

.nz Dispute Resolution Service

DRS Reference: 260

Magic Pulse Limited (trading as Kitomba) v Gregg Nelson

Key words – unregistered mark – unfair registration – offer to sell, rent or otherwise transfer – unfairly disrupting the business of the complainant – respondent having no connection with name or trade mark

1. Parties

Complainant:

Magic Pulse Limited (trading as Kitomba)
Suite 118
32 Salamanca Street
Kelburn
Wellington
New Zealand

Respondent:

Mr Gregg Nelson
7 Ardrossan place
Highland park
AU (AUSTRALIA)

2. Domain Name/s

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

3. Procedural history

The Complaint was lodged on 15/02/2008 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 15/02/2008. The domain/s were locked on 15/02/2008, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 15/02/2008 and the DNC so informed the Complainant on 15/02/2008. The Complainant did not file a Reply. The DNC informed the parties on 31/03/2008 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 10/04/2008 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Mr Warwick Smith, the undersigned, ("the Expert") confirmed to the DNC on 15/04/2008 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

The Complaint is a very brief document. It says that the Complainant, Magic Pulse Limited, which trades as “Kitomba”, was established in April 2002. A Google search on “kitomba” is said to show that the Complainant is the only company in the world trading under the name “Kitomba”.

The Complainant referred the Expert to the Complainant’s website at www.kitomba.com (“the Complainant’s website”). The expert has visited the Complainant’s website, and the following further information about the Complainant is taken from the Complainant’s website.

The Complainant’s main business appears to be the supply of “Kitomba” software for use by hair salons, spas, and similar businesses, and the provision of ongoing support for that software. The “Company” page on the Complainant’s website confirms that the Complainant started business in 2002, and that the name of the company behind “Kitomba” is Magic Pulse Limited.

The home page at the Complainant’s website features prominently a stylised version of the word “Kitomba”. There are links to pages headed “Kitomba”, “Resources”, “Company”, “Contact”, and “Buy Now”. Below those links, the following appears in large type:

“Kitomba, so much more than software

Kitomba is a complete package of all the things you need, software, support, workshops, offsite secure data backup.”

There are links to various other sub-pages, and reference to products such as the “Kitomba Series 4” (described as “the latest spa and salon software upgrade from the good folk at Kitomba™”). Other references to “Kitomba”, include references to “regular Kitomba workshops”, and “Kitomba’s flexible staff payment package”.

An “Awards” section of the Complainant’s website notes that in 2007, the Complainant was one of New Zealand’s fastest growing companies by revenue growth, and that the Complainant itself sponsored an award for the “top performing salon”. The Complainant was also judged to be the 176th fastest-growing technology business in the Asia Pacific region.

The Domain Name was registered on 15 May 2007. The Complainant produced with the Complaint a copy of a page from the website. The page contained prominently the words:

“Kitomba.co.nz

\$10,000 NZD

(**No** money, **No** email please)

ozivi@ozivi.com

Other domains for sale”

Immediately beneath the words “Other domains for sale”, there were listed links to various domain names, nearly all of which were “.co.nz” domain names. At the top of the page produced by the Complainant, there was the note:

“Kitomba.Co.Nz is parked for FREE with FreeParking”..

In his response dated 15 February 2008, the Respondent says that the Domain Name is an acronym domain name, and not an English word that the Respondent is aware of.

The Respondent also refers in the Response to the Complainant “having registered its trade mark”, and that the combination of letters “kitomba” is a registered trade mark for:

“Communications services, including but not limited to, messaging, calendar and appointments services capable of delivering automated and manual messages of various formats, including but not limited to text message, email, post, fax, phone calls and the like”.

The Respondent asserts that he is not in that business or trade, and that the Domain Name is not assisting anyone in that trade. The Respondent says that the Domain Name does not and has never pointed to the website of a similar business to that of the Complainant.

The Respondent says that he has never offered the Domain Name to the Complainant for sale. The Response noted that the Respondent was close to selling the Domain Name to a third party, but would put his negotiations on hold until an outcome was reached in this proceeding.

In accordance with usual practice, the Expert himself visited the website at the Domain Name, on 29 April 2008. The home page prominently featured the statement:

“Kitomba.co.nz ... purchased this domain name, and I am using it for my interest’s in

Kitomba, Zaire ...

(Latitude 7° 12’ OS, longitude 28° 40’ 60E).

This website will be used as a device for New Zealander's to learn more about Kitomba, Zaire and to book travel etc."

At the bottom of the home page, there was an abusive statement directed at the Domain Name Commissioner "and the complainers they foster. Stupid bunch of rsoles ...".

In the middle of the home page, there was a click-on link: "Into social networking?" Clicking on this "social networking" link, took the Internet browser to the website at www.ozivi.com. The website at www.ozivi.com operates as a social networking site "down under". It contains various news items which would be of interest to New Zealanders and Australians, and there is a chat room and provision for members of "Oziwi" to "find and invite friends, upload and share vids and pics, create or join an interest or community group, etc". The website is summarised as being:

"The home of Australian's and New Zealander's, or those interested in the same, and is a good place to learn about, and network with each other, invoke some traditional rivalry, or enjoy mateship Down Under as only we can.

Owned and operated by Ozi's and Kiwi's, Oziwi, launched in March 2008, is a social media network where friends from the edge of the world share their lives and xplore popular culture."

5. Parties' contentions

a. Complainant

The Complainant contends:

1. That the Domain Name is identical or similar to a name or mark in which it has rights.
2. The Domain Name is an unfair registration in the hands of the Respondent.
3. The Domain Name has been purchased with the sole intention of trying to sell it to the Complainant for a large profit. The Respondent's website also contains links to other sites that the Respondent is trying to sell in a similar fashion.

b. Respondent

The Respondent contends:

1. There was a period of 5 years from the time the Complainant registered its trade mark till the Respondent registered the Domain

Name. The Complainant's "delayed reaction type behaviour" is unfair, and amounts to reverse domain hijacking.

2. The Respondent does not operate in the same business or trade as the Complainant, and does not assist anyone else in that trade. There are lots of examples of businesses sharing the same name in different fields of expertise.
3. The Respondent registered the Domain Name on a first-in first-served basis, in good faith. That is the founding principle of the registry. If the Complainant wanted the Domain Name, the Complainant should have registered it at the time of registering kitomba.com or registering a trade mark of the same name.
4. The Domain Name does not and has never pointed to a website featuring a similar business to that of the Complainant.
5. The Domain Name has never been offered to the Complainant for sale. The Respondent is the only person who knows what intentions he had for the Domain Name at the time of registration.
6. The Respondent has not broken the law in any way, and regards the allegations in the Complaint as slanderous.

6. Discussion and findings

Relevant Provisions of the Policy

The Policy applies to Respondents when a Complainant asserts that:

- “(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.” (Policy, paragraph 4.1)*

The Complainant is required to prove on the balance of probabilities that both elements are present (Policy, paragraph 4.2).

The expressions "Rights" and "Unfair Registration", are both defined in paragraph 3 of the Policy. The expression "Rights" includes, but is not limited to, rights enforceable under New Zealand law.

The expression "Unfair Registration" means 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."

At paragraph 5.1, the Policy contains a non-exhaustive list of factors which may be evidence that a domain name is an "Unfair Registration". The list includes the following:

"5.1.1 Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name primarily:

- (i) for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant, for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly associated with acquiring or using the Domain Name;*
- (ii) as a blocking registration against a name or mark in which the Complainant has Rights; or*
- (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."

Paragraph 6.1 of the Policy sets out a list of factors which may be evidence that the Domain Name is *not* an Unfair Registration. This list, which is again non-exhaustive, contains the following:

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

- (i) used or made demonstrable preparations to use the Domain Name or a Domain Name which is similar to the Domain Name in connection with a genuine offering of goods or services;*
- (ii) been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name;*
- (iii) made legitimate non-commercial or fair use of the Domain Name.*

Application of the Policy in this Case

(1) *Does the Complainant have enforceable rights in a name or mark which is identical or similar to the Domain Name?*

The Expert is satisfied that the Complaint *does* have such rights

The uncontested evidence is that the Complainant has been trading under the name or mark “Kitomba”, since 2002. The numerous references on the Complainant’s website to “Kitomba” products or services, and the use of the “™” symbol with that expression, sufficiently confirm that the Complainant has been using “Kitomba” as a trade mark. (Indeed it appears from the Response that the Complainant owns a *registered* KITOMBA trade mark – the Response refers to a period of 5 years “from the time the Complainant registered its trade mark”, and goes on to say that “Kitomba” is a registered trade mark for various (stated) communication services.)

The Respondent’s references (complete with a detailed specification) to a registered KITOMBA mark, and references on the Complainant’s website to “Kitomba™”, are in combination sufficient to establish, on the balance of probabilities, that the Complainant holds a registered KITOMBA trade mark. That mark is of course identical to the Domain Name – the “.co.nz” is generic and is not to be taken into account in the comparison (see in that regard the decision of this Expert in the New Zealand DRS Case No. 108, *B.O.P. Memorials v Jones*).

Even if there were not sufficient evidence of a registered KITOMBA trade mark, the Expert would have been satisfied that the Complainant had established unregistered, or common law, Rights in that expression. The Complainant says, in effect, that to a significant number of people the name “Kitomba” has, by virtue of its continuing use over the last 5 years, become distinctive of the Complainant’s products and services, such that the Complainant would be entitled to sue anyone who used the name for a similar product or service without the Complainant’s consent, under the law of passing off.

A right to sue for passing off is a “right enforceable under NZ law” within the meaning of the definition of “Rights” in the Policy. That such a right can qualify as a “Right” under the Policy is well established by a number of cases decided by English experts on the (identical) provisions of the Nominet UK Dispute Resolution Service Policy used in the resolution of disputes over domain names registered in the .uk space (see for example the decision of the three-member appeal panel in the United Kingdom in *Rugged Com Inc. v LANstore Inc*; Nominet Case No. DRS 02802)).

In this case, there is uncontested evidence of approximately 5 years’ trade use of the expression “Kitomba” by the Complainant, and evidence of the Complainant receiving industry recognition (by way of a Deloitte Award) in 2007. Having regard to the relatively low threshold of proof under this part of the Policy (as to which, see the decision of the appeal panel in the English

decision *Seiko UK Limited v Designer Time/Wanderweb*, Nominet Case No. DRS 00248, followed by this Expert in the *BOP Memorials v Jones* case), the Expert is satisfied that, quite apart from any KITOMBA trade mark registration, the Complainant would probably have had a good passing off claim against anyone who engaged in the unauthorised trade use of the expression “Kitomba” in New Zealand and in so doing damaged the Complainant’s goodwill in its business conducted under that name. That is a “right enforceable under New Zealand law”, and thus qualifies as a “Right” as defined in the Policy.

The Complainant succeeds on this part of its Complaint.

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

The Complainant contends that the Respondent acquired the Domain Name with the intention of trying to sell it to the Complainant at a large profit. It relies on the advertisement on the website at the Domain Name, in which the Domain Name was offered for sale for NZ\$10,000.

One of the circumstances set out in the Policy which may be evidence that a disputed domain name is an Unfair Registration, is the circumstance where the respondent has registered or otherwise acquired the disputed domain name primarily for the purpose of selling, renting, or otherwise transferring it to the complainant (or to a competitor of the complainant), for valuable consideration in excess of the respondent’s documented out-of-pocket costs directly associated with acquiring or using the disputed domain name (Policy, paragraph 5.1.1(a)).

Having considered all of the evidence, and the Respondent’s submissions made in his Response, the Expert is satisfied that the Respondent probably *did* register or acquire the Domain Name for the purpose described in paragraph 5.1.1 of the Policy, and that the Domain Name *is* an Unfair Registration in the hands of the Respondent. The Expert has come to that view for the following reasons:

- (i) Although the Respondent appears to be resident on the Gold Coast of Australia, the website at www.ozivi.com makes it abundantly clear that the Respondent has substantial connections with New Zealand. First, the Domain Name itself is of course a domain name in the .nz space. Secondly, the Respondent was advertising the Domain Name for sale at a price which was expressed in New Zealand dollars. Thirdly, in the same advertisement a number of other “.co.nz” domain names were also being offered for sale. To remove any doubt, the Respondent’s New Zealand background is made clear on the www.ozivi.com website to which the Domain Name is linked. That website also makes it clear that the Respondent is experienced in matters relating to the Internet.
- (ii) “Kitomba” is an unusual word, with no apparent meaning in the English language. The Respondent acknowledged as much in his Response.

It is not the kind of word a domain name registrant would normally think of as a suitable address for a website, unless he or she was already familiar with the word. In the Response, the Respondent claimed that the Domain Name “is an acronym domain name and not an English word that I know of”. But he declined to say what “kitomba” was an acronym *for*. When the Expert visited the website at the Domain Name on 29 April 2008, there was no mention of “kitomba” being an acronym for anything – the word was used as a reference to a place called Kitomba in Zaire. But the Expert did not note any apparent connection between the content of the website at www.ozivi.com and any place called Kitomba in Zaire, and the abusive references to the Domain Name Commissioner (and to complainants generally) make it fairly obvious that the reference to a place in Zaire called “Kitomba” was added to the website in an attempt to provide a justification for the Respondent’s choice of a particularly unusual word as a domain name (which also happened to be the Complainant’s trade mark).

- (iii) The Respondent stated in his Response: “No one but I know the intention for the domain at the time of registration”. That statement is obviously unhelpful, and when the Expert puts it together with the Respondent’s conflicting explanations for his choice of the Domain Name (according to the Response, an acronym for something; according to the website at the Domain Name, a place in Zaire), it reinforces the inference that the Respondent was aware of the Complainant and its “Kitomba” mark when he registered the Domain Name in May of 2007.
- (iv) If the Respondent was aware of the Complainant and its “Kitomba” mark when he registered the Domain Name, he could not have failed to appreciate the likelihood that many users of the Internet looking for the Complainant’s website, would likely key in the Domain Name. If the Respondent appreciated that likelihood (as he must have done, given the unusual nature of the name “Kitomba”), it follows that the Respondent must have *intended* to attract to the website at the Domain Name Internet users looking for the Complainant’s site. That is in fact the very kind of conduct which is described at paragraph 5.1.2 of the Policy, as being evidence pointing to a conclusion of Unfair Registration (use of a disputed domain name in a way which is likely to confuse, mislead, or deceive people or businesses into believing that the disputed domain name is registered to, operated or authorised by, or otherwise connected with, the complainant).
- (v) The Respondent says that he is not in the same business or trade as the Complainant, and is not assisting anyone in that trade. That may be so, but it does not provide any answer to the Complaint. This is not a case which is concerned with alleged trade mark infringement. It is a case which is concerned with whether, at the time the Respondent registered or acquired the Domain Name, the acquisition or registration took unfair advantage of (or was unfairly detrimental to) the Complainant’s Rights. Alternatively, the Complaint will succeed if the

Complainant establishes that the Domain Name has been, or is likely to be, *used* in a manner which takes unfair advantage of or was unfairly detrimental to the Complainant's Rights (see the definition of "Unfair Registration" in paragraph 3 of the Policy). To establish that a domain name registration is an Unfair Registration under the Policy, there is no need for a complainant to show that the respondent is in the same line of business as the respondent. A brief look at the examples of Unfair Registration circumstances listed at paragraph 5 of the Policy, immediately confirms that there is no such requirement.

- (vi) The Respondent submits that he registered the Domain Name "on a first-in first-served basis", and that that "is the founding principle of the registry". But the Respondent omits to say that, when he registered the Domain Name, he also committed to the following:
 - (a) to satisfy himself that the use of the Domain Name would not infringe anybody's intellectual property rights (Registrant Agreement Core Terms and Conditions); and
 - (b) To accept the provisions of the Policy.

The "first in first served" principle only operates subject to those registrant commitments.

- (vii) The Respondent also submits that, if the Complainant wanted the Domain Name, the Complainant should have registered the Domain Name when it registered its KITOMBA trade mark, or its kitomba.com domain name. Again, that submission is misconceived. The Policy is solely concerned with whether a complainant has Rights as defined in the Policy, and if so, whether the registration in the hands of the respondent is an Unfair Registration (again as defined in the Policy). There may conceivably be cases where a trade mark owner acts in such a way as to effectively consent to, or acquiesce in, the registration of an identical domain name by a third party, but there is no evidence of anything remotely close to that situation in this case.
- (viii) The Respondent submits that the Domain Name does not and has never pointed to a website featuring a similar business to that of the Complainant. Again, that may be so, but it would not provide an answer to the Complaint if the Respondent registered the Domain Name primarily for the purpose of selling it to the Complainant at a profit (or for one of the other purposes or uses described at paragraphs 5.1.1 and 5.1.2 of the Policy).
- (ix) The Respondent submits that he has never offered the Domain Name to the Complainant for sale. But the Respondent has registered or acquired a domain name (the Domain Name) which has no apparent connection with any business or other online activity he undertakes. Within a few months of the acquisition, he has advertised that Domain Name for sale at a price of NZ\$10,000. The Respondent was aware of

the Complainant and its KITOMBA trade mark, and he must have known and expected that New Zealand Internet users looking for the Complainant's website would likely key in the Domain Name and be taken to the website operated by the Respondent. He must have known and understood that *the Complainant* would eventually become aware of the registration of the Domain Name, and of the Respondent's offer to sell it for NZ\$10,000. On the evidence produced in this proceeding, the *only* likely buyer would have been the Complainant.

In the early days of the Internet, it was not uncommon for cybersquatters to make the first selling approach to the owners of the trade marks which were reflected in the disputed domain names. In more recent years, many cybersquatters sit back and wait for the trade mark owners to approach them. The question of who approached whom first, is not determinative; the critical matter is what the respondent *intended* when the disputed domain name was registered. Having regard to all of the circumstances, the inference in this case is overwhelming that the Respondent's intention in registering or acquiring the Domain Name was to sell it to the Complainant at a profit. (In the absence of any evidence to the contrary, the Expert is satisfied that the price of NZ\$10,000 would have been well in excess of any out-of-pocket costs the Respondent might reasonably have incurred in acquiring or using the Domain Name.) Evidence of an Unfair Registration under paragraph 5.1.1(a) of the Policy has therefore been established.

- (x) For the same reasons as are discussed above, the Expert would also hold that the Respondent registered the Domain Name for the immediate, or interim, purpose, of unfairly disrupting the business of the Complainant (until such time as the Complainant agreed to buy the Domain Name from him). The Respondent must have known that by using the Complainant's trade mark in the Domain Name, he would be diverting Internet users looking for the Complainant, to his own website. In the Expert's view, that constituted an unfair disruption to the Complainant's business.
- (xi) None of the factors listed in paragraph 6 of the Policy (which lists factors which might suggest that a disputed Domain Name is *not* an Unfair Registration) appear to be present in this case. There is nothing to suggest that the Respondent has been commonly known by the Domain Name, or legitimately connected with any mark which is identical or similar to the Domain Name. For the reasons set out above, the Expert regards the minimal use the Respondent has so far made of the Domain Name, as being neither legitimate, fair, nor *genuine*. The Respondent has not shown that the Domain Name is generic or descriptive in any way.

Decision

For the foregoing reasons, the Expert orders that the Domain Name <kitomba.co.nz> be transferred to the Complainant.

Place of decision Auckland, New Zealand

Date May 1, 2008

Expert Name Mr Warwick Smith

Signature