the nature of your business (see keywords and phrases above as examples) and use these domains as either ‘mirror’ sites for “franstaff.com” or simply use them to redirect users to your company’s homepage, thereby increasing site traffic.” Response, Annex 3

Respondent has submitted a report from a “search engine specialist” (Traffic Strategies.com) that concludes that “‘franchise recruiter’ is a generic phrase that refers to an entire industry of franchise recruiters” (letter from Mark McClure to Lonnie Simpson, dated December 21, 2000). The apparent basis for the search engine specialist’s conclusion was that Real Names.com refused to sell it the Internet keyword “franchise recruiter”. Although the correspondence between Real Names.com and Mark McClure relates only to the term “franchise recruiter”, Mr. McClure extrapolates this result to “franchise recruiters” stating: “One of Silke’s NameSpace team reps ruled that the keyword phrase, ‘franchise recruiters’ could not be purchased by any company because it is a generic phrase.” Response, Annex 15-16

The Service Agreement in effect between Respondent and Network Solutions subjects Respondent to Network Solutions’ dispute settlement policy, the Uniform Domain Name Dispute Resolution Policy, as adopted by ICANN on August 26, 1999, and with implementing documents approved by ICANN on October 24, 1999. The Uniform Domain Name Dispute Resolution Policy (the “Policy”) requires that domain name registrants submit to a mandatory administrative proceeding conducted by an approved dispute resolution service provider, of which WIPO is one, regarding allegations of abusive domain name registration (Policy, paragraph 4(a)).

5. Parties’ Contentions

A. Complainant

Complainant asserts that it has rights in the service mark “FRANCHISE RECRUITERS LTD.” based on long use in commerce in the United States and Canada, and as evidenced by trademark registrations in the United States and Canada. *See Factual Background, supra.*

Complainant alleges that the disputed domain name, “franchiserecruiters.com”, is identical or confusingly similar to the service mark in which it has rights.

Complainant alleges that Respondent has no rights or legitimate interests in the disputed domain name. Complainant indicates that it maintained a trademark registration in Canada at the time Respondent registered the disputed domain name. Complainant alleges that although the USPTO registration for the FRANCHISE RECRUITERS LTD. service mark did not issue until after registration by Respondent

of the disputed domain name, that Complainant maintained common law rights in the mark in the United States throughout the relevant period, and that Respondent was well aware of Complainant's ownership of the mark.

Complainant states that Respondent registered and used the disputed domain name in bad faith. First, Respondent registered the disputed domain name in order to disrupt the business of a major competitor, Complainant. Second, Respondent has intentionally used the disputed domain name to direct Internet users to its own commercial website by creating confusion as to Complainant's affiliation with Respondent and its business.

Complainant requests the Panel to order the transfer of the disputed domain name to it.

B. Respondent

Respondent alleges that Complainant has no rights in the service mark "FRANCHISE RECRUITERS LTD.". Respondent states that the term is a combination of generic words that are used to refer to a "genus of services, *i.e.* employment placement for businesses or people in the franchising industry. Claimant's services are merely a species of that genus". Because the combination of terms "franchise recruiters" is generic, it is incapable of acquiring distinctiveness and serving as a service mark.

Respondent alleges that it has rights or legitimate interests in the disputed domain name because it uses that name "in connection with providing employment and job search services in the franchising industry". In the alternative, Respondent alleges that it is not using Complainant's mark in connection with its website or any promotional materials, and thus is not making any infringing use of Complainant's mark. According to Respondent, "that fact alone precludes any finding of 'bad faith use'".

Respondent indicates that Complainant has produced no evidence to support its assertion that Respondent intended to create confusion by using Complainant's mark to direct traffic to its website. According to Respondent, its knowledge of Complainant's mark does not evidence bad faith, particularly since Complainant's mark was not registered.

Respondent indicates that since Internet users who might be directed to its own website by use of Complainant's mark would discover that it is not Complainant's website, "No literate person could be confused about the source of the franchise recruiting services offered on Respondent's website".

Respondent indicates that its reliance on the advice of a website designer and its conduct of a trademark search insulate it from a finding of bad faith registration and use of the disputed domain name.

6. Discussion and Findings

The Uniform Domain Name Dispute Resolution Policy (the "Policy") adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) on August 26, 1999 (with implementing documents approved on October 24, 1999), is addressed to resolving disputes concerning allegations of abusive domain name registration. This sole panelist has in an earlier decision discussed the background of the administrative panel procedure, and the legal characteristics of domain names, and refers to this earlier

decision for such discussion.¹ The Panel will confine itself to making determinations necessary to resolve this administrative proceeding.

It is essential to dispute resolution proceedings that fundamental due process requirements be met. Such requirements include that a respondent has notice of proceedings that may substantially affect its rights. The Policy, and the Rules for Uniform Domain Name Dispute Resolution Policy (the “Rules”), establish procedures intended to assure that respondents are given adequate notice of proceedings commenced against them, and a reasonable opportunity to respond (see, *e.g.*, paragraph 2(a), Rules).

In this proceeding, Respondent has furnished a detailed response and sur-reply to the complaint in a timely manner. There is no issue as to whether Respondent received adequate notice of these proceedings.

Paragraph 4(a) of the Policy sets forth three elements that must be established by a complainant to merit a finding that a respondent has engaged in abusive domain name registration, and to obtain relief. These elements are that:

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

Each of the aforesaid three elements must be proved by a complainant to warrant relief.

Complainant is the holder of registrations in the United States and Canada for the word service mark “FRANCHISE RECRUITERS LTD.” (*see* Factual Background, *supra*). The Canadian registration dates from 1991 and substantially predates registration by Respondent of the disputed domain name. The U.S. registration was granted on July 25, 2000. This followed registration of the disputed domain name on April 24, 1998. Complainant claimed a date of first use in commerce in the United States of its service mark in 1984. If the combination term “franchise recruiters” was merely descriptive as of the date of its first use, the grant of registration by the USPTO signifies a determination that the combination term acquired the requisite distinctiveness in its field of use to serve as a mark by the date of the grant of registration.

Complainant has submitted substantial evidence that its service mark is well known among those in the franchising sector. Its service mark was clearly known by Respondent, whose president in 1986 sought to license the mark.

Respondent challenges Complainant’s rights in the mark on two principal grounds. First, in respect to the Canadian registration, Respondent asserts that the disclaimer of rights in “franchise” and “recruiters” apart from the mark demonstrates that the mark is generic, and that the only potentially distinctive feature of the mark is the addition of the term “LTD.”. The Panel does not accept this analysis. The term “LTD.” is a

¹ See *Educational Testing Service v. TOEFL*, Case No. D2000-0044, decided March 16, 2000.

common designation of a form of business enterprise. Absent some showing to support such a finding, the Panel will not deduce that by adding the common designation “LTD.” to an otherwise generic combination term the Canadian authorities accepted the transformation of the generic term into a distinctive mark. The relevant portions of the Canadian Trade-Marks Examination Manual submitted by Complainant support the conclusion that the Canadian examination authorities make a determination as to distinctiveness based on “whether or not the mark as a whole is registrable when the individual elements are disclaimed” (Section IV.9.4.3, Reply, Annex 3). Just so here, the terms “franchise” and “recruiters” are each disclaimed standing alone, but together demonstrate the requisite distinctiveness.

Complainant asserts, in regard to the United States, that “FRANCHISE RECRUITERS” cannot serve as a service mark because this combination term is generic. “Franchise” is, *inter alia*, a noun referring to a type of business enterprise, and “recruiter” is a noun referring to a person who enlists members to an enterprise. It is often difficult to draw the boundary line between generic and descriptive terms. A generic term is the common name of a type of thing, while a descriptive term describes a thing. *See generally Mil-Mar Shoe v. Shonac*, 75 F. 3d 1153 (7th Cir. 1996). In the present proceeding, it is not necessary to make a determination as to whether “franchise” and “recruiters” each taken alone are generic or descriptive because Complainant has not asserted rights in either of those terms standing alone. Complainant, instead, asserts rights in the combination term “franchise recruiters”, and a combination of generic terms may acquire distinctiveness and serve as a trademark or service mark. *Mil-Mar*, 75 F. 3d 1153, at 1161 (7th Cir. 1996).

The USPTO and Canadian Registrar of trademarks each have determined that “FRANCHISE RECRUITERS LTD.” is sufficiently distinctive to serve as Complainant’s service mark. These authorities have necessarily determined that the combination term is not generic.² While that determination is not conclusive in this proceeding, the Panel does not believe that Respondent has carried the burden of proving that the combination term is generic. Having undertaken an exhaustive search of Internet references, Respondent was able to identify only a few instances in which “franchise recruiters” was used in a descriptive sense. Complainant, on the other hand, provided an array of evidence to support its claim that the term “Franchise Recruiters” is used in the relevant industry sector to refer to Complainant as a specific enterprise and source of services. Respondent itself acknowledged Complainant’s rights in its mark when it approached Complainant in 1986 for a license to do business under that mark.

The Panel does not find persuasive Respondent’s reference to a report from a “search engine specialist” who concludes that “franchise recruiter” is a generic term. The written record indicates that the researched term “franchise recruiter” is not the same as the term “franchise recruiters” as used in the disputed domain name. Regarding the latter term, the specialist relates a conversation with an unnamed person who is reported to have extrapolated results from “franchise recruiter” to “franchise recruiters”. Yet even if the researched terms were identical, the Panel would not substitute the judgment of a keyword vendor for that of the USPTO and Canadian Registrar of Trade-Marks.

² Registration on the Principal Register of the USPTO establishes a presumption of distinctiveness in U.S. law. 15 USC § 1057(b). *See, e.g., Avery Dennison v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).

Finally, Respondent is using the disputed domain name directly in Complainant's channel of trade and thereby promoting a likelihood of confusion.

The Panel rejects Respondent's challenge to Complainant's rights in the mark "FRANCHISE RECRUITERS LTD.", and finds that Complainant has rights in that mark.

The Panel further finds that the disputed domain name "franchiserecruiters.com" is confusingly similar to Complainant's "FRANCHISE RECRUITERS LTD." mark. The elimination of the common business identifier "LTD.", and the addition of the top-level generic domain name (gTLD) ".com", do not create a visual impression that distinguishes "franchiserecruiters.com" from "FRANCHISE RECRUITERS LTD.". Internet users who wish to locate Complainant's business would likely assume that "franchiserecruiters.com" is Complainant's Internet identifier.

Complainant has established the first of the three elements necessary to a finding that Respondent has engaged in abusive domain name registration.

The second element of a claim of abusive domain name registration is that the respondent has no rights or legitimate interests in respect of the domain name (Policy, paragraph 4(a)(ii)). The Policy enumerates several ways in which a respondent may demonstrate rights or legitimate interests:

"Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii)

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue." (Policy, paragraph 4(c)).

Respondent was well aware of Complainant's interest in its mark prior to registration of the disputed domain name. Respondent's claimed performance of a trademark search at or about the time of registration of the disputed domain name does not establish a good faith interest in the name. Respondent acknowledges that it found Complainant's Canadian trademark registration, but asserts it concluded that Complainant had disclaimed its interest in "franchise recruiters" at the time it secured the registration. To the extent that Respondent indeed reached such a conclusion, it was not warranted as a matter of law. Moreover, in light of Respondent's prior dealings with Complainant, and Complainant's very well known presence in Respondent's industry sector, Respondent cannot disclaim knowledge of Complainant's common law interests in its mark.

The Policy indicates that certain circumstances may, “in particular but without limitation,” be evidence of bad faith (Policy, paragraph 4(b)). Among these circumstances are: (1) that a respondent has registered the domain name primarily for the purpose of disrupting the business of a competitor (*id.*, paragraph 4(b)(iii)), and; (2) that a respondent “by using the domain name, ... [has] intentionally attempted to attract, for commercial gain, Internet users to [its] website 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 [respondent’s] website or location of a product or service on [its] website or location” (*id.*, paragraph 4(b)(iv)).

Because Respondent and Complainant compete in the same line of business, an inference might be drawn that Respondent registered the disputed domain name for the purpose of disrupting Complainant’s business. However, the Panel need not reach a conclusion on this ground.

Respondent has used the disputed domain name to direct Internet traffic to its own website for the purpose of commercial gain by creating a likelihood of confusion as to Complainant’s affiliation with Respondent’s website. Respondent claims that informed persons will discover upon examination that its website is not affiliated with Complainant, and that this eliminates potential confusion. The Panel is not persuaded. First, direction of Internet users seeking the services of Complainant to Respondent’s competing website is likely to benefit Respondent at the expense of Complainant in at least some cases. Some persons seeking Complainant will find the information or services they require at Respondent’s website, and will not search further for Complainant’s website. Second, Respondent overstates the extent to which consumers are able to readily identify corporate affiliations in the modern business environment. Internet users that enter Complainant’s mark in a domain name and find Respondent’s website may assume that Respondent has been authorized by Complainant to use its name and mark, or perhaps that Respondent has acquired Complainant’s business. The Panel concludes that Respondent registered and used Complainant’s mark in the disputed domain name to direct Internet users to its competing website for purposes of commercial gain.

The Panel concludes that Respondent registered and has used the disputed domain name in bad faith within the meaning of paragraph 4(b)(iv) of the Policy.

Complainant has established the third and final element necessary for a finding that the Respondent has engaged in abusive domain name registration and use.

The Panel will therefore request the registrar to transfer the domain name “franchiserecruiters.com” to the Complainant.

7. Decision

Based on its finding that the Respondent, Franstaff, Inc., has engaged in abusive registration and use of the domain name “franchiserecruiters.com” within the meaning of paragraph 4(a) of the Policy, the Panel orders that the domain name “franchiserecruiters.com” be transferred to the Complainant, Franchise Recruiters, Ltd.

Frederick M. Abbott
Sole Panelist

Dated: May 18, 2001