

## **ADMINISTRATIVE PANEL DECISION**

Ponycycle, Inc. v. Julian Power

Case No. DAU2022-0030

### **1. The Parties**

The Complainant is Ponycycle, Inc., United States of America, represented by Michael Buck IP, Australia.

The Respondent is Julian Power, Australia, self-represented.

### **2. The Domain Names and Registrar**

The disputed domain names <ponycycle.com.au> and <ponycycles.com.au> are registered with GoDaddy.com, LLC.

### **3. Procedural History**

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on October 24, 2022. On the same day, the Center transmitted by email to GoDaddy.com, LLC a request for registrar verification in connection with the disputed domain names. On October 25, 2022, GoDaddy.com, LLC transmitted by email to the Center its verification response disclosing additional registrant and contact information for the disputed domain names. The Center sent an email communication to the Complainant on October 31, 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 November 1, 2022.

The Center verified that the Complaint together with the amended Complaint satisfied the formal requirements of the .au Dispute Resolution Policy (the “auDRP” or “Policy”), the Rules for .au Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for .au Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

The Respondent sent an email communication to the Center on November 7, 2022. In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on November 9, 2022. In accordance with the Rules, paragraph 5(a), the due date for Response was November 29, 2022. The Response was filed with the Center on November 25, 2022.

The Center appointed Matthew Kennedy as the sole panelist in this matter on December 20, 2022. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

#### 4. Factual Background

The Complainant is a provider of ride-on pony toys and other products. The Complainant is the registered proprietor of Australian trademark registration number 1483632 for PONYCYCLE in a particular script, entered on the register on November 13, 2013, with effect from April 2, 2012, specifying goods in class 28, including animal style games, toys, and playthings. That trademark registration is in effect. The Complainant also filed Australian trademark application number 2298404 for the same mark on September 6, 2022, specifying services in class 41, including the rental of toys. That application is currently under examination. The Complainant uses the domain name <ponycycle.com> in connection with a website where it provides information about itself and its products. The Parties' prior correspondence indicates that the Complainant is related to Dalian Pony Toy Co., Ltd of China, which manufactures the Complainant's toys.

The Respondent is a sole trader. He was an authorized distributor of the Complainant's products from approximately September 2014. According to the online registers of the Australian Securities & Investments Commission ("ASIC"), the Respondent registered the Australian business names "JC Power Group" on October 1, 2014, and "PonyCycles Perth" on November 17, 2015, respectively. Both business name registrations are in effect. JC Power Group Pty Ltd also registered a company named "Ponycycles Western Australia Pty. Ltd." on November 11, 2015, that changed its name on April 24, 2019, and was deregistered on April 8, 2022.<sup>1</sup>

The disputed domain name <ponycycles.com.au> was created on September 28, 2014, and formerly resolved to a website operated by the Respondent that offered for sale and hire the Complainant's products. The website prominently displayed the Complainant's PONYCYCLE mark above the text "Distributed by JC Power Group" written in a smaller font. The disputed domain name <ponycycle.com.au> was created on July 5, 2016, and formerly redirected to the disputed domain name <ponycycles.com.au>.

The evidence shows that on November 21, 2015, the Complainant supplied a copy of the PONYCYCLE trademark to the Respondent in high resolution format for use in flyers and signage.

The Complainant withdrew its authorization for the Respondent to use the PONYCYCLE mark from September 19, 2022, following which the Respondent closed his PonyCycle social media accounts and ceased active use of the disputed domain names. At the time of this proceeding, the disputed domain names are passively held.

#### 5. Parties' Contentions

##### A. Complainant

The disputed domain names are identical or confusingly similar to the Complainant's PONYCYCLE trademark.

The Respondent has no rights or legitimate interests in respect of the disputed domain names. The Respondent was not known by the PONYCYCLE brand prior to becoming an authorized distributor of the Complainant's goods. The Respondent's website failed to accurately disclose its relationship with the Complainant as trademark owner. The disputed domain names are no longer in operation; the Respondent is effectively cybersquatting on them to prevent the Complainant from rightfully using them to promote its brand for the benefit of all its distributors in Australia.

---

<sup>1</sup> The Panel notes its general powers articulated *inter alia* in paragraphs 10 and 12 of the Rules and has searched ASIC's publicly available registers in order to verify the allegations in the Parties' submissions regarding the Respondent's company and business name registrations. The Panel considers this limited research for the purpose of verification useful in evaluating the merits of the dispute and reaching a decision.

The disputed domain names were registered or are subsequently being used in bad faith. The Complainant authorized use of the PONYCYCLE mark on the basis that the Respondent changed his company name and used another name that did not include “PonyCycle” to refer to his business. The Complainant never authorized “PonyCycles Perth” to use the PONYCYCLE mark. The Complainant was not aware that the Respondent registered the business name “PonyCycles Perth”. Registration of the disputed domain names with no locality (such as “Perth”) must only be inferred as having been done for the purpose of impeding attention to other Australian distributors besides the Respondent. In 2022, the Respondent offered to sell the disputed domain name <ponycycle.com.au> to recoup not only out-of-pocket expenses directly related to the disputed domain name but also marketing costs and the decrease in business due to COVID-19, which are not relevant. The disputed domain names prevent the Complainant from reflecting its mark in a corresponding domain name. The Respondent has registered the disputed domain names to the detriment of the Complainant’s other distributors in Australia. The website associated with the disputed domain names provides no indication of the relationship between the Respondent and the Complainant as trademark owner. The Respondent registered and/or renewed the disputed domain names in bad faith.

## **B. Respondent**

The Respondent registered the disputed domain names as a legitimate Australian business under an Australian Business Number (“ABN”) with the associated trading names JC Power Group & PonyCycles Perth to directly hire, sell, and promote PONYCYCLE-branded toys within the Australian market. The Complainant does not have a physical business, ABN, or presence in Australia. The Respondent is a previously authorized distributor of PONYCYCLE toys. The Respondent registered the disputed domain names without objection by any party and qualified to register and own them. The Complainant was fully aware of the Respondent’s email address, website, and the disputed domain names, and provided its trademarked logo, marketing material, and images for the Respondent’s business to use on the websites at the disputed domain names to promote and sell the products without objection or issue until this Complaint was filed. The Second-Level Domain (“2LD”) “.com.au” clearly identifies that the Respondent’s business is based in Australia; the Respondent’s website and social media channels also clearly indicated that he was an official distributor within Australia and never implied that he was the Complainant. The Respondent has only ever promoted, hired, and sold the Complainant’s products with its direct approval and cooperation, and the disputed domain names were part of this strategy to hire and sell the products within Australia. The Complainant was fully aware of the Respondent’s disputed domain names, the content of the websites, and the social media channels and their content, and were happy to encourage and push consumers to the website.

The Respondent absolutely does have a legitimate interest in respect of the disputed domain names. His entire rental and sales business was built on the basis of the disputed domain names that he promoted over eight years, and he invested resources, time, and tens of thousands of dollars into them. It has been the main point of advertising, promotion, and contact with his customers for the sole purpose of hiring and selling the PONYCYCLE-branded toys via his business under an ABN and associated trading names. At no point in the eight-year relationship between the Parties did the Complainant ask the Respondent’s business to change the disputed domain names or raise any concerns about the Respondent’s business registering and using them to promote the PONYCYCLE products. It never claimed trademark infringement. In fact, the Complainant has knowingly and willingly supplied its trademarked logo to use on the Respondent’s website, along with branded images and information for the sole purpose of hiring and selling the toys that the Respondent purchased from it.

The disputed domain names were never registered or used in bad faith, specifically knowing that the Respondent has been an official distributor of the Complainant’s products for eight years and everything relating to the disputed domain names was done with the Complainant’s knowledge to hire and sell the toys within the Australian market. The Respondent cancelled a company name because the Complainant refused to supply its products if the Respondent registered a proprietary limited company name in Australia with the word “PonyCycle” in it. However, that does not relate to the disputed domain names or trading names “JC Power Group” and “PonyCycles Perth”. The Complainant has knowingly continued to supply its products, authorized use of the PONYCYCLE trademark and marketing images, and encouraged direct

promotion of the Respondent's website for the entire eight years of the Parties' relationship without objection until this Complaint was raised in 2022.

The Respondent's disputed domain names are still required as they are the sole advertising/communication channel for his toy hire business in Australia. At the start of 2022, he temporarily removed his website as he was in the process of redeveloping it to remove the "sales" aspect and purely focus on the hire side of the business. This is not cybersquatting given he has owned and operated the disputed domain names for eight years as a legitimate registered business promoting and selling the Complainant's products within Australia, with their joint cooperation.

The disputed domain names were never registered with the intention of reselling them, as is clearly evident by that fact the Respondent has operated the website/business for eight years as an official distributor of the Complainant's products. The Complainant demanded that the Respondent sign the disputed domain names over to them for free in 2022. The Respondent was advised that he could set whatever price/value he wanted should he wish to sell it. After he refused to just give the Complainant the disputed domain names for free, they tried to bully him with threats into accepting AUD 4,000 for one disputed domain name. After they refused his counteroffer (which he made as goodwill to keep the relationship), the Complainant removed his previously authorized use of the PONYCYCLE trademark in retaliation. The Respondent has since temporarily closed his social media channels and put the website redevelopment on hold until he has the time and ability to seek further legal advice. The disputed domain names still have a direct use for his hire business. It is untrue and unjust to say that he is cybersquatting; rather he is determining a way forward given the effects of the pandemic and the subsequent removal of the PONYCYCLE trademark use for promotion.

## 6. Discussion and Findings

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

- (i) the disputed domain name is identical or confusingly similar to a name, 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 or subsequently used in bad faith.

### A. Identical or Confusingly Similar

Based on the evidence of its trademark registration, the Panel finds that the Complainant has rights in the PONYCYCLE mark. Given that the particular script in which the mark is registered cannot be reflected in a domain name, the Panel will not take that script into consideration in the comparison between the disputed domain names and the mark for the purposes of the first element in paragraph 4(a) of the auDRP.

The disputed domain names wholly incorporate the PONYCYCLE mark. Although one disputed domain name adds a plural "s" after the mark, the PONYCYCLE mark remains clearly recognizable in both disputed domain names.

The only additional element in each disputed domain name is the open 2LD extension ".com.au". As a standard requirement of domain name registration, this element may be disregarded in the assessment of identity or confusing similarity for the purposes of the auDRP. See *BT Financial Group Pty Limited v. Basketball Times Pty Ltd*, WIPO Case No. [DAU2004-0001](#).

Therefore, the Panel finds that the disputed domain names are identical or confusingly similar to a trademark in which the Complainant has rights. The Complainant has satisfied the first element in paragraph 4(a) of the auDRP.

## B. Rights or Legitimate Interests

The Panel notes that paragraph 4(a)(ii) of the auDRP is phrased in the present tense. Therefore, the Panel will assess the existence of any rights or legitimate interests that the Respondent may have in respect of the disputed domain names as at the time when the Complaint was filed.

Paragraph 4(c) of the auDRP sets out circumstances which, without limitation, if found by the Panel to be proven based on its evaluation of all evidence presented, shall demonstrate that the Respondent has rights to, or legitimate interests in, the disputed domain names, for the purposes of paragraph 4(a)(ii) of the auDRP. These are:

- (i) before any notice to [the respondent] of the subject matter of the dispute, [the respondent's] *bona fide* use of, or demonstrable preparations to use, the [disputed] domain name or a name corresponding to the [disputed] domain name in connection with an offering of goods or services (not being the offering of domain names that [the respondent has] acquired for the purpose of selling, renting or otherwise transferring); or
- (ii) [the respondent] (as an individual, business, or other organization) [has] been commonly known by the [disputed] domain name, even if [the respondent has] acquired no trademark or service mark rights; or
- (iii) [the respondent is] making a legitimate noncommercial or fair use of the [disputed] domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

The Complainant authorized the Respondent to distribute its PONYCYCLE products from 2014 but withdrew that authorization in 2022, prior to the filing of the Complaint. The Respondent does not dispute that the relationship between the Parties ended before the filing of the Complaint. The incorporation of the Complainant's PONYCYCLE mark in the disputed domain names with nothing but a 2LD extension (and, in one case, a plural "s" after the mark) strongly suggests an affiliation with the Complainant, which the Respondent no longer has at the present time.

The disputed domain names are now passively held and neither used in connection with an offering of goods or services nor in connection with a legitimate noncommercial or fair use. The Respondent's name in the Registrar's Whois database is "Julian Power", not the disputed domain names. The Respondent has registered "JC Power Group" and "PonyCycle Perth" as Australian business names and he has used the former to identify his business on his website and social media account, underneath the PONYCYCLE mark. However, the disputed domain names do not correspond to either business name because, in the case of "PonyCycle Perth", they do not include the place name "Perth",. The evidence does not indicate that the Respondent has been commonly known as simply "PonyCycle" or "PonyCycles", as in the disputed domain names.

In view of these circumstances, the Panel considers that the Complainant has made a *prima facie* case that the Respondent has no rights or legitimate interests in respect of the disputed domain names and that the Respondent has not successfully rebutted the Complainant's *prima facie* case.

Neither Party alleges that the disputed domain names are used in accordance with the generic or dictionary meaning of the words "pony" and "cycle" or "cycles" rather than in connection with the trademark meaning of PONYCYCLE as a whole.

Therefore, the Panel finds that the Complainant has satisfied the second element in paragraph 4(a) of the auDRP.

### C. Registered or Subsequently Used in Bad Faith

The Panel notes that paragraph 4(a)(iii) of the auDRP is phrased disjunctively. Therefore, in order to succeed, the Complainant is only required to demonstrate that the disputed domain names have been registered in bad faith or that they have subsequently been used in bad faith, but not necessarily both. Paragraph 4(b) of the Policy provides that certain circumstances, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith but these circumstances are not an exhaustive list.

As regards registration, it is not disputed that the disputed domain names were registered for use (either directly or via redirection) with a website that offered for sale and hire the Complainant's PONYCYCLE products. The Respondent was clearly aware of the Complainant and its PONYCYCLE mark at the times that he registered each disputed domain name. However, the Parties disagree as to whether his registrations of the disputed domain names were unauthorized.

The evidence does not include any formal distribution agreement between the Parties. Nor is there any correspondence between the Parties that would predate the registration of the disputed domain name <ponycycles.com.au> (including the plural "s") on September 28, 2014. However, emails exchanged by the Respondent and Dalian Pony Toy Co., Ltd show that within three weeks of the registration of the disputed domain name <ponycycles.com.au> the Respondent began using it for email in correspondence with the Complainant. The Complainant noticed it and commented on the Respondent's new email address on October 17, 2014, expressing no objection but rather eagerness to see the Respondent's new website. The Respondent expressly informed the Complainant on November 19, 2014, that the disputed domain name <ponycycles.com.au> would be associated with his new website. The Complainant was actively involved in the supply and review of the website content, and expressed no objection to the disputed domain name <ponycycles.com.au>. In view of this evidence, the Panel finds that the Respondent could reasonably have believed that the Complainant approved of his registration of the disputed domain name <ponycycles.com.au>.

The above finding is not altered by correspondence between the Parties in November 2015, which shows that the Complainant objected to the Respondent's registration of PONYCYCLE in a company name. The Complainant did not comment at that time on the incorporation of the mark in the disputed domain name <ponycycles.com.au>.

Moreover, on September 1, 2018, the Complainant asked the Respondent to confirm the link of the Respondent's website at the disputed domain name <ponycycles.com.au>, to be shared on a (presumably social media) post.

The evidence does not disclose any relevant change in the Parties' positions prior to the registration of the other disputed domain name <ponycycle.com.au> (without the plural "s") on July 5, 2016, although the Parties do not appear to have referred to this disputed domain name in correspondence until much later.

The first objection on the record by the Complainant to the Respondent's use of the PONYCYCLE mark in the disputed domain name <ponycycle.com.au> was dated July 28, 2022.

In view of the above circumstances, the Panel is unable to find, on the balance of probabilities, that the Respondent registered the disputed domain names in bad faith.

As regards use, the evidence shows that the Respondent has used the disputed domain names (directly or via redirection) in connection with a website that offered for sale or hire the Complainant's products. The archived screenshot of the website's homepage submitted by the Complainant appears to be incomplete but, according to undated screenshots provided by the Respondent, the website did not offer any other products and the homepage prominently identified JC Power Group (a business name of the Respondent) as the only official distributor of the PONYCYCLE toys in Western Australia. The Respondent was indeed an authorized distributor for a time and the Complainant appears to have impliedly approved of, or acquiesced at the time

in the Respondent's use of at least one of the disputed domain names. After the Complainant withdrew its authorization for the Respondent to use the PONYCYCLE mark, the disputed domain names ceased to resolve to any active website. This evidence does not indicate that, by using the disputed domain names, the Respondent was intentionally attempting to attract for commercial gain, Internet users to his website by creating a likelihood of confusion with the Complainant's PONYCYCLE mark as to the source or affiliation of that website or the products offered for sale and hire on it.

The disputed domain names are now passively held, which does not preclude a finding of use in bad faith. See *Telstra Corporation Limited v. Nuclear Marshmallows*, WIPO Case No. [D2000-0003](#); and *Produits Berger v. Lay Tee Ong*, WIPO Case No. [DAU2004-0008](#). In the present case, the disputed domain names incorporate the PONYCYCLE mark with nothing but a 2LD extension (and, in one case, a plural "s" after the mark), which strongly suggests an affiliation with the Complainant that the Respondent no longer has. The Respondent argues that the disputed domain names are still required as they are the sole advertising/communication channel for his toy hire business in Australia. This is not strictly accurate. Moreover, it is not clear whether that business will in future include the hire of toys from sources other than the Complainant. Even if the Respondent were only to use the disputed domain names to offer for hire the Complainant's toys, this would not avoid a likelihood of confusion as the disputed domain names are identical or near-identical to the PONYCYCLE mark and imply an affiliation with the Complainant that the Respondent no longer has. The Respondent argues that the disputed domain names must refer to his business because they incorporate the 2LD extension ".com.au", which implies an Australian presence that the Complainant does not have. However, consumers may not be aware that the Complainant lacks an Australian presence and, even if the disputed domain names are understood to refer to the Respondent's business, they would falsely imply that that business was still an Australian affiliate of the Complainant. In the Panel's view, the Respondent's holding of the disputed domain names for this potential use is an indication of bad faith.

The evidence also shows that on July 28, 2022, after the Complainant offered AUD 4,000 to obtain the transfer of the disputed domain name <ponycycle.com.au>, the Respondent made a counter-offer of AUD 15,000 on account of marketing costs, domain fees, and website management costs since 2014. The marketing costs referred to money spent promoting and selling PONYCYCLE products and services. In the Panel's view, this was an attempt to use the value of the Complainant's PONYCYCLE trademark in the disputed domain name registrations as leverage to recoup business expenses not directly related to them. The Respondent repeated his counter-offer on August 26, 2022. Given that he actively used the disputed domain names (directly or via redirection) with a website where he ran a legitimate business for about eight years and six years, respectively, there is no reason to believe that his intention at the times of registration was primarily, or even incidentally, for the purpose of selling them. However, since he ceased to be an official distributor of PONYCYCLE products, his attempt to sell the disputed domain names to the Complainant for valuable consideration in excess of his documented out-of-pocket costs directly related to the disputed domain names also supports a finding of bad faith under the auDRP.

Therefore, in view of these circumstances, the Panel finds that the disputed domain names have been subsequently used, but not registered, in bad faith. The Complainant has satisfied the third element in paragraph 4(a) of the auDRP.

#### **D. Reverse Domain Name Hijacking**

The Respondent argues that the Complainant has filed the Complaint effectively to "steal" the disputed domain names in bad faith as the Respondent's business has no longer been able to buy products from it due to the effects of the pandemic. The Complainant is trying to take the disputed domain names illegitimately, as the Respondent clearly no longer provide a revenue stream for it.

The Panel reiterates that it does not accept all of the Complainant's arguments. However, the Panel has upheld the Complaint and does not consider that it was filed in bad faith.

## 7. Decision

For all the foregoing reasons, in accordance with paragraphs 4(i) of the Policy and 15 of the Rules, the Panel orders that the disputed domain names <ponycycle.com.au> and <ponycycles.com.au> be transferred to the Complainant.

*/Matthew Kennedy/*

**Matthew Kennedy**

Sole Panelist

Date: January 3, 2023