

**IN THE MATTER OF AN ARBITRATION OF A COMPLAINT PURSUANT
TO THE CANADIAN INTERNET REGISTRATION AUTHORITY ("CIRA")
DOMAIN NAME DISPUTE RESOLUTION POLICY ("CDRP")**

BETWEEN:

CANADADRUGS.COM PARTNERSHIP

Complainant

- and -

NC BRITTON HOLDINGS LTD. o/a MINIT DRUGS

Registrant

A. ADMINISTRATIVE DECISION

The Parties

1. The Complainant is CanadaDrugs.com Partnership carrying on business as CanadaDrugs.com, having a place of business in Winnipeg, Manitoba.
2. The Registrant is NC Britton Holdings Ltd. o/a Minit Drugs, having a place of business in Calgary, Alberta.

B. THE DOMAIN NAME AND REGISTRAR

3. The disputed domain name that is the subject of this proceeding is <www.CanadaDrugs.ca> (the "domain name").
4. The Registrar of the domain name is CanReg (Infinet Communications Group), having a place of business in Richmond, British Columbia, email address support@infinet.net.

C. PROCEDURAL HISTORY

5. This is an administrative proceeding brought pursuant to the CIRA Dispute Resolution Policy, adopted by the Canadian Internet Registration Authority ("CIRA") and posted on the CIRA website on November 29, 2001 (the "Policy") and the CIRA Domain Name Dispute Resolution Rules, Version 1.1 (the "Rules").
6. The Registrant, due to its registration of the domain name with the Registrar, has agreed to the resolution of certain disputes pursuant to the Policy and Rules.
7. Based on information from the Dispute Resolution Service Provider, the British Columbia International Commercial Arbitration Centre ("BCICAC"), the history of this proceeding may be summarized as follows:
 - (a) On January 6, 2005, the Complainant filed a Complaint regarding the domain name with BCICAC.
 - (b) The Complaint was reviewed and found to be compliant with administrative requirements and by letter dated January 11, 2005, the BCICAC so advised the parties and forwarded a copy of the Complaint to the Registrant.
 - (c) The Registrant requested an extension for delivery of its Response to February 20, 2005 and the extension was granted by the BCICAC as permitted under Rule 5.4.
 - (d) The Registrant delivered its Response, in compliance with the Policy and Rules, to the BCICAC on February 15, 2005.

- (e) The Registrant's Response was reviewed by the BCICAC and sent to the Complainant on February 16, 2005.
 - (f) The Complaint and the Response were filed in English, which shall be the language of the proceeding in accordance with Rule 10.1.
 - (g) The BCICAC named a three-person panel namely, Barry Effler, David Wotherspoon and David Haigh, chairman.
 - (h) Each of Messrs. Haigh, Effler and Wotherspoon delivered to the BCICAC his required Statement of Impartiality and Independence as specified in Rule 7.2.
8. The panel determines that it was properly constituted and appointed in accordance with the Policy and the Rules.
9. On February 25, 2005, the Complainant, pursuant to Rule 11.1 and on the grounds that the Response contained a claim for costs under paragraph 4.6 of the Policy, submitted a Response identified as a Further Submission of Complainant in accordance with the Rules.
10. On March 8, 2005, the BCICAC acknowledged receipt of an additional Response from the Registrant identified as Response to Further Submission of Complainant. On that same day, the Complainant objected to the acceptance or consideration of the Further Submission pursuant to paragraph 11.1 of the Rules.
11. On March 14, 2005, the panel issued an order as follows:
- (a) In its sole discretion, the panel, under Rule 11.1 of the CIRA Rules, requested further argument from the Registrant in the form of its submissions which had

already been received on March 8, 2005 and ruled that those additional submissions would form part of the Record pursuant to Rule 11.2 and would be considered by the panel in its deliberations.

(b) In addition, the panel, in its sole discretion, pursuant to Rule 11.1 of the CIRA Rules, requested further evidence or argument from the Complainant as follows:

(i) for evidence of the use made of the <CanadaDrugs.com> domain name following August 6, 1999;

(ii) whether there is any case authority for the proposition that a Complainant may rely upon a dot-com domain name being registered prior to a dot-ca domain name in order to establish rights in favour of the Complainant; and

(iii) for further evidence of the use made of the CanadaDrugs marks (defined below) used in Canada either before or after March 6, 2001.

(c) The panel finally ordered, pursuant to Rule 1.4 of the CIRA Rules that the time within which it would make its decision was deferred until 10 days following the date of the receipt of the last submission from the parties, pursuant to the schedule for filing additional information and argument by the Complainant and the right of reply in favour of the Registrant.

12. On March 18, 2005, the Complainant, pursuant to the Order of the panel, made a further submission as follows:

(a) with respect to its allegation in regard to the use of the <CanadaDrugs.com> domain name following August 6, 1999, certain additional facts were alleged;

- (b) with respect to whether there were any case authority for the proposition that a Complainant may rely upon a dot-com domain name being registered prior to a dot-ca domain name in order to establish rights in favour of the Complainant, the Complainant submitted there were no such case authorities;
 - (c) certain further evidence of the use made of the CanadaDrugs marks used in Canada, either before or after March 6, 2001, was alleged.
13. On March 18, 2005, the Complainant further filed corrected copies of certain cases previously cited in its submissions.
 14. On March 24, 2005, the Registrant submitted a Response to Further Submissions of the Complainant dated March 22, 2005.
 15. On March 30 and 31, 2005, the Registrant sought to make further submissions. However, the panel concluded and advised the BCICAC, who in turn informed the parties, that no further submissions would be invited.
 16. On April 1, 2005, the panel, in order to afford itself a reasonable opportunity to deliberate, extended the time within which it would make its decision for a further 7 days to April 8, 2005.

D. FACTUAL BACKGROUND

17. Based on the submissions of the parties, the circumstances surrounding this dispute are as follows.
18. The Claimant describes itself as a Canadian partnership, duly registered under the laws of the Province of Manitoba and says that it is an eligible Complainant pursuant to

paragraph 1.4 of the Policy as it "relates to a trade-mark registered in the Canadian Intellectual Property office ("CIPO") and the Complainant is the beneficial owner of the trade-mark."

19. The Complainant operates as an international prescription service pharmacy from a website at <www.CanadaDrugs.com>.
20. On February 28, 2001, Kristjan Thorkelson ("Thorkelson") purchased the domain name <CanadaDrugs.com> from Alvin Rose ("Rose"). The <CanadaDrugs.com> domain name had been previously registered on August 6, 1999 by a third party, presumably Rose.
21. The Complainant says that prior to March 6, 2001, CanadaDrugs Ltd. had a rudimentary website in place at <www.CanadaDrugs.com> and began to receive orders for medication by email. The Complainant's documentary evidence in support of this assertion is a copy of an email dated March 3, 2001, written by Thorkelson to a website designer, in which Thorkelson refers to the receipt of an email prescription request. In that email Thorkelson refers to the website as "not even functioning", but this general and imprecise comment is consistent with the Complainant's more specific statements that CanadaDrugs Ltd.'s website was operative, albeit rudimentary.
22. The disputed domain name, <canadadrugs.ca> was registered on March 6, 2001 by Rose, just days after he had transferred the <CanadaDrugs.com> domain name to Thorkelson.
23. There is no information before us of what use, if any, the <canadadrugs.ca> domain name had up to December 2004. The panel infers from the record, as it stands, that there was no such use.

24. Thorkelson applied for trade-mark registration of "CanadaDrugs.com" on March 23, 2001 and of "Canada Drugs" on May 15, 2001.
25. The Complainant operates under the registered business name CanadaDrugs.com which was registered by the Complainant's managing partner, CanadaDrugs Ltd., on February 27, 2003. CanadaDrugs Ltd. was and is wholly owned by Thorkelson.
26. On May 2, 2003, Thorkelson filed with CIPO a declaration of use with respect to the Canada Drug marks. The Complainant has not contradicted the Respondent's assertion that this declaration of use was filed by Thorkelson on a "proposed use" basis, as opposed to a prior use basis.
27. On May 20, 2003, Thorkelson obtained from the Registrar of Trade-marks at CIPO registration of the trade-mark "Canada Drugs" (registration no. TMA581,915) and the trade-mark "CanadaDrugs.com" (registration no. TMA581,899) (collectively the "CanadaDrugs marks"). To the extent that such trade-marks existed at law as unregistered trade-marks prior to such registration, the term "CanadaDrugs marks" also similarly applies.
28. By an agreement in writing dated May 21, 2003, Thorkelson, described by the Complainant as its Chief Executive Officer, granted a license to the Complainant for the use of the trade-marks CanadaDrugs.com and Canada Drugs (the "license agreement").
29. On October 22, 2004 Rose, the third party owner of the <CanadaDrugs.ca> domain name, emailed Thorkelson, and appeared to solicit Thorkelson for an offer to purchase the disputed domain name by indicating that Rose had already received an offer to purchase the domain name from the Registrant.

30. The Complainant says it is an industry leading international internet service pharmacy, currently operating from within a state-of-the-art pharmacy facility with over 280 employees including 15 pharmacists and with an established clientele of nearly 100,000 patients, offering over 2700 brand name prescription products, generic prescription products and over-the-counter products. The Complainant says it fills approximately 2000 prescriptions a day in connection with this business.
31. The Complainant further maintains that it follows the highest standards in the conduct of its business and is a fully licensed pharmacy under the Manitoba Pharmaceutical Association since April, 2001, is a member of the Better Business Bureau Online and has received certification and approval by both the Manitoba International Pharmacists Association (MIPA) and the Canadian International Pharmacy Association (CIPA). In addition, the Complainant says it was the first pharmacy accredited to meet the vigorous standards of Vermont-based Internet and Mail Order Pharmacy Accreditation Commission (IMPAC). IMPAC accreditation includes 91 elements that center on quality assurance, pharmacy management, confidentiality, consumer satisfaction, health information, technology, website content, shipping and handling and customer call centre information function.
32. The Complainant says that it develops its customers through active marketing and advertising of its website at <www.CanadaDrugs.com> and that since 2001, it has spent over \$5 Million in marketing its services through various means, including advertisements in various newspapers and magazines, journals, television commercials, radio, mailings, as well as building internet traffic to its website through search-engine marketing. The Complainant has spent approximately \$1.1 Million on such search-engine marketing.

33. The Registrant initially stated that it registered the domain name on March 6, 2001. Specifically, in its initial Response the Registrant asserted that "the Registrant has been offering drugstore, dispensary and pharmacy services for many years and registered the domain name on March 6, 2001 to offer those services online through a website operating from a domain name".
34. That statement was false. The Registrant did not have any right or interest in the domain name until the fall of 2004, sometime after October 22, 2004, when it purchased the domain name from Rose. The Registrant set up the <www.CanadaDrugs.ca> website in competition with the Complainant on or about December 2, 2004.
35. While there are few facts asserted about the Registrant's business, it would appear to include online pharmacy services in competition with the Complainant.

E. DISCUSSION AND CONCLUSIONS

Eligibility of the Complainant

36. The Complainant says it is eligible to make this Complaint based on paragraph 1.4 of the Policy. It provides:
- "1.4 **Eligible Complainants.** The person initiating a Proceeding (the 'Complainant') must, at the time of submitting a complaint (the 'Complaint'), satisfy the Canadian Presence Requirements for Registrants (the 'CPR') ... in respect of the domain name that is the subject of the Proceeding, unless the Complainant relates to a trade-mark registered in the Canadian Intellectual Property Office ('CIPO') and the Complainant is the owner of the trade-mark."
37. The Complainant says that it is a "Canadian partnership", registered under the laws of Manitoba, but the Complainant has not submitted that it complies with the CPR.

38. In its initial Complaint, the Complainant said it was the owner of the CanadaDrugs marks. The preliminary issue is whether the Complainant falls under the exception to CPR compliance contained within paragraph 1.4 of the Policy.
39. The Respondent objects that the Complainant is not an eligible Complainant under paragraph 1.4 of the Policy. It says that Thorkelson is the owner of the CanadaDrugs marks in question and that the license granted from Thorkelson to the Complainant does not constitute ownership of the trade-marks under paragraph 1.4 of the Policy.
40. The Registrant further submits that it is trite law that a trade-mark license does not grant, assign, or transfer to a licensee beneficial ownership in a trade-mark, but provides only a permission to use the trade-mark. Accordingly, the Registrant says the Complainant is not the owner, beneficial or otherwise, of the CanadaDrugs trade-marks in question and cannot, therefore, be an eligible complainant under the Policy.
41. In reply, the Complainant says that the trade-marks in question are *licensed* to the Complainant for use in commerce and that this does not undermine its right to bring the Complaint. By law, use of a trade-mark by a licensee is deemed to have the same effect as such use by an owner and legal actions on trade-marks are not restricted to owners, but are available to any "interested person" - *Trade-marks Act*, Section 50 and 53. In addition, the Complainant says that it has an affirmative obligation to protect the rights of the licensor, under the provisions of the license agreement with Thorkelson, which obligation can and does including filing the Complaint.
42. The question as to whether the Complainant is an eligible complainant under paragraph 1.4 of the Policy turns on the proper interpretation of the phrase "owner of the trade-mark".

43. In interpreting any word or phrase in the Policy, the Rules or the CPR, the panel must consider the context of the Policy, Rules and the CPR in their entirety, so as to render them an integrated whole to the greatest extent possible. In so doing, this panel has considered that the purpose of the Policy under paragraph 1.1 of the Policy is to provide a forum in which cases of *bad faith* registration of dot-ca domain names can be dealt with relatively *inexpensively and quickly*.
44. Pursuant to Rule 12.1, not only do the Policy and the Rules apply, but so do the laws of Ontario and Canada. This is also the relevant context for the proper interpretation of the Policy, Rules and CPR.
45. It is apparent that paragraph 1.4 of the Policy serves the purpose of ensuring that a party making a complaint is only eligible if it has a sufficiently close connection to Canada. The primary eligibility requirement is compliance with the CPR, which is comprised of a detailed set of rules which limits the registration of dot-ca domain names to those parties with sufficient Canadian presence. An exception to this Canadian presence requirement under paragraph 1.4 of the Policy is that the related trade-mark be registered in the *Canadian Intellectual Property Office*. Paragraph 1.4 of the Policy refers to the "owner" of such a registered trade-mark. However, given that the evident purpose of paragraph 1.4 is to require a proposed complainant to have a sufficiently close connection to Canada, it is proper to avoid construing the term "owner" in a technical fashion. The Canadian connection is still maintained if the party is a *licensee* of a trade-mark registered in Canada.
46. To deny eligibility to the Complainant on the basis of a technical definition of "owner" even though the Complainant holds intellectual property rights as a licensee would be to give insufficient weight to the spirit and purpose of paragraph 1.4 of the Policy. That

would be especially so given that the Complainant is a partnership registered in Canada, and its C.E.O. owns the trade-mark.

47. The panel has also taken into account the following context in coming to the above conclusion regarding the proper interpretation of paragraph 1.4 of the Policy:

- (a) section 50(3) of the *Trade-marks Act* allows a licensee an ultimate right to step into the position of an owner of a trade-mark in order to institute proceedings for infringement; and
- (b) the overarching purpose of the Policy, namely of providing a forum for relatively *inexpensive* and *quick* resolution of *bad faith* registration cases, would not be served by a ruling based on a technical point which would require Thorkelson to bring a similar complaint in the role of owner of the CanadaDrugs marks, especially given that the panel has decided that the Registrant has registered the domain name in bad faith (as will be outlined below).

Confusingly Similar to a Mark

48. Having been determined to be an eligible complainant, the Complainant's first substantive onus to discharge in order to succeed in this proceeding is that set out in paragraph 4.1(a):

- "4.1(a) the Registrant's dot-ca domain name is Confusingly Similar to a Mark in which the Complainant had Rights prior to the date of registration of the domain name and continues to have such Rights; ..."

49. The Claimant submits that the domain name is identical to, and therefore Confusingly Similar to, the CanadaDrugs marks.
50. The Registrant's response that the domain name is not Confusingly Similar to a Mark in which the Complainant had Rights prior to the date of *registration*.

First Sub-element

51. The onus in paragraph 4.1(a) contains a number of sub-elements. The first relevant sub-element is whether the Complainant had Rights in the CanadaDrugs marks prior to the date of the registration of the domain name.
52. As set out above, Thorkelson purchased the <CanadaDrugs.com> domain name from Rose on February 28, 2001. A mere six days later, Rose registered the disputed domain name. It is apparent from that fact and from Rose's later solicitation, that his intention in registering the disputed domain name was the bad-faith intention of squatting on a domain name very similar to one that he had just sold to Thorkelson.
53. Given that the overall purpose of the Policy, as discussed above, is to provide an inexpensive and quick resolution to cases of bad-faith registration, the panel considers that the relevant date before which the Complainant needed to have Rights in a Mark is not the date of the bad-faith registration by Rose, but the date that the Registrant purchased the domain name from Rose with the intention of actually using it, namely after October 22, 2004.
54. Nevertheless, even if this panel had not so interpreted the relevant date in paragraph 4.1(a), the Complainant or its predecessor or licensor would still have had Rights in the CanadaDrugs marks prior to the initial date of registration.

55. The case relied upon by the Registrant in order to resist a finding that the Complainant had Rights in the CanadaDrugs marks prior to the date of registration of the domain name is *Cheap Tickets and Travel Inc. v. E-mail.ca Inc.*, CIRA Dispute No. 00004. The panel holds this case to be distinguishable on the grounds firstly, that in *Cheap Tickets*, the complainant made prior use only of a similar but relatively different mark from the mark in question in the complaint, and secondly, that the registrant was the party who actually registered the domain name, as opposed to a bad-faith squatter.
56. Pursuant to the definition of "Mark" in paragraph 3.2(a) of the Policy, a mark need not be registered as a trade-mark, provided that it "has been used in Canada by a person, or the person's predecessor in title, for the purpose of distinguishing the wares, services or business of that person or predecessor or a licensor of that person or predecessor" from another. The wording of paragraph 3.2(a) is substantially similar to the definition of "trade-mark" in the *Trade-marks Act*, apart from the reference to predecessors in title and licensors.
57. Even though Rose wasted no time in registering the disputed domain name, Canada Drugs Ltd. and/or Thorkelson had already set up an initial, albeit rudimentary, website at <www.CanadaDrugs.com> and had already received a request for medication advising from that website. This circumstance is not analogous to cases in which mere advertising is done but a business has not yet been established at the date of the claimed use of the trade-mark. In the present case, Canada Drugs Ltd. and/or Thorkelson already ran a traditional, operating pharmacy at the time the rudimentary website was created.

Second Sub-element

58. The second sub-element of paragraph 4.1(a) of the Policy is whether the domain name is Confusingly Similar to the CanadaDrugs marks. Pursuant to paragraph 3.4 of the Policy, this would be so if the domain name "so nearly resembles the Mark in appearance, sound or the ideas suggested by the Mark as to be likely to be mistaken for the Mark".
59. The Registrant's domain name, <CanadaDrugs.ca>, is identical to the CanadaDrugs marks save for the top-level domain portion, that is, the dot-ca and the dot-com. Therefore, the Complainant has *prima facie* established that the domain name is confusingly similar to the CanadaDrugs marks.
60. The Registrant cites the text Harold Fox, *The Canadian Law of Trade-marks and Unfair Competition*, Third ed. (Toronto: Carswell, 1982) at page 570 for commentary on the phrase "confusingly similar":

"If the plaintiff has adopted, as a trade name, a name that is purely descriptive, or consists of a word or words in common use, the court is very reluctant to interfere, even though the defendant chose a name that closely resembles that of the plaintiff. In those circumstances, some risk of confusion may be inevitable but the risk must be run, unless the first trader is to be allowed an unfair monopoly. In such cases the court will accept a comparatively small differences as sufficient to avert confusion."

61. The word "Canada" and the word "Drugs" are generic words. However, when used together as "CanadaDrugs.com" or "Canada Drugs" they are sufficiently distinctive to make <CanadaDrugs.ca> confusingly similar. To bar the registrant from use of <CanadaDrugs.ca> does not allow the Complainant an unfair monopoly over generic terms. Confusion in the marketplace caused by the disputed domain name would be particularly severe given the amount of advertising that the Complainant has done in respect of "CanadaDrugs" and <CanadaDrugs.com>. Given that internet users frequently truncate names when browsing or searching, the ".ca" domain-name suffix does not serve to ameliorate confusion.
62. Based on the above reasoning, the panel holds that the Complainant has satisfied the first onus set out under paragraph 4.1 of the Policy.

Registration in Bad Faith

63. The second element that must be proven under paragraph 4.1 of the Policy is that "the Registrant has registered the domain name in bad faith". The relevant test under paragraph 3.7(c) of the Policy is whether:

"3.7(c) The Registrant registered the domain name *or acquired* the Registration primarily for the purpose of disrupting the business of the Complainant, or the Complainant's licensor or licensee of the Mark, who is a competitor of the Registrant." [Emphasis added.]

64. The Complainant submits that the Registrant knew or ought to have known of the Complainant's business under its established and registered marks.

65. In response, the Registrant argues that it was not involved whatsoever in disrupting the business of the Complainant when the domain name was registered, because a third party made the registration years in advance of the Registrant's involvement.
66. The Registrant has neglected to take proper account of the phrase "or acquired" in paragraph 3.7(c) of the Policy.
67. It is evident that the use of the domain name by the Registrant is disruptive to the business of a competitor, the Complainant.
68. Given the amount of advertising that the Complainant has done and given the nature of browsing and searching on the internet, it is inconceivable that the Registrant would not have been aware of the business of the Complainant and its use of the <www.CanadaDrugs.com> website. Consequently, the panel infers that the Registrant acquired the domain name for the purpose of disrupting the business of a competitor, the Complainant.
69. This conclusion is supported by *Christian Houle v. Jean-Pierre Ranger International Inc.*, CIRA Dispute No. 00010, in which the redirection of clientele was used to infer that the registrant's purpose was to disrupt the business of the complainant.
70. For the above reasons, the panel holds that the Registrant registered the domain name in bad faith.

No Legitimate Interest

71. The final element that the Complainant must prove under 4.1(c) of the Policy is that the Registrant has no legitimate interest in the domain name.

72. Under the relevant sub-paragraphs of the Policy, 3.6(a), (b), and (c), a necessary condition for the Registrant to have a "legitimate interest" would be that before receiving notice of the Complaint, the Registrant had used "CanadaDrugs" as a mark or a domain name in good faith.
73. The Complainant submits that the Registrant has not been historically known or operated a business under, the name "CanadaDrugs", but rather operates under the names "Minit Drugs" and "Pharmacy Online".
74. The Registrant responds that it has used the domain name in good faith because the domain name is purely descriptive of the character of the business of the Registrant and the place of origin of its business.
75. As set out above, the panel has inferred that the Registrant acquired the domain name for a bad-faith purpose. The Registrant was not using the "CanadaDrugs" name as a mark apart from use as a domain name. As a result, it was not the case that the Registrant was a good-faith user of the mark prior to receiving notice of the Complaint. The Complainant has established that the Registrant has no legitimate interest in the domain name.

Allegation Complaint Commenced in Bad Faith

76. For the reasons set out above, the panel rejects the Registrant's claim that the Complainant made the Complaint for the purposes of attempting, *unfairly and without colour of right*, to cancel or obtain transfer of the domain name. The panel holds that the Complainant has not acted in bad faith.

Decision

77. The panel has decided as follows:

- (a) the Complainant is an eligible complainant;
- (b) the Registrant's dot-ca domain name is Confusingly Similar to the CanadaDrugs marks, the Complainant had Rights in the CanadaDrugs marks prior to the operable date of the registration of the domain name, and continues to have such Rights;
- (c) the Registrant has registered the domain name in bad faith;
- (d) the Registrant had no legitimate interest in the domain name;
- (e) the Complainant has discharged its onus obligations under paragraph 4.1 of the Policy; and
- (f) the Complainant did not commence the Complaint in bad faith.

78. Based on these conclusions, the panel decides these proceedings in favour of the Complainant and orders that the registration of the <CanadaDrugs.ca> domain name be transferred to the Complainant.

MADE this 7th day of April, 2005.


 DAVID R. HAIGH, Q.C.
 Chairman


 DAVID WOTHERSPOON


 BARRY C. EFFLER

O: British Columbia International Commercial
Arbitration Centre
Attention: Ina Knickle and
Rosemary Mohr, BCICAC Administrator

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