

## **.nz Dispute Resolution Service**

**DRS Reference: 1045**

### **Teak Construction Group v Payback Limited Ltd**

Key words – teakconstructionauckland.co.nz – unregistered mark – trade name – similar – legitimate non-commercial or fair use – criticism and commentary – unfair use – likely to confuse, mislead or deceive – unfairly disrupting the business of the complainant – evidence – admissibility

#### **1. Parties**

##### **Complainant:**

Teak Construction Group Ltd  
34 Barrys Point Road  
Takapuna Auckland  
New Zealand  
Represent by: Ms Alex McDonald

##### **Respondent:**

Payback Limited  
96 Riverview Road  
Keri Keri, Northland 0230  
New Zealand  
Represented by: Mr Rick Shera

#### **2. Domain Name/s**

teakconstructionauckland.co.nz

#### **3. Procedural history**

- 3.1 The Complaint was lodged on 14 November 2014 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 14 November 2014. The domain/s were locked on 14 November 2014, preventing any changes to the record until the conclusion of these proceedings.
- 3.2 The Respondent filed a Response to the Complaint on 10 December 2014 and the DNC so informed the Complainant on 12 December

2014. The Complainant filed a Reply to the Response on 19 December 2014. The DNC informed the parties on 22 January 2015 that informal mediation had failed to achieve a resolution to the dispute.

- 3.3 The Complainant paid Domain Name Commission Limited the appropriate fee on 5 February 2015 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy (“the Policy”).
- 3.4 Andrew Brown, the undersigned, (“the Expert”) confirmed to the DNC on 11 February 2015 that he knew of no reason why he could not properly accept the invitation to act as expert in this case and that he knew of no matters which ought to be drawn to the attention of the parties, which might appear to call into question his independence and/or impartiality.

#### **4. Factual background**

- 4.1 Teak Construction Group Ltd (TCGL, registered company no. 3476956) (the Complainant) conducts an Auckland-based commercial construction business. That business was begun by a predecessor company in 1992. Since then it has steadily grown in size. By 2010 it had completed construction work worth \$500m in the Auckland market.

- 4.2 The Complainant explains the corporate history of the business in the following terms:

- “(a) From 1992 to 2002 Teak Construction Limited (company registration no. 564433) was the corporate entity under which the business traded. That company changed its name to WXY Limited on 6 April 2004. It was placed in voluntary liquidation in 2008. A copy of the liquidator’s final report records that no creditors of any class [was] proved in the liquidation [...];
- (b) In 2002, with the departure of John Eaton and Alistair Bisset, two of the founding directors of the business, Teak Construction Limited (company registration no. 1207753) was incorporated and used as the entity under which the business traded;
- (c) In 2011, Teak Construction Group Ltd [registered company no. 3476956] was incorporated. It replaced Teak Construction Ltd (company registration no. 1207753) as the entity under which the business traded. The business has been conducted through that company since that time.”

- 4.3 The Complainant states that it and its predecessor companies have at all times traded under the TEAK CONSTRUCTION brand. The Complainant in its marketing materials represents continuity in the TEAK CONSTRUCTION brand despite the changes in the corporate entity underlying it. For example; a timeline presented on the Complainant’s website entitled “Teak Construction : Our Story” highlights certain milestones for the Teak Construction business, ranging from the creation of the business in 1992, through to a

celebration denoting “21 years in business”, without denoting the different underlying entity in each case.

- 4.4 The Complainant states in evidence that it promotes the TEAK CONSTRUCTION brand through company signage which is prominently displayed on sites where the company is working, printed promotional material, and its website created in 2005 and located at *www.teak.co.nz*.
- 4.5 Payback Limited, the registrant of the Domain Name and Respondent, was incorporated by Geoff Dixon on 8 June 2012. Mr Dixon’s former company, Silver Screen Productions Limited (now struck off) was a former client of Teak Construction Ltd (564433), the first of the three Teak corporate entities. Teak Construction Ltd (564433) carried out alterations and additions in 2001 to a building owned by Silver Screen Productions Ltd in Sale Street, Central Auckland. Evidence shows that a code compliance certificate for the work was subsequently issued by Auckland City Council.
- 4.6 In early 2012 Mr Dixon complained to the Complainant about water tightness issues with the Sale Street building. He demanded that the Complainant accept responsibility for the problems and provide financial compensation. The Complainant states in evidence that one of its directors visited the premises and witnessed the concerns. There was an exchange of lawyers’ letters following that and the Complainant took the view that there was no case to answer as Teak Construction Ltd (564433) had been liquidated in 2008.
- 4.7 Payback Limited registered the Domain Name *www.teakconstructionauckland.co.nz* on 19 June 2012.
- 4.8 As at the date of the Complaint the Domain Name was being used to host a website with (inter alia) the following components (“Website”):
  - (a) A banner header including the text “Alert Teak Construction Auckland” and “home”, “contact us” and “Facebook Like” buttons.
  - (b) A more prominent header containing the bold text “Teak Construction Ltd” with a subheading in smaller text stating “company no. 564433, changed its name to WXY Limited in April 2004”.
  - (c) A further prominent subheading “Would you – or have you, put your trust in this company?”.
  - (d) Prominent photographs showing what appears to be exposed rotten timber framing, including in some cases with written commentary describing and/or criticising work done on the building.

- (e) Extracts from a report apparently describing and showing defective work on various parts of the building.
- (f) A list of the former directors of WXY Limited (company no. 564433).
- (g) A heading “Teak Construction Ltd (120775) showing details of the former directors of that company.
- (h) Further text stating that “Teak Construction Ltd (company no. 564433) was commissioned to redevelop a commercial site and construct a building partly featured in the abovementioned building report, and that examinations have revealed weatherproofing problems with “shocking results””.
- (i) The subheading “Why are company directors allowed to shed their responsibilities after a company is liquidated?”
- (j) A further subheading “Its believed the original directors of Teak Construction (no. 564433) – along with Brian New, and HMA, should accept some responsibility for the poor workmanship highlighted in the report, and contribute towards a share of the costs (spent so far), in “making good”. As at this time, they continue to maintain their right and their intention not to do so.
- (k) Further text (much further down the home page) “Is this fair? ... Trustworthy? – Perhaps just some of the Attributes to look for, before ever trusting company directors from Construction Companies”.
- (l) A heading “Contact Us” at the base of the home page (requiring considerable scrolling to reach) above the text: “Let us know your stories or anything you can do to help: [payback@teakconstructionauckland.co.nz](mailto:payback@teakconstructionauckland.co.nz). Like the page to show your support”.

4.9 There is no similarity between the Website and the Complainant’s corporate website at [www.teak.co.nz](http://www.teak.co.nz).

4.10 The Complainant’s general manager states in a sworn declaration that the Complainant became aware of Payback Limited’s website sometime after late February 2012. The general manager states that he had numerous phone calls with Mr Dixon which culminated in a meeting between the Complainant’s then current directors, Mr Dixon and his wife. The declaration states that Mr Dixon was “adamant that unless some monetary settlement was reached then the website would be staying up, as it has done so [to] today’s date.”

- 4.11 The Complainant states in evidence that Mr Dixon has not taken any legal action against Teak Construction or any related company, nor against the Auckland Council or the architect of the building.
- 4.12 The Complainant states in evidence that two of its clients have asked it to explain its position relating to the content of the Website. The Complainant has exhibited an open letter, containing a rebuttal of the contentions made on the Website. It says it provided that letter to the clients.
- 4.13 After commencement of this proceeding the Respondent added the following extra words to the top of the website hosted at the Domain Name:

“Warning against Teak Construction Auckland

This site has been created to expose bad governance and workmanship by Teak Construction Ltd.”

## **5. Parties’ contentions**

- 5.1 After the Complainant’s initial complaint (and statutory declaration), the Respondent filed a response. The Complainant exercised its right to reply. The submissions contained in each of those pleadings are outlined below.

### **a. Initial Complaint**

#### *The Complainant’s claimed rights*

- 5.2 The Complainant relies on unregistered rights in the name TEAK CONSTRUCTION. It states that it has used and promoted the TEAK CONSTRUCTION brand in New Zealand for many years with the result that the brand is now well established and recognised in the New Zealand commercial construction market. In this regard it relies on the fact that the business now being conducted by it began in Auckland in 1992. It states that it has significant reputation and goodwill in the TEAK CONSTRUCTION brand. It also relies on the website located at *www.teak.co.nz* which it says it has operated since 2005 and at which it promotes its services under the TEAK CONSTRUCTION brand.
- 5.3 The Complainant also seeks to rely on its New Zealand trade mark registration no. 977158 TEAK filed on 10 May 2013, in classes 35 and 37 for a variety of services, including related to building construction.

#### *Unfair registration*

- 5.4 The principal contentions in the Complaint are that:
- (a) Company no. 564433 and the Complainant are different legal entities.

- (b) The Complainant is not liable to Mr Dixon and was not formed to avoid responsibility to him. Mr Dixon has not taken any legal action against the Complainant or any related companies.
- (c) The Domain Name was registered and is being used as a means of extracting retribution from the Complainant for grievances in respect of work carried out in 2001 in respect of its predecessor.
- (d) There were many reasons for New Zealand's leaky building crisis. Consequently it is wrong to assume that because a building is leaky, it is either the builder's fault or solely the builder's fault.
- (e) The Domain Name was chosen and used by Payback Limited for the specific purpose of attracting users looking for the Complainant's website. The manner of presentation of the Website means that it would only be apparent to someone searching for the Complainant's website that they had arrived at the wrong website once they had clicked through to Payback Limited's website and understood the meaning of the photos prominently featured on it.
- (f) The photos on the Website have been selected to shock. The full building report has not been publicised and no context is provided, including where the building is, when the work was carried out and what liability has been established through formal or informal channels.
- (g) The content of the Website as used has caused and continues to cause damage to the TEAK CONSTRUCTION brand.
- (h) The content of the Website is unfair, misleading and deceptive because:
  - (i) it clearly and wrongly suggests that because the predecessor company of the Complainant was the construction company that worked on the building in 2001 which 10 years later became leaky, it must be liable and therefore untrustworthy;
  - (ii) it clearly and wrongly suggests that the buildings which the Complainant is building now will have the same problems as shown in the photos;
  - (iii) it clearly and wrongly suggests that the directors of the Complainant have deliberately avoided responsibility for the damage resulting from the construction work provided by its predecessor company;

- (iv) it refers to a “appalling lack of either supervision or care” from the Complainant with regard to the compliance of good building practice [sic] when no such finding against the company has ever been established;
- (v) it wrongly suggests that complaints were made about “shoddy workmanship”, not complying with building standards during construction and that the company was liquidated after completion to avoid responsibility for that.

**b. Respondent’s response**

5.5 The Respondent first raises a procedural concern, namely that the Complaint breaches paragraph B2.3.1 of the Policy. The particular complaint is that the text of the Complaint and statutory declaration of Stuart Charlton annexed, together exceed the 2000 word limit stipulated, and that the statutory declaration is an attempt to evade that limit and should not be taken into account.

5.6 The Respondent’s principal substantive submissions are the following (in summary):

- (a) The Website is a classic criticism site. As such the name is protected as a fair use under clause 6.1.1(c) and 6.2 of the Policy. In support of this:
  - (i) The Website does not in any way carry commercial or promotional material (including advertising) or promote any commercial interests.
  - (ii) The Website has no links to third party commercial sites or any other material which competes with the Complainant’s business or diverts custom away from the Complainant to anyone else.
  - (iii) The Website looks very different from the Complainant’s site and does not use any branding, logos or trade mark of the Complainant, other than the word “teak”, which is a necessary usage in order to refer to the Complainant. The word TEAK is not being used in a trade mark sense under the Trade Marks Act 2002.
  - (iv) The use of the Domain Name itself, which includes the Complainant’s registered trade mark TEAK, is not of itself use “in trade”. Nor does it by itself connote unfairness since, if one is going to put up a criticism site, the name of the firm being criticised will generally be used.

- (b) The Domain Name is not identical to the Complainant's trade mark, nor similar enough to qualify under the Policy. This is not a case where a simple "sucks" or other suffix has been added but rather the name is entirely different. The Complaint should, if it is submitted, fail under paragraph 4.1.1 of the Policy as well as under 4.1.2.
- (c) No visitor to the Website could be misled or deceived into thinking there was any connection whatsoever between the Website and Respondent on the one hand and the Complainant's website and Complainant on the other. That was the opposite of the Respondent's intention whose aim is to criticise the Complainant, not to be associated with it. In support of this the Respondent submits:
  - (i) The Website is clearly not a commercial site of any nature and does not have the usual indicia of a commercial site.
  - (ii) The Website content is obviously not content that would be condoned by the Complainant and nor is any suggestion, express or implied, made to that effect.
  - (iii) The Respondent makes no effort to hide itself as the owner of the Website and is not acting unfairly in this regard.
  - (iv) The additional wording added to the Website subsequent to the filing of the Complaint emphasises that the Website has nothing to do with the Complainant and could not be confused as such. The words added will, once the site is "spidered" by Google, appear in the blurb returned in the Google search results.
- (d) The Website is a legitimate expression of the Respondent's right to express its dissatisfaction of the Complainant and its predecessors under s 14 of the NZ Bill of Rights Act 1990.
- (e) The Complainant failed to make the critical distinction between fairness of the Website itself and fairness of the use of the Complainant's name. The question of whether the material on the Website is misleading or deceptive is not something which the Panel can determine (and even if it could, it is submitted that the material is not misleading or deceptive under the Fair Trading Act 1986 or otherwise). The question is whether the domain name is an Unfair Registration under the Policy.
- (f) The WIPO cases are instructive in determining how a panel should look at fairness under the .nz DRS Policy.



- (g) While the Respondent was unable to find a decision under the Policy concerning a true .nz criticism site, the *Auckland Airport v Dave Burghardt* decision (DRS reference 291) in rejecting Auckland Airport's complaint saw the Panel note the criticism site issue by way of obiter. This indicates recognition that the Policy does allow for criticism sites.
- (h) The only ground on which the Complainant might hope to succeed is if it can show that the use of the name in connection with the Payback site is unfairly disruptive of its business under paragraph 5.1.1(c) or misleading and deceptive under paragraph 5.1.2 of the Policy. The Complainant has provided no evidence of any business disruption or market confusion.
- (i) The Payback site is the epitome of a criticism site. It would be hard to find a more classic example.
- (j) The Complainant's contention that the current Teak Construction company is not related to the company complained of under the Website is undermined by the material in the Complainant's own evidence. In particular, most of the pages on the Complainant's current site carry the tagline "Over 400 projects since its formation in 1992" and there is a graphical timeline clearly trying to impress on prospective customers the business's longevity. It is disingenuous to claim that any connection between the previous Teak entity and the current one is misleading and yet seek to take advantage of continuity between the corporate entities on its website.

5.7 The Respondent also contends that the Complainant's application amounts to domain name hijacking.

**c. Complainant's reply**

5.8 The Complainant's principal contentions in reply are the following (in summary):

- (a) The marks are confusingly similar.
- (b) The Complainant's evidence establishes a substantial reputation in the TEAK CONSTRUCTION mark. The addition of "Auckland" to the domain name only strengthens the confusion by adding an air of legitimacy. All of the Google search results returned in a search made on 19 December 2014 (apart from an entry for the Website itself) are for legitimate commercial listings. Individuals browsing the internet are accustomed to results related to the "official" website appearing on the first page of search results.
- (c) An internet user met with the images displayed on the Respondent's website would only understand the nature of the

site upon close examination. The heading on the home page “Teak Construction Ltd” communicates to the user that she or he has arrived at the Complainant’s website. The incongruity between that heading and the contents is bound to leave users confused about what they have arrived at and asking themselves “what is going on here?”. This confusion would encourage users to read on in order to make some meaning from the images and information contained on the website.

- (d) The warning added to the website by the Respondent once it became aware of the complaint does not resolve the situation. In any event, if transfer was declined, the Respondent would have free licence to use the Website as thought fit, including removing the warning.
- (e) The Appeal Panel in *Norton Peskett LLP v Hampson* (Nominet UK D00012265) emphasised the significance of the presence of the word “may” in the consideration of whether a criticism site is unfair (i.e. for use **may** include ... criticism). In that case the Panel directed a transfer of a domain name.

5.9 There was strong disagreement between the parties as to the impact on the present case of the Appeal Panel decision *Challenger Limited v Domain Privacy Service*, WIPO decision no. D2014-0852. For the reasons set out below at para [6.28] the Expert has not discussed that decision (or any other WIPO decision) in detail.

## 6. Discussion and findings

### A. Procedural issue

6.1 The Expert notes the Respondent’s procedural protest that the Complaint breaches paragraph B2.3.1 of Policy by way of the complaint and statutory declaration of Stuart Charlton together exceeding the 2000 word limit. However the Expert notes the full text of paragraph B2.3.1 of Policy which is as follows:

“[The Complaint shall] not exceed 2000 words (not including the [pro forma] text set out in paragraph B2.3.9 **and annexes**)” (Emphasis added)

6.2 Accordingly the word limit relates to the Complaint itself and not to annexed evidence. Pursuant to paragraph B11.2 which provides that the Expert shall determine the admissibility, relevance, materiality and weight of the evidence, the Expert admits the statutory declaration of Stuart Charlton and has taken it into account.

### B. The substantive issues

6.3 The Complainant is required to prove to the Expert that both of the following elements are present on the balance of probabilities:

- (a) that the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name (para 4.1.1); and
- (b) the domain name, in the hands of the Respondent, is an Unfair Registration (para 4.1.2).

(a) **Does the Complainant have Rights in respect of a name or mark which is identical or similar to the Domain Name?**

- 6.4 The Complainant has provided evidence of a reputation in the unregistered mark TEAK CONTRUCTION generated by its trade in the construction industry under that name (including by way of its predecessors in title) since 1992. Particular usages of TEAK CONTRUCTION have included use on signage, promotional materials, and (since 2005) on the Complainant's website hosted at [www.teak.co.nz](http://www.teak.co.nz).
- 6.5 The Expert is satisfied that the Complainant has demonstrated that it has *unregistered* rights enforceable under New Zealand law in the trade mark TEAK CONSTRUCTION.
- 6.6 The Complainant also relies on its *registered* trade mark in New Zealand for TEAK including in respect of services relating to the construction. This trade mark was filed on 10 May 2013.
- 6.7 It accordingly has *registered* rights enforceable under New Zealand law in the trade mark TEAK running from 10 May 2013. These rights post-date the registration of the Domain Name on 19 June 2012. However they can be taken into account under para 4.1.1. Para 4.1.1 is a relatively low level threshold test, and makes no reference to the date on which a complainant acquired rights. The objective of that first hurdle is simply to demonstrate a *bona fide* basis for making the complaint (refer Nominet Overview at paragraph 2.3). (The date on which a complainant acquired rights may well be very relevant to an inquiry as to whether a domain name registration is Unfair under 4.1.2).
- 6.8 The Expert finds that the Domain Name is confusingly similar to the TEAK CONSTRUCTION trade mark in which the Complainant has unregistered rights. The unregistered trade mark TEAK CONSTRUCTION is entirely subsumed in the Domain Name. The addition of "Auckland" is generic and merely reinforces the similarity, particularly given that the majority of the Complainant's business is done in Auckland.
- 6.9 For the above reasons the expert is satisfied that para 4.1.1 of the Policy is satisfied in favour of the Complainant.

**(b) Is the Domain Name, in the hands of the Respondent, an Unfair Registration?**

6.10 Paragraph 4.2 of the policy requires that the Complainant prove on the balance of probabilities that the Domain Name is:

“A Domain Name which either:

- (i) was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant’s Rights; or
- (ii) has been, or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant’s Rights.”

6.11 The Complainant does not expressly plead reliance on any particular provision within the Policy, but relevantly states that:

- The Domain Name was chosen and used by Payback Limited for the specific purpose of attracting users looking for TCGL’s website;
- The content of the website for which the domain name is used has caused and continues to cause damage to the TEAK CONSTRUCTION brand;
- “The content of the Payback website is unfair, misleading and deceptive” (for a variety of reasons which relate to the merit of the content of the Website).

6.12 Paragraph 5.1 of the policy sets out a non-exhaustive list of factors which may be evidence that the domain name is an unfair registration. That list includes the following which may be applicable to the Complainant’s contentions:

“5.1.1 Circumstances indicating that the Respondent has registered or otherwise acquired the domain name primarily:

[...]

- (c) for the purpose of unfairly disrupting the business of the Complainant.”

“5.1.2 Circumstances demonstrating that the Respondent is using the domain name in a way which is likely to confuse, mislead or deceive people or businesses into believing that the domain name is registered to, operated or authorised by, or otherwise connected with the Complainant.”

6.13 The Complainant has provided evidence that the Website has led to inquiries from “two clients” who had viewed the Website and asked the Complainant “to explain its position in relation to the content of the [website]”. However 3.1.1(c) will only be satisfied if that disruption is **unfair**. That turns on whether the Respondent’s use is “fair use” in terms of Part 6 of the Policy. The Respondent specifically relies on

provisions in Part 6 and its contention that the website hosted at the disputed domain name is a “criticism site”.

- 6.14 Further, the nature of the domain name itself, and the Respondent’s use of “Teak Construction Limited” on the website itself, has the potential to mislead internet users searching for the Complainant into thinking the Website is what they are looking for. However whether this amounts to an unfair registration in the circumstances also depends on a consideration of whether “fair use” in terms of Part 6 applies.
- 6.15 It is therefore necessary to:
- consider fair use in terms of paragraphs 6.1.1(c) and 6.2 of the Policy and in particular criticism sites;
  - review the Nominet and WIPO jurisprudence as well as previous DRS decisions on Fair Use;
  - draw together the relevant principles and apply these to the facts of this case.

***Fair use under Part 6 – criticism sites: the issue stated***

- 6.16 Paragraph 6.1 of the Policy sets out a non-exhaustive list of factors which may be evidence that the domain name is not an unfair registration. The Respondent relies on paragraph 6.1.1(c) which provides:

“6.1.1 Before being aware of the Complainant’s cause for complaint (not necessarily the complaint itself), the Respondent has:

[...]

- (c) made legitimate non-commercial or fair use of the Domain Name.”

- 6.17 The Respondent also relies on paragraph 6.2 which provides:

“6.2 Fair use may include sites operated solely in tribute to or in criticism of a person or business.”

- 6.18 The essence of the Respondent’s response is that its use of the Domain Name for the Website is “the epitome of a criticism site,” and therefore falls within these provisions, so that there is no Unfair Registration under para 4.1.2 of the Policy. The Complainant disagrees.

***Nominet decisions and overview***

- 6.19 The scope of fair use in respect of criticism sites has been considered in the course of a number of decisions under the United Kingdom

Nominet DRS Policy. The position taken under that policy is of particular assistance because of the fact that the .nz DRS Policy is drawn almost entirely from the Nominet Policy.

6.20 The Nominet DRS Expert's Overview Version 2 ("Nominet Overview") summarises the views of Nominet panels on this matter as follows:

**"4.8 Do tribute and criticism sites necessarily constitute fair use unless proved otherwise? [Paragraph 4(b) of the Policy]**

No. Paragraph 4(b) of the Policy provides that "Fair use may include sites operated solely in tribute to or in criticism of a person or business". Note the use of the words "may" and "solely"— it will depend on the facts.

If, for example, commercial activity beyond that normally associated with a bona fide fan site takes place, the registration may be abusive. See the Appeal decision in DRS 00389 (scoobydoo.co.uk) or the decision in DRS 08527 (ihateryanair.co.uk) and the commentary on the latter in DRS 11271 (opticaexpressruinedmylife.co.uk).

Note also that the use of the word "may" means that even if a site is operated solely as a tribute or criticism site it is still open to the Expert to find that it is abusive. In assessing the fairness or otherwise of the use, the Expert needs to have regard to both the nature of the domain name in dispute and its use. Some decisions in the past have concentrated solely upon whether the site fairly pays tribute to or criticises the Complainant (often a very difficult thing for an expert to assess in a proceeding of this kind).

The appeal decision in DRS 06284 (rayden-engineering.co.uk) confirmed the consensus view among experts today that the nature of the domain name is crucial to the exercise. A criticism site linked to a domain name such as <IhateComplainant.co.uk> has a much better chance of being regarded as fair use of the domain name than one connected to <Complainant.co.uk> . The former flags up clearly what the visitor is likely to find at the site, whereas the latter is likely to be believed to be a domain name of or authorised by the Complainant. But, again, note the decisions in DRS 08527 Version 2 – Published November 2013 19 (ihateryanair.co.uk) and DRS 11271 (opticaexpressruinedmylife.co.uk) regarding commercial activity on criticism sites. Each case will depend upon its facts.

In DRS 06284 the domain name was identical to the name in which the Complainant had rights. A modified name that made it clear that this was a protest site would presumably have been less successful in drawing the protest to the attention of customers of the Complainant. The Panel concluded there was a balance to be drawn between the right to protest (which could be effected via a modified name) and the Complainant's rights in its own name, and that in this case at least the latter outweighed the former. Note that the Panel did not rule that use of an identical name would always and automatically be unfair, but did conclude that it was only in exceptional circumstances that such use could be fair. The Panel declined to find that such exceptional circumstances existed in the case in question.

6.21 Two examples lend context.

*Norton Peskett LLP v Hampson* (Nominet D012265)

- 6.22 In *Norton Peskett LLP* the domain name *www.nortonpesket.co.uk* was substantially identical to the complainant's name, merely omitting the final "t." The respondent former client of the complainant used the domain name to host a website making serious allegations against the complainant. The Appeal panel endorsed the "majority view" expressed in the Nominet Overview and found as follows:

"While the Domain Name is a modified version of the Complainant's name, it is not a significant modification, but a 'typo', which might well not be noticed by many, and the Domain Name is intended to be recognised as the name of the Complainant.

Moreover, while the Respondent asserts that his purpose is solely to provide a public service alerting Internet users to the dangers of dealing with the Complainant, the tone and content of the allegations are such that the Panel has had difficulty accepting that there is no ulterior motive. It is difficult to resist the impression that the Respondent has a serious axe to grind, and quite probably a desire for revenge.

Adopting the approach taken by the Appeal Panel in DRS 06284 (*rayden-engineering.co.uk*), discussed in the quotation above, the Panel finds that the Respondent's choice of Domain Name and the use to which it has been put falls on the wrong side of the line. It does not constitute legitimate fair use.

The Panel finds that the Domain Name, in the hands of the Respondent is an Abusive Registration as defined in paragraph 1 of the Policy.

No doubt, notwithstanding this decision, the Respondent will seek to continue his publicity campaign against the Complainant using a website accessible via another domain name. The effect of the ruling of this Panel is merely that he will be unable to do so using the Domain Name <nortonpesket.co.uk>."

*Rayden Engineering Ltd v Diane Charlton* (Nominet D06284)

- 6.23 This case is referred to in the extract from the Nominet Overview set out above. The complainant operated the website *raydenengineering.com*. The respondent was involved in a dispute with the complainant over the use of land. The Respondent registered the domain name *www.rayden-engineering.co.uk* and used it to resolve to a website at which the respondent published details of her allegations against the complainant.
- 6.24 The Appeal Panel ordered the transfer of the domain name, and stated:

The essence of an Abusive Registration under the Policy is that the domain name was registered or has been used in a manner that has taken unfair advantage of or has been unfairly detrimental to the complainant's Rights. Here it is clear, first, that the Respondent registered the Domain Names so that Internet users would be attracted to visit the Website because of the Domain Names; with the precise intention that she would thereby increase the number of people that would be confronted with her views on the Complainant and those associated with the Complainant including Richard Hayden. She has used domain names that are no more than the trading names of the Complainant without any indication that they lead to a protest site. In effect the Respondent is posing as the Complainant in order to attract members of the public to the site.

We accept on the evidence before us that the Respondent genuinely holds the views that are expressed on the site, and that those views arise out of a dispute between the Respondent and the Complainant. Beyond this, the merits of that dispute are not an issue that we can determine. We also accept that the site carries a clear disclaimer that would immediately alert visitors to the site that it was not the web site of Rayden Engineering. There is no evidence of any commercial use associated with the site.

[...]

The Respondent has deliberately used the Complainant's trade mark as a designation for her protest site without adding any additional component that would identify it as such. She is thereby creating a likelihood of confusion with the Complainant and attracting Internet users who would not knowingly follow a "...sucks" link. The Respondent does not argue, and there is no scope for maintaining, that the Domain Names are intended to refer to anything or anyone but the Complainant.

### ***WIPO UDRP decisions and overview***

- 6.25 The Respondent has placed considerable reliance on WIPO UDRP decisions. The scope of fair use in respect of criticism sites has been considered in the course of a number of WIPO UDRP decisions concerning paragraph 4(c)(iii) of the WIPO Policy which provides:

"[...] 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 the purposes of Paragraph 4(a)(2):

[...]

- (iii) you are making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trade mark or service mark at issue."

- 6.26 There is a divergence of views amongst WIPO panellists as to the correct approach in respect of criticism sites. The WIPO overview of WIPO Panel views on selected UDRP questions, Second Edition ("WIPO Overview") summarises the views of WIPO Panels on the question of fair use in respect of criticism sites at chapter 2.4, as follows:

"This section only concerns sites that practice genuine, noncommercial criticism. There are many UDRP decisions where the respondent argues that the domain name is being used for a free speech purpose but the panel finds that it is primarily a pretext for commercial advantage.

In the event that a domain name identical or confusingly similar to a trademark is being used for a genuine noncommercial free speech website, there are two main views. In cases involving only US parties or the selection of a US mutual jurisdiction, panelists tend to adopt the reasoning in View 2 (though not universally).

[...]



View 1: The right to criticize does not necessarily extend to registering and using a domain name that is identical or confusingly similar to the complainant's trademark. That is especially the case if the respondent is using the trademark alone as the domain name (*i.e.*, <trademark.tld>) as that may be understood by Internet users as impersonating the trademark owner. Where the domain name comprises the protected trademark plus an additional, typically derogatory term (*e.g.*, <trademarksucks.tld>), some panels have applied View 2 below.

[...]

View 2: Irrespective of whether the domain name as such connotes criticism, the respondent has a legitimate interest in using the trademark as part of the domain name of a criticism site if such use is fair and noncommercial.

[...]

Additional considerations: Some panels have opted to assess questions of whether a respondent may have a legitimate interest in using a trademark as part of the domain name of a criticism site by reference to additional considerations, including whether: (i) the domain name has been registered and is used genuinely for the purpose of criticizing the mark owner; (ii) the registrant believes the criticism to be well-founded and lacks intent for commercial gain; (iii) it is immediately apparent to Internet users visiting the website at the domain name that it is not operated by the owner of the mark; (iv) the respondent has refrained from registering all or most of the obvious domain names reasonably suitable for the owner of the mark; (v) where appropriate, a prominent and appropriate link is provided to the relevant trademark owner's website; and (vi) where there is a likelihood that email intended for the complainant will use the domain name in issue, senders are alerted in an appropriate way that their emails have been misaddressed."

- 6.27 The UDRP policy framework bears some similarity to the .nz DNS Policy in this regard. In each case the wording "legitimate non-commercial or fair use" is used. However, the tests applicable under the UDRP on the one hand and the .nz DRS/Nominet Policy on the other, are in fact different. It cannot be assumed that the results of a case under the UDRP will be the same as under the .nz DRS/Nominet Policy. In each case under the .nz DRS/Nominet Policy the key question will be whether the domain name in issue was registered *or has been used* "in a manner which has taken unfair advantage of or was unfairly detrimental to the Complainant's Rights".
- 6.28 This was pointed out (in relation to the Nominet policy) by the Panel in *Norton Peskett LLP* as follows:

"As has been pointed out in numerous DRS Decisions, the UDRP and the Policy are not the same. In particular, while the Policy requires a complainant to prove that it has relevant Rights (as discussed above) and that the Domain Name is an Abusive Registration, the UDRP has a three-step test under which a complainant must prove that: (i) the domain name is identical or confusingly similar to a mark in which the complainant has rights; and (ii) the respondent has no rights or legitimate interests in respect of the domain name; and (iii) the domain name has been registered and is being used in bad faith [paragraph 4.a. of the UDRP]. Thus, whilst similar fact cases may lead to the same outcome under both the UDRP and the Policy, that will not always be the case; and it cannot be assumed from the result of a case under

the UDRP that there will be the same outcome under the Policy (or vice versa). For Experts and Appeal Panels deciding cases under the Policy, the ultimate issue is as to whether the domain name in issue was registered or has been used “in a manner which has taken unfair advantage of or was unfairly detrimental to the Complainant’s Rights.” [Paragraph 1 of the Policy].”

- 6.29 Since there are prior .nz DRS and Nominet cases, it is not necessary to have recourse to WIPO cases (although these have been considered).
- 6.30 That said, the consensus view among Nominet experts summarised at paragraphs [6.20]-[6.24] seems to reasonably closely approximate “View 1” of WIPO panellists. The nature of the domain name used by a respondent is a crucial consideration. If the domain name uses the Complainant’s trade mark alone (or with some generic or geographical description) *without some flag such as “ihate ...” or “... sucks”*, then it is likely to be taken by internet users as being the Complainant’s site or connected with the Complainant and attract such internet users who would not knowingly follow a “ihate” or “suck” link.

### ***New Zealand DRS decision***

- 6.31 The Complainant has referred the Expert to only one decision under the .nz DRS Policy which engages with these paragraphs in any detail: *Abortion Law Reform Association of New Zealand Inc v Mybook* (.nz DRS, Ref. 474, 14 April 2010, Warwick Smith).
- 6.32 In the *Mybook* case the respondent anti-abortion campaigner created the domain name *alranz.org.nz* which corresponded with an acronym in which the complainant “pro-choice” organisation had rights. The respondent’s website hosted at that domain name reproduced text and logos identical to those on the complainant’s website, so that the respondent effectively “masqueraded” as the complainant. There was a protest element to the respondent’s conduct in that the website prominently featured a picture of a bloodied, presumably dead, late-term foetus. It was only when internet users looked more closely at the website hosted at the disputed domain name that the link to the complainant’s website would be noted, and they would become aware that they had arrived at the wrong website. In the meantime, the respondent’s message, in the form of the picture of the dead foetus, would have been conveyed to the site visitor.
- 6.33 The expert Mr Warwick Smith applied the applied the Nominet Policy and held that the Respondent had been effectively posing as the Complainant. He stated:

“In the Expert’s view, the use the Respondent has made of the Domain Name has not been “fair use”, of the kind referred to at paragraphs 6.1.1(c) and 6.2 of the Policy. Certainly, those provisions are intended to preserve the domain name registrant’s right of freedom of expression, as long as it is exercised fairly, and it is not for the Expert to comment on the rights or wrongs of the respective positions taken by the parties on the abortion question (see to similar effect the decision of the appeal panel in the United Kingdom DRS

decision of *Rayden Engineering Limited v Diane Charlton*, Nominet Case No. DRS 06284 - "although an Expert may in many cases form an impression as to whether the views expressed on a protest site are justified or true, we do not consider that in general the legitimacy of the use of a particular domain name should turn on such a judgment. ...").

In the *Rayden Engineering Limited* case, the Respondent had used the Domain Names (which were trading names of the Complainant) without any indication that they led to a protest site. As the appeal panel put it: "in effect the Respondent is posing as the Complainant in order to attract members of the public to the site".

That appears to be the position in this case. The Respondent has not added any qualifier in the Domain Name which might signal to Internet users that the Respondent's website is operated by a party with views diametrically opposed to those of the Complainant, and the position is compounded when the browser arrives at the Respondent's website and finds text and logos which are identical to those used by the Complainant.

The appeal panel in the *Rayden Engineering Limited* case rejected the respondent's argument of fair use, and the Complainant's position in this case appears to be significantly stronger from that of the complainant in *Rayden Engineering Limited*. The copying of text and logos from the Complainant's website (not a factor in *Rayden Engineering Limited*) take the Respondent in this case well beyond the bounds of any reasonable concept of fair use. The Respondent has not simply expressed views critical of the Complainant; it has effectively masqueraded as the Complainant.

The provision of the hyperlink to the "real" "ALRANZ" website does not affect that finding. It comes too late, after the initial interest confusion created by the use of the Domain Name and the copied text and logos have had their intended effect."

### **Findings**

- 6.34. It is necessary to address two preliminary issues.
- 6.35 One of the Complainant's submissions is that the entity at which the Respondent's criticism is directed is no longer in existence having been struck off the Companies Register in 2008. The business conducted under TEAK CONSTRUCTION is a new corporate entity formed in 2011.
- 6.36 As the Respondent has pointed out, there is something of inconsistency in this approach. When it comes to Rights the Complainant has relied on the goodwill TEAK CONSTRUCTION created, not only by it but by its predecessor companies, including company 564433 now struck off.
- "Teak Construction and its predecessor companies in business, have all traded under the TEAK CONSTRUCTION brand ... The brand is, and has been for many years now, well established in the New Zealand (particularly Auckland) commercial construction market."
- 6.37 Yet in relation to Unfair Registration the Complainant seeks to draw a clear distinction between it and its predecessor company.

- 6.38 The Expert does not have to make a ruling on this issue for the purposes of the determination, but agrees with the Respondent that there is a distinct inconsistency in this approach. The Complainant seeks to claim the benefit of the prior trading for the purposes of the Rights but none of the burden.
- 6.39 The second preliminary point relates to the Complainant's submission that the "content" of the Respondent's website is unfair, misleading or deceptive for a variety of reasons.
- 6.40 As the Nominet decisions have outlined and as was indicated by the Expert in the *Mybook* case it is not the role of a DRS expert to assess the merit of any statement made on a criticism site. I therefore do not propose to address that aspect.
- 6.41 Having carefully considered the facts of this case the Expert finds that the fair use protection in paragraph 6.2 does not apply in this case and that the Domain Name is in fact an Unfair Registration in the hands of the Respondent. The reasons for this finding are:
- (a) The Domain Name *teakconstructionauckland.co.nz* is confusingly similar to the mark in which the Complainant has established Rights, i.e. TEAK CONSTRUCTION. The addition of "Auckland" which is where the Complainant is based would lead internet users looking for the Complainant to assume that this is the Complainant or its Auckland base.
  - (b) A most prominent feature of the Website, and the feature to which an internet user's eyes will first be drawn after navigating to the Website by clicking on the Domain Name (which is returned second in the list of Google search results returned by the phrase TEAK CONSTRUCTION) is the banner "Teak Construction Limited." An internet user unfamiliar with the Complainant's corporate website will therefore initially believe they have arrived at the website they are looking for (even though that confusion is likely to be dispelled sometime after an internet user arriving upon the page).
  - (c) Together, these matters amount to "circumstances demonstrating that the respondent is using the Domain Name in a way which is likely to confuse, mislead or deceive people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant", a factor which may be evidence of an Unfair Registration under paragraph 5.1.2 of the Policy.
  - (d) The nature of a domain name is crucial to an inquiry as to whether a domain name used for a criticism site amounts to Unfair Use (This is the dominant view of panels under the

Nominet and .nz DRS policies. It is also “View 1” of the two divergent WIPO policy approaches).

In the present case, the Respondent elected to register a domain name that is confusingly similar to the Complainant’s brand. As in the *Mybook* and *Rayden Engineering* cases, the Respondent has not added any qualifier in the Domain Name which might signal to Internet users that the Respondent’s website contains criticism, and is not the website of the Complainant itself. The addition of “Auckland” will not allay any such confusion. It would have been a simple matter for the Respondent to register a domain name such as (to use the example given in the Nominet overview), *ihateteakconstruction.co.nz*. This would achieve the purpose of drawing attention to the subject of criticism without causing confusion.

Where a domain name gives no clue to the Internet user that it points to a criticism site, then effectively the Respondent is able to pose as the Complainant to attract readers. In the present case there is no flag or clue to alert the visitor that the Website is a criticism site.

(e) Paragraph 6.1 of the Policy states that:

“Fair Use may include sites operated solely in tribute to or in criticism of a person or business.”

The use of the word “solely” is an important safeguard in balancing the interests of a complainant with proven rights and the operator of a criticism site.

In the present case the expert is satisfied from the evidence that the website hosted at the disputed domain name does not *solely* operate as a criticism site. There are other intentions and motivations on the part of the Respondent in relation to its use.

- (i) The first is the evidence in the declaration for the Complainant that, at meetings in 2012, Mr Dixon was “adamant that unless some monetary settlement was reached then the website would be staying up, as it has done so [to] today’s date.” This indicates an intention that the Website function at least in part as leverage in negotiation with the Complainant. This was never commented on or denied by the Respondent.
- (ii) The second is the name of the registrant company, namely Payback Limited, as well as the reference by the Complainant to the Website being a “Payback site”. This indicates an intention that the Website exact revenge.

Both of these indicate that the site is not operated **solely** in criticism of the Complainant.

- 6.42 There is a balance to be drawn between the Respondent's legitimate right to protest and the Complainant's rights in its name. In the present case, the Expert finds that the Domain Name and the Respondent's use of it, is on the wrong side of the balance and is an Unfair Registration. The Respondent is free to continue his criticism under a different domain name that more clearly draws attention to the fact that it is a criticism site.

### C. Domain name hijacking

- 6.43. Given the Expert's finding that the Domain Name is an Unfair Registration, the Respondent's submission that the Complaint is an example of domain name hijacking is not accepted.

## 7. Decision

For all the foregoing reasons, the Expert orders the transfer of the Domain Name "*teakconstructionauckland.co.nz*" to the Complainant.

Place of decision    *AUCKLAND*  
Date                    *27 FEBRUARY 2015*  
Expert Name         *ANDREW BROWN QC*  
Signature            *Andrew Brown*