ADMINISTRATIVE PANEL DECISION
Case No. DCN-1200482

Complainant: VOTORANTIM PARTICIPAÇÕES S.A.
First Respondent: SUBLIME TECHNOLOGY LIMITED
Second Respondent: NETSTRUCTURE SOLUÇÕES LTDA.
Domain Name: <uszinc.com.cn>
Registrar: INSTRA CORPORATION

1. Procedural History

The Complaint was filed with the Hong Kong International Arbitration Centre ("Centre") on 4th August 2012. On 14th August 2012, the Centre transmitted by email to the registrar, Instra Corporation Pty Ltd ("Instra"), a request for verification of the registered particulars of the disputed domain name. On 14th September 2012, the registrar, Instra, replied to the Centre by email, advising that the disputed domain name had been locked, thereby prohibiting further transfer of the domain during the pendency of these proceedings.

The Centre confirmed that the Complaint satisfied the formal requirements of the CNNIC Domain Name Dispute Resolution Policy ("CNNIC") issued by the China Internet Network Information Center ("CNNIC"); the Rules for CNNIC Domain Name Dispute Resolution Policy ("CNNIC Rules"); and the HKIAC Supplemental Rules for CNNIC and Rules of CNNIC ("Supplemental Rules") issued by the Centre; respectively, each of which became effective on 28th June 2012.

Thereafter, on 28th September 2012, in accordance with Articles 5 and 14 of the CNNIC Rules and Article 5(3) of the Supplemental Rules, the Center formally notified the First Respondent of the Complaint and these proceedings commenced. In accordance with Article 17 of the CNNIC Rules, the due date for Response was 24th October 2012.

The case file does not reflect that the Centre notified the Second Respondent of the Complaint, nor, in the opinion of the Panel, was it required to do so, for reasons that will be explained more fully below.

No Response was submitted to the Centre by either of the Respondents.

The Centre appointed David L. Kreider as the sole panelist in this matter on 14th November 2012. 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 Centre to ensure compliance with Article 9(2) of the Supplemental Rules.

The Complainant interposed a supplemental filing on 8th November 2012, alerting the Panel to the decisions issued by the WIPO Arbitration and Mediation Center in relation to the domain names <fibria.com> (D2012-1543), <fibria.net> (D2012-1536), <citrovita.com> (D2012-1546), <portocel.com> (D2012-1544) and <uszinc.com> (D2012-1549), in administrative proceedings filed against the Second Respondent in the instant action, Netstructure, which the Complainant alleges derive from the same core nexus of operative facts.

On 26th September 2012, Claimant’s representative, Silveiro Advogados, confirmed in an email to the Centre, Claimant’s request that English be used as the language of these proceedings. The Claimant argued as grounds that both Complainant and the Second Respondent are Brazilian and English speakers; that many of the relevant documents appear in English; and that other domain name dispute proceedings between the same parties are also in English.

Having considered all the circumstances of the instant proceedings, the Panel finds merit in the Claimant’s request and decides, as an exception to the general mandate of Article 6 of the CNDRP and Article 8 of the CNDRP Rules, that the instant proceedings shall be conducted in English, rather than in Chinese.

2. Factual background

Complainant, Votorantim Participações S.A. ("Votorantim"), is a Brazilian company headquartered in the city and state of Sao Paulo, whose activities are focused on key sectors of the economy that demand capital intensive and high scale production processes, such as cement, mining and metallurgy, steel mill, pulp, concentrated orange juice, and energy self generation.

Specifically in the metal field, Complainant operates through Votorantim Metal - a leading company in the zinc, aluminum and nickel electrolyte producing field.

In 2007, the North-American company U.S. Zinc Corporation (“U.S. Zinc”) - a domestic market leading company engaged in the recycling of industrial residues from galvanization, metallic zinc production and products of greater added-value, including zinc oxide and zinc powder- was acquired by Votorantim Metal. Through that acquisition, U.S. Zinc became a part of Complainant's business group.

Complainant is the owner of trademark registrations for trademark U.S.ZINC in Brazil (registration n°. 829992740, for U.S. ZINC, in international class 40, filed on November 19, 2008 and granted on August 02, 2011), and in the United States of America (registration n°. 3579310, for U.S. ZINC, filed on May 27, 2008 and granted on February 24, 2009).

The Respondents named in the Complaint are Sublime Technologies Ltd ("Sublime Technologies") ("First Respondent"), whose principal offices are located in Hong Kong,
China, and Netstructure Soluções Ltda. ("Netstructure") ("Second Respondent"), which is a Brazilian company headquartered in the city and state of Sao Paulo.

The Complainant’s claim of ownership of trademark registrations for the trademark U.S. ZINC notwithstanding, the disputed domain name is currently registered to the First Respondent, Sublime Technologies. Significantly, the WhoIs database information for the registrant reflects that the disputed domain name is hosted on the Complainant’s servers and resolves to the Complainant’s web page.

3. Parties’ Contentions

A. Complainant

The Complainant’s contentions may be summarized as follows:

Established in 1918, the “Votorantim Group” is a major Brazilian industrial conglomerate, comprising eight companies. With net revenues of US$ 29.5 billion and 41,500 employees, the Group does business worldwide, and has a presence in more than 20 countries.

The Complainant, Votorantim – is the holding entity responsible for the strategic management and for the operational performance of the three main areas of business of the Group (Votorantim Industrial, Votorantim Finance and Votorantim New Business).

In the metals field, the Complainant operates through Votorantim Metals (in Brazil) ("Votorantim Metals") – which is one of the five (5) largest producers of zinc in the world and the largest primary aluminum producer in Brazil, as well as being a leader in nickel electrolyte production in Latin America. In 2007, Votorantim Metals, acquired the North-American company U.S ZINC – the domestic market leader in recycling of industrial residues from galvanization, metallic zinc production and products of greater added-value, like zinc oxide and zinc powder – thus becoming a part of the Complainant’s group of companies.

Through U.S.ZINC, the Complainant does business in the United States and China, two major business markets in the field.

The Complainant is the owner of trademark registrations for the brand “USZINC” in Brazil and abroad, depicted as follows:
The trademark is registered in the name of U.S. ZINC, which, as explained above, was acquired by the Complainant through its subsidiary Votorantim Metals, thereby becoming part of the same business group of the Complainant. Such circumstance allows the Complainant’s operation under this trademark.

Due to the Complainant’s activities and market share, the brand U.S.ZINC reached a well-known status in its field worldwide.

With a view to more effectively managing and protecting its intellectual property assets, as well as the intellectual property assets of the companies of its business conglomerate, in 2008, Votorantim Industrial S.A. (“Votorantim Industrial”) – another member company within the Complainant’s corporate group – signed a Services Agreement with the Second Respondent, Netstructure – pursuant to which Netstructure would supply technical advice relating to domain name management and DNS services on behalf of the various member companies comprising the Complainant’s group of companies.

During the contractual term, more than 400 domain names owned by the Complainant were managed by the Second Respondent, including among them the disputed domain name in these proceedings <uszinc.com.cn>.

Paragraphs 16.6 and 16.8 of the Services Agreement (which were separately translated into English by the Complainant’s representatives), specifically provided for the protection of the Complainant’s intellectual property rights, as follows:

“Clause 16.6. The SERVICE PROVIDER, by itself, its representatives, employees and occasional subcontractors, may not use names, trademarks, signs and distinctive colors, as well as any other means of identification of the COMPANY and its products and services, unless with the express authorization of this one”.

“Clause 16.8. Belongs to the COMPANY any intellectual property rights that may arise as a consequence of the fulfillment of this contract”.

Therefore, it is clear that the services contracted did not create to the Second Respondent, Netstructure, any intellectual property rights over the domain names
managed, whose property should remain with Complainant and the companies of its business group.

Notwithstanding, during the contractual relationship, several technical problems involving many domain names occurred, which justified the Complainant’s legitimate intent to eventually change the service provider.

On August 31, 2010, an error informing the Brazilian National Taxpayer Register (CNPJ) of the domain name <engemix.com.br> prevented users from sending and receiving e-mails for two days. The same problem occurred on March, 2011 concerning the domain name <vmetals.ca>, whose users could not access their emails for over a week. Such facts naturally caused dissatisfaction on the Complainant and the companies of its business group, which lead them to request the transfer of the domain names management to another service provider.

At that time, all the Complaint’s domain names were being held by Second Respondent, Netstructure, and were being managed through the latter’s own login ID and password. The Complainant was thereby effectively prevented from gaining access to its own portfolio of domain names. Therefore, there was no option to the Complainant besides requesting the Respondent to proceed with the devolution of the domain names, as well as to repair the technical problems that have occurred.

Thereafter, during the period from September, 2011 through February, 2012, the transference took place, and the Complainant successfully regained control over 88% of its domain names. However, the Respondent unexpectedly didn’t give back to the Complainant over 50 domain names – including the disputed domain name <uszinc.com.cn> –.

Therefore, on February 28, 2012, during an in-person meeting with Mr. Paulo Navarro – the Netstructure elected representative –, the Complainant delivered a rescission letter in accordance to clause 11.14 of the agreement, with the legitimate expectation to recover the remaining domain names.

Unfortunately, from that moment on, Netstructure started to impose explicit barriers to the transfer of the domains, with the clear intent to prevent the Complainant from changing the services provider and to keep on perceiving financial benefits.

In fact, just hours after, the Respondent’s agent Paulo Navarro sent an email informing an alleged “impossibility” to proceed with the transfer of domain names, which would have “additional costs” – even though the amount paid by the Complainant in accordance to the contract clearly comprised “all the costs inherent to the rendering of services”, as established in clause 9.2. Despite the Complainant’s request for information about these “additional costs”, no budget has ever been informed.

A few days later, on April 9, 2012, the Complainant received a letter from Netstructure noticing a supposed renewal of the contract, since the domain names were not transferred until March 30, 2012. Evidently, considering that the domain names were still being managed by Netstructure, who never informed to the Complainant the respective
managing ID and passwords, this transference was totally out of the Complainant’s control.

The unequivocal bad-faith intent of Netstructure to keep receiving financial gains and its refuse to return the domain names to the Complainant – the proper owner, as recognized even by the Respondent on the signed services agreement – motivated the sending of a cease-and-desist letter, where the Complainant stated the absence of any “debts” regarding the domain names and stressed the request for transfer. Unfortunately, such document did not produce any result.

A few days later, on May 15, 2012, Mr. Paulo Navarro sent an email informing that some companies of the Netstructure Group had been sold and he was no longer the Respondent’s representative, being replaced by Mr. Alexander Padilla.

Later that day, Fibria Celulose S.A. - another company of the Complainant’s business conglomerate – detected problems with the emails “@fibria.com” due to a DNS modification made by Netstructure, that wickedly interrupted the flow of emails for all the company’s international operations (over 41 mail boxes in many countries) (Attachment 14). Urgently called by the Complainant, Mr. Alexander Padilla – the Netstructure’s ultimate representative – basically noticed the acquisition of the company by a third party.

Contacted by Fibria, Mr. Paulo Navarro limited himself to inform that the contract was withdrawn and he was not aware of the problems caused on the DNS. However, he would make the “courtesy” of repairing the problem. Notwithstanding, users of the email “@fibria.com” continued to reporting errors.

On the same day, the Respondent’s representative requested Netstructure’s financial department to contact Fibria to “regularize the contract”, sending a bill of R$ 28,817,12 (around US$ 14,000) for the “services” provided on May, 2012 – despite the contract having been revoked. The said “services” were purported to have been rendered in order to remedy the problems caused by the Respondent regarding the DNS of the domain names.

Even though the Complainant did not agree with the costs charged, it tried to solve the issue amicably by paying the referred “debts” and requesting an in-person meeting with the company’s representative Alexander Padilla. During such meeting, the Complainant was informed that the Second Respondent, Netstructure, had been sold and that its domain names were now considered to be the intellectual property assets of the purchasing company, which hindered their transfer.

During this period and in the days following, the Austrian office of another company of the Complainant’s group (Votarantim GMBH) reported problems on external e-mails and the unavailability of the website <votarantim.at>. The Second Respondent did not offer any solution.

The facts reported raise no doubt that Netstructure is clearly “kidnapping” the Complainant’s domain names and sabotaging its DNS, in order to keep perceiving
financial advantages from it. As referred, the company is refusing to proceed with the transfer of the domain names by not disclosing their ID and password, thereby preventing the Complainant and the companies within its business conglomerate from managing the domain names registered under their own names and supposedly under its control.

Revising the Whols Database, the Complainant also came to realize that the Second Respondent, Netstructure, had registered the disputed domain name not in its name, as the real registrant, but in the name of First Respondent, Sublime Technologies, in order to unfairly raise barriers to the domain name transference upon the termination of the Service Agreement.

Therefore, the disputed domain name <uszinc.com.cn> remains in the possession and management of Second Respondent, Netstructure, who deliberately registered the disputed domain name on behalf of the First Respondent, Sublime Technologies, notwithstanding the fact that the disputed domain name continues to resolve to the Complainant’s official website. As the hired provider of domain name management and DNS services, the Second Respondent, Netstructure, should act as mere representative of the Complainant. Thus, unless instructed to do so, the Second Respondent was not allowed to make any changes on the concerned Whols database, neither to register the domain name on behalf of a third company.

Therefore, there was no option to the Complainant besides filing this Complaint against the registrant listed in the Whols database – i.e., Sublime Technologies – and the company that purports to continue to manage the disputed domain name in accordance with the Services Agreement – i.e., Netstructure.

B. Respondents

The First and Second Respondents have defaulted. Neither has filed a Response in these proceedings. In accordance with Article 31 of the CNDRP Rules, therefore, there being no exceptional circumstances mitigating in favor of a contrary approach, the Panel will decide the dispute based upon the Complaint.

4. Findings

This case involves two (2) different Respondents. The Second Respondent, Netstructure, is alleged in the Complaint to have entered in a contractual relationship in 2008 with Complainants’ group of companies. The disputed domain name, however, is currently registered to the First Respondent, Sublime Technologies, via the registrar, Instra.

The term “Respondent” is specifically defined at Article 3(e) of the CNDRP Rules as meaning “the holder of the domain name against which a complaint is initiated”. Article 12(e) of the CNDRP Rules further directs, in relevant part, that the Complaint must “provide the name of the Respondent (domain name holder)” (Emphasis supplied).

Furthermore, as has been noted above, the case file does not reflect that the Centre notified the Second Respondent of the Complaint, in accordance with Articles 5 and 14 of the CNDRP Rules and Article 5(3) of the Supplemental Rules. Accordingly, the Second
Respondent not having been notified of the claims and allegations against it, or afforded an opportunity to defend itself in relation to such claims and allegations – the Second Defendant has been deprived of the most fundamental elements of natural justice in relation to these proceedings.

It is axiomatic that the Panel’s jurisdiction exists solely on the basis of the contract for domain name registration, here, Article 16(f)(vi) of the Instra “Terms and Conditions”, pursuant to which the domain name registered holder agrees to be bound by the CNDRP Policy dispute provisions and to submit to the Panel’s jurisdiction.

In view of the foregoing, the Panel concludes that the Complainant has erroneously sought to join the Second Respondent, Netstructure, who is not the registered holder of the disputed domain name, and that the Complainant’s purported claim against the Second Respondent is not within the scope of the CNDRP or the Panel’s jurisdiction.

As to the case, Article 8 of CNDRP provides that a complaint against a registered domain name shall be supported if the following conditions are fulfilled:

i. Respondent’s domain name must be identical or confusingly similar to a trademark or service mark in which Complainant has a right or interest; and

ii. Respondent has no rights or legitimate interest in respect of the domain name, or major part of the domain name; and

iii. The registered holder of the disputed domain name has registered and is using the domain name in bad faith.

Article 7 of CNDRP states that the complainant and the respondent shall bear the burden of proof for their own claims.

Identical or Confusing Similarity

Complainants have duly proved the first element under Article 8 of the CNDRP by attesting that it is the owner of trademark registrations for U.S. ZINC in Brazil and in the United States of America, and that such trademark is entirely incorporated in the disputed domain name <uszinc.com>. The disputed domain name also reproduces the central and distinctive portion of the company name U.S. Zinc Corporation, which belongs to the same business group as Complainant.

The trademark U.S. ZINC was initially filed before the Brazilian PTO and United States Trademark Office in 2008, and its certificates of trademark registration were issued in 2011 and 2009, respectively.

The Panel therefore finds that the disputed domain name is identical to Complainant’s trademark registration, and, thus, that the first requirement under Article 8 of the CNDRP is met.
Rights or Legitimate Interests of the Respondents

The Complainant asserts that the First Respondent has no right or legitimate interests in respect of the domain name <uszinc.com.cn>. The Complainant’s assertion is sufficient to establish a prima facie case under the second requirement of Article 8 of the CNDRP, thereby shifting the burden to the Respondent to present evidence of its rights or legitimate interests.

The First Respondent, having failed to file a response, has obviously failed to provide a showing that the Respondent has any rights or legitimate interests in respect of the disputed domain name. As has been established to the satisfaction of the Panel, the Respondent, Netstructure, entered into a contract with the Complainant and other companies within its business group and had undertaken to provide domain name management and DNS services, including in relation to the disputed domain name <uszinc.com.cn>.

As expressly established in the referred contract, “the SERVICE PROVIDER, by itself, its representatives, employees and occasional subcontractors, may not use names, trademarks, signs and distinctive colors, as well as any other means of identification of the COMPANY and its products and services, unless with the express authorization of this one”. Further, it was established that “Belongs to the COMPANY any intellectual property rights that may arise as a consequence of the fulfillment of this contract”.

It is therefore apparent that the Second Respondent, Netstructure, was merely an agent of the Complainant, possessed of a limited authority merely to register and manage the Complainant’s domain name on behalf of the Complainant, and having no legal rights over the domain names.

It is clear from the record, moreover, that the Second Respondent has never claimed a legal right or legitimate interest in or to the disputed domain name. That is, the Second Respondent, Netstructure, does not hold itself out as, and is not commonly known as “USZINC”, and does not operate any business under the name “USZINC” and has no trademark registrations/applications for this brand.

The same assertion applies to the First Respondent, Sublime Technologies (the registrant of the disputed domain name accordingly to the concerned Registrar’s WhoIs), which is not commonly known as “USZINC” and which has not sought registration for this expression. Moreover, the First Respondent is not affiliated to the Complainant and the Complainant has not licensed or otherwise permitted the use any of its trademarks by the First Respondent.

Furthermore, the disputed domain name still resolves to the Complainant’s official website, which further confirms the First Respondent’s lack of legitimate interests in and to the disputed domain name. Therefore, the second requirement under Article 8 of the CNDRP is also met.
Bad Faith

The First Respondent’s bad faith in relation to conduct having all the earmarks of a “kidnapping” of the disputed domain name, as has been alleged and proven by the Complainant, is unequivocal.

The domain name <uszinc.com.cn> was only registered and managed by the Second Respondent, Netstructure, in connection with the Services Agreement signed with the Complainant, which established a specific and narrow agency relationship, pursuant to which Netstructure was to provide technical advice to the Complainant in relation to domain name management and DNS services.

The evidence shows that the First Respondent, Sublime Technologies, caused or permitted the disputed domain name to be registered in its name for the purpose of imposing, or enable others to impose, obstacles to the transfer of disputed domain name to another service provider by the Complainant, with a view to obtaining unjustified benefits from the Complainant for itself, or others.

The Panel finds, therefore, that the third requirement of Article 8 of the CNDRP is also satisfied.

5. Decision

For the foregoing reasons, pursuant to Article 14 of the CNDRP and Article 40 of the CNDRP Rules, the Panel decides that the Complainant’s purported action against the Second Respondent is not within the scope of the CNDRP, and the Complaint is rejected in relation to this Respondent.

As regards the First Respondent, in accordance with Article 14 of the CNDRP, the Panel orders that the disputed domain name <uszinc.com.cn> be transferred to Complainant Votorantim Participações S.A., as requested by Complainant.

David L. Kreider
Sole Panelist
06 December 2012