

## **.nz Dispute Resolution Service**

**DRS Reference: 236**

### **Retail Distribution Limited v Sarah Perkins**

**Key words** – Registered trade mark – similar – unfair registration – likely to confuse, mislead or deceive.

#### **1. Parties**

Complainant:

Mr John Williams

Retail Distribution Limited

C/- Claymore Law

PO Box 1382

Shortland Street

Auckland

New Zealand

Respondent:

Mrs Sarah Perkins

PO BOX 4411 CMC

Christchurch

NZ (NEW ZEALAND)

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

adman.co.nz ("the Domain Name")

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

- 3.1 The Complaint was lodged on 8/10/2007 and InternetNZ, through the Office of the Domain Name Commissioner, notified the Respondent of the validated Complaint on 11/10/2007. The domain/s were locked on 8/10/2007, preventing any changes to the record until the conclusion of these proceedings.
- 3.2 The Respondent filed a Response to the Complaint on 1/11/2007 and InternetNZ so informed the Complainant on 1/11/2007. The Complainant filed a Reply to the Response on 15/11/2007. InternetNZ informed the parties on 3/12/2007 that informal mediation had failed to achieve a resolution to the dispute.
- 3.3 The Complainant paid InternetNZ the appropriate fee on 13/12/2007 for a decision of an Expert, pursuant to Paragraph 9 of the InternetNZ Dispute Resolution Service Policy ("the Policy").

- 3.4 Hon Barry Paterson QC, the undersigned, (“the Expert”) confirmed to InternetNZ on 18/12/2007 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 The Complainant recently purchased the business of GN Network Limited, including that of a subsidiary ASOTV Wholesalers Limited (“ASOTV”). It is assumed that ASOTV is now, in effect, a subsidiary of the Complainant.
- 4.2 ASOTV is the registered proprietor of two trademarks, namely:



- 4.3 Both these trademarks were applied for on 28 November 2003 and were registered on 7 April 2005.
- 4.4 The Respondent and her husband own equally the share capital of Evil Genius Limited (“EGL”). Until recently, EGL was the Christchurch franchisee of the Complainant.
- 4.5 The franchise agreement was terminated on or about 1 October 2007. As part of the termination negotiations, the Complainant requested the Respondent to transfer to it the Domain Name. Although there were negotiations relating to a transfer at a consideration, agreement was not reached on the transfer. The Respondent has declined to transfer the Domain Name to the Complainant.
- 4.6 Although neither party gave the precise details, it is apparent that the Domain Name was registered by an independent third party in 2003. The Respondent acquired it by transfer from that third party in 2005. It is the Complainant’s position that it did not become aware of the transfer until late 2005.

## 5. Parties' contentions

### (a) Complainant

- 5.1 The Complainant's position is that both the trademarks owned by ASOTV are different versions of the "Adman As Seen on TV device". Its position is that "Adman" is a key part of its principal trade name and branding.
- 5.2 In its original Complaint, it alleged that the Respondent registered the Domain Name in her own name in or around 2005 without reference to the Complainant. In its Reply, it accepts that the Respondent acquired the Domain Name in 2005 from a third person.
- 5.3 The Complainant's position is that it did not object to the Respondent acquiring the Domain Name in 2005, as it saw this as an extension of the Respondent's franchise business.
- 5.4 It is the Complainant's position that the Respondent has no legitimate interest or claim to the use of the "Adman" brand and, therefore, to the Domain Name. By refusing to transfer the Domain Name to the Complainant, the Respondent is purporting to have rights in the name which she does not have.
- 5.5 The Complainant alleges that the retention of the Domain Name by the Respondent is causing confusion in the eyes of the public and is misleading. In the Complaint, it alleges that it has received a number of enquiries from the public as to whether it is associated with the domain; many of the enquiries relate to unsatisfactory service that has been received from the Respondent; and that the Complainant is responsible for all "Adman" advertising on television and has the primary Adman listing in the phone book. In its Reply to the Respondent's submission that no evidence of confusion had been adduced, the Complainant exhibited two emails received by it which it suggested illustrate the confusion caused, and said it was willing "if required, to obtain sworn statements from its staff who have fielded other inquiries about the Applicant's connection to the Domain". The Expert notes that it is for the Complainant to submit the necessary evidence and it is not for the Expert to request evidence.
- 5.6 In its Reply, the Complainant referred to particular provisions of the now terminated franchise agreement with EGL under which EGL agreed not to apply for registrations as proprietor of any trademark, "in respect of the Identifying Marks or any part of them,".
- 5.7 The Complainant, in its Reply, acknowledged that it was aware of the Respondent's use of the Domain Name when it noted that it did not object to the use by the Respondent "as it considered that it

was protected by the provisions of the franchise agreement and that the Respondent was required to transfer the domain to the Complainant”.

**(b) Respondent**

- 5.8 The Respondent submitted that the Complainant has offered no evidence to support the bare assertion that “Adman” is a key part of the principal trade name and branding of the Complainant. Further, it contends that the Complainant can not show unfair advantage or any detriment to its rights and, therefore, can not establish an “unfair registration”.
- 5.9 The Respondent acknowledges that she allowed EGL to use the Domain Name for product marketing in 2006. The Domain Name had been registered before the Complainant filed its application for trademark registrations. The Respondent submitted that there was no “Adman” marketing before the time that the Domain Name was registered.
- 5.10 The Respondent also submitted that if the Complainant was concerned about the use of the Domain Name, it should have taken action earlier and that, in fact, it ignored the use of the Domain Name prior to the termination of the franchise agreement. By accepting the position for approximately two years, it can not now assert that the “Adman” Domain Name is inextricably tied to the “Adman...As Seen on TV”.
- 5.11 The Respondent also makes the point that the Complainant blurs the legal line between personal ownership of the Domain Name and the separate franchisee company EGL which has never had ownership rights in the Domain Name.
- 5.12 The Respondent submitted that the Complainant had not provided any evidence of confusion or damage to its reputation and business.
- 5.13 Finally, the Respondent makes the point that the Complainant does not have a trademark for “Adman” and its trademark is somewhat different. This is, in effect, a submission that the trademark which the Complainant has is neither identical nor similar to the Domain Name.

**6. Discussion and findings**

- 6.1 To succeed in this application, the Complainant must satisfy the Expert on the balance of probabilities that the provisions of paragraph 4.1 of the Policy apply. These are:

- (i) *The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and*
- (ii) *The Domain Name, in the hands of the Respondent, is an Unfair Registration.*

6.2 The definition of “Rights” in Paragraph 3 of the Policy reads:

*“Rights includes, but is not limited to, rights enforceable under New Zealand law. However, a Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant’s business.”*

6.3 The Complainant has rights in the two trademarks relied upon by it. The issue, however, is not whether it has rights, but whether the trademarks are “identical or similar to the Domain Name”. In the Expert’s view, there is no similarity between the Domain Name and the trademark “But that’s not all...AS SEEN ON TV”. There is no reference in the trademark to “Adman”. The Complainant can not rely on that trademark.

6.4 The issue is whether the “ADMAN AS SEEN ON TV” registered trademark is identical or similar to the Domain Name. Because of the additional “AS SEEN ON TV”, the mark is not identical. The issue is whether it is similar.

6.5 The Court of Appeal in *STICHTING LODESTAR v. AUSTIN, NICHOLS & CO. INC.* [2007] NZCA 61 recently considered for the purposes of a trademark registration, whether a proposed trademark was similar to a registered mark. It adopted with approval the test set out in *In Re Pianotist Co. Ltd’s Application* (1906) 23 RPC 774 at 777:

*“You must take the two words. You must judge of them both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.”*

6.6 In considering whether the Domain Name is similar to the registered trademark in this case, it is necessary to consider how they look and sound, the services to which they are to be applied and whether consumers are likely to be deceived and/or confused. The Court of Appeal in *STICHTING LODESTAR* took into account these various factors.

6.7 The distinctive and dominant component of the registered trademark is the word “ADMAN” in large capital letters. The

remaining portion of the trademark, together with the picture, are, in my view, subsidiary portions and of less importance. The dominant portion of the trademark is, therefore, identical to the Domain Name when “.co.nz” are ignored, as they are not considered when determining whether or not there is a similarity between a Domain Name and a mark.

- 6.8 In my view, those parts of the trademark, apart from the word “Adman”, do not adequately distinguish the trademark from the Domain Name in circumstances where the Complainant and the Respondent are in a competitive position. A consumer seeing the Domain Name is likely to believe there is an association between the owner of the Domain Name and the registered trademark which appears on television infomercials. There is a possibility that a consumer will be deceived or, at least, confused by that similarity. In my view, the trademark is not so significantly different from the Domain Name to hold that it is not similar to the Domain Name. The similarity is because of the prominence of “ADMARK” in the trademark.
- 6.9 The provisions of Rule 4.1(i) of the Policy, therefore, determine that issue in favour of the Complainant.
- 6.10 “Unfair Registration” is defined in Paragraph 3 of the Policy in the following terms.
- (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 In view of a submission made on behalf of the Respondent, I note that it is not necessary to show that either the registration or the acquisition of the Domain Name was in bad faith. In this case, there is no evidence as to the reason for the original registration and the reason for the acquisition of the Domain Name by the Respondent was to allow EGL, a company in which she was a shareholder, to utilise the Domain Name while it was a franchisee of the Complainant. There was no question of bad faith.
- 6.12 The Respondent submitted, in my view correctly, that the first provision contained in the definition of “Unfair Registration” does not apply. It is, therefore, necessary to consider whether the Domain Name “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”. This requires an assessment of the use of the Domain Name by the Respondent since the franchise

agreement was terminated in late 2007 and the proposed future use of it. There is limited evidence available in the submissions of the parties on this point. An Expert is, however, entitled to draw inferences.

- 6.13 The Complainant acknowledges that it did not object to the Respondent using the Domain Name while EGL, a company in which the Respondent is a shareholder, was the franchisee, as it saw this use as an extension of the Respondent's franchise business. In the Complaint, the allegation is that the Respondent has no legitimate interest or claim to use the "Adman" brand and, therefore, the domain and there is no allegation that the Respondent is, in fact, using the Domain Name. However, it is apparent from correspondence attached to the Complaint, that the Respondent sees value in retaining the Domain Name. She was prepared to negotiate a sale of it to the Complainant but the parties were unable to agree a price. In another letter, it is alleged on behalf of the Respondent that she has built up goodwill and business value relating to the Domain Name and that the Domain Name has gained "tremendous value as the direct result of time, expense, promotion and effort" of the Respondent and her husband. It appears as though the intention in September 2007 was that if the Respondent could not sell the Domain Name to the Complainant, she would offer it to other interested third parties.
- 6.14 The Respondent, in her Response, noted that the claim that the Domain Name was misleading and causing confusion was wholly unsupported by any evidence. Any possible confusion could be avoided by a clearly written disclaimer on the Domain Name home page. The Respondent indicated her willingness to do that very thing to prevent any possibility of future confusion. This does suggest that there may be an intention to use the Domain Name in the future in an enterprise similar to that of the Complainant's. The Respondent also said that she "has the right to use the Domain Name for legitimate purposes, completely unrelated to Applicant's trademarks or business operations and, in fact, Respondent intends to do that". She repeated that she is prepared to put a disclaimer on the domain to eliminate the possibility of confusion. She asserts that the Domain Name "is generic and simply descriptive of the service that the Respondent plans to offer, which is website development, consulting and marketing of businesses and their products on the internet."
- 6.15 The Respondent has closed the website in the interim, pending the outcome of this determination. In her notice of closure, she has indicated that she is vigorously defending the rights to display information and conduct business under the Domain Name.
- 6.16 Rule 5 of the Policy sets out a non-exhaustive list of the factors which may be evidence that a Domain Name is an unfair

registration. Many of the factors on the list have no application. Those that may have application are:

5.1.1(iii) *for the purpose of unfairly disrupting the business of the Complainant; or*

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.*

...

5.1.5 *The Domain Name was registered arising out of a relationship between the Complainant and the Respondent and the circumstances indicate that it was intended by both the Complainant and the Respondent that the Complainant should be entered in the Register as the registrant of the Domain Name.”*

6.17 The provisions of Rule 5.1.5 do not apply. However, the list is non-exhaustive. The Respondent acquired the Domain Name for the purposes of developing a franchise business which a related company operated under a franchise agreement with the Complainant. By analogy, in the Expert's view, it is unfair for a Domain Name to be acquired in such circumstances but to be used in possible competition to the franchisor's business after the franchise agreement has been terminated. While there is no evidence that the acquisition was for the purpose of unfairly disrupting the Complainant's business, and the Expert accepts that this was not the purpose of the original acquisition, the retention of the Domain Name in such circumstances could unfairly disrupt the business of the Complainant. In the circumstances, it is the Expert's view that, on the limited evidence available and, in particular on the basis of the notice which the Respondent has placed on the website and the emails provided by the Complainant, an inference can be drawn that the Domain Name is likely to be used in a way which will confuse, mislead or deceive people or businesses into believing that the Domain Name is registered to or operated or authorised by, or otherwise connected with the Complainant. The Respondent has allowed, and intends to allow, the use of the Domain Name in a business similar to that of the Complainant's business. There is an unfair registration.

6.18 The fact that the Domain Name has never been in the name of the original franchisee and that the Respondent has had no legal relationship with the Complainant, does not assist the Respondent. The Domain Name was acquired for the use of EGL as part of its franchise agreement. It was made available by the Respondent to



EGL for that purpose. The Respondent is prepared to make the Domain Name available to either EGL or some other company with which she is associated or to an independent party for “consulting and marketing of businesses and their products on the internet”. The fact that she has had no legal relationship with the Complainant is, in my view, immaterial.

6.19 The Respondent may have expended money on acquiring and developing the Domain Name, and it may be reasonable that she be reimbursed for this. However, the Policy does not provide for a reimbursing order to be made.

## **7. Decision**

7.1 As the provisions of Paragraph 4 of the Policy have been determined in favour of the Complainant, it is ordered that the Domain Name be transferred to the Complainant.

<b>Place of decision:</b>	<b>Auckland</b>
<b>Date</b>	<b>15<sup>th</sup> January 2008</b>
<b>Expert Name</b>	<b>Hon Barry Paterson QC</b>
<b>Signature</b>	