

.nz Dispute Resolution Service

DRS Reference: 417

Macnaught Pty Limited v Neville Stuart

Key words

Domain name – macnaught.co.nz

Identical or similar trade mark or name – registered marks – registered names – business name – not wholly descriptive of Complainant's business and, in any event, secondary meaning established

Rights – no legitimate or fair use to date

Unfair registration – prior relationship between the parties – offer to sell or otherwise transfer – unfairly disrupting Complainant's business – likely to confuse, mislead or deceive – unfair advantage of or unfairly detrimental to Complainant's Rights – blocking registration

Procedure – remedies – transfer

1. Parties

Complainant:

Macnaught Pty Limited
41-47 Henderson Street
Turrella
New South Wales 2205
Australia

Respondent:

Neville Stuart
PO Box 13204
Tauranga
New Zealand

2. Domain Name/s

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

3. Procedural history

3.1 The Complaint was lodged on 27 July 2009. The Domain Name Commission (DNC)¹ notified the Respondent of the validated Complaint by letter dated 27

¹ Domain Name Commission Limited is a company wholly-owned by InternetNZ (the Internet Society of New Zealand Inc) responsible for the day-to-day oversight of the .nz domain name registration and management system.

July 2009. The domain was locked on 27 July 2009, preventing any changes to the record until the conclusion of this case.

- 3.2 The letter from the DNC to the Respondent dated 27 July 2009 attached a copy of the Complaint and a copy of the InternetNZ Dispute Resolution Policy (“the Policy”)² and Procedure. The letter advised the Respondent as follows:

In accordance with the Procedure, you have 15 working days, ie until Monday, 17 August 2009 to respond to the complaint. In order to be valid, your response must comply with the Procedure, and must be received by the DNC in both hard copy and electronic form.

If you respond within the deadline, the Complainant will be given an opportunity to submit a written reply, and the matter will then be referred for mediation. The Domain Name Commission makes no charge for this service. If mediation is not successful, the matter may be referred to an independent Expert for a decision.

Please note that no decision has been made at this stage.

Do not ignore this letter. If you do not submit a response by the deadline, this matter may be referred to an independent Expert for a decision without further reference to you, which may result in the transfer, suspension or cancellation of the domain name.

- 3.3 While the Respondent communicated with the Registrar (Domainz Limited), the Complainant’s representative and lawyers (Nigel King of Kensington Swan at Auckland) and the DNC on 27 and 28 July 2009, he did not submit a Response to the Complaint. By letter dated 18 August 2009, the DNC advised the Respondent that the Complaint would be referred to an independent Expert for a decision if the Complainant paid the appropriate fees by 3 September 2009. The Complainant paid the appropriate fees on 3 September 2009.
- 3.4 Mr Terence Stapleton, the undersigned, confirmed to the DNC 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. On 4 September 2009, Mr Stapleton was appointed to act as the independent Expert in this case (“the Expert”) pursuant to paragraph 9 of the Policy.

4. Factual background

- 4.1 The Complainant is an Australian proprietary company (ACN 000 075 785) which was registered on 13 October 1948.
- 4.2 The Complainant is a leading designer and manufacturer of a wide range of equipment for the lubrication and fluid transfer industries. The Complainant exports its products under the trade mark MACNAUGHT to over sixty

² Words beginning with uppercase letters in this decision indicate terms defined in paragraph 3 of the Policy.

countries worldwide. Those products include grease guns, oil pumps, fuel pumps, hose reels and flow meters.

- 4.3 The Complainant has been selling and promoting its MACNAUGHT products in New Zealand since the 1960s. The reputation of the Complainant, its MACNAUGHT trade marks and products, and its associated goodwill in New Zealand, are described in an affidavit of Peter Colin Macnaught, the Complainant's Chief Executive Officer, sworn on 23 July 2009. In his affidavit, Mr Macnaught deposes that *"As a consequence of the long sales history of MACNAUGHT products in New Zealand and the fact that MACNAUGHT products are used by customers in New Zealand, I believe the trade mark MACNAUGHT is well known and is synonymous with the Complainant in New Zealand or at least indicates an association with the Complainant"*.
- 4.4 The Complainant owns several trade mark registrations in New Zealand for the word MACNAUGHT, namely trade mark numbers 146381, 146382, 759832 and 791616. The Complainant also owns a trade mark registration in New Zealand for the device M MACNAUGHT POWERLUBE, namely trade mark number 123399. Details of the Complainant's trade marks are as follows:
- (a) trade mark number 146381 is registered in class 7 and applies to lubrication equipment in this class including air operated lubrication equipment and all purpose pumps and fittings in this class for all the aforesaid goods. The trade mark was filed on 21 March 1983 and is renewed until 21 March 2014;
 - (b) trade mark number 146382 is registered in class 8 and applies to manually operated lubrication equipment and parts thereof and fittings therefor in this class. The trade mark was filed on 21 March 1983 and is renewed until 21 March 2014;
 - (c) trade mark number 759832 is registered in class 4 and applies to greases, lubricants and oils. The trade mark was filed on 29 November 2006 and is renewed until 29 November 2016;
 - (d) trade mark number 791616 is registered in class 9 and applies to meters, flow meters, batch controllers and electronic monitoring instruments and parts thereof and fittings thereof included in this class. The trade mark was filed on 23 June 2008 and is renewed until 23 June 2018;
 - (e) trade mark number 123399 is registered in class 7 and applies to lubrication equipment in this class. The trade mark was filed on 27 August 1979 and is renewed until 27 August 2014.
- 4.5 The Complainant owns the macnaught.com.au and macnaught.com domain names. The Complainant included printouts of the home pages of the websites for those domain names as at 24 July 2009 in the documentary evidence which accompanied the Complaint. The home pages state *"Welcome to Macnaught – we are a leading Australian designer and*

manufacturer of premium quality grease guns, oil pumps, fuel pumps, hose reels and flow meters, exporting to over sixty countries worldwide". The home pages describe various lubrication products, flow meters and hose reels. The home pages state "*Macnaught Celebrates **Diamond Anniversary***" (60 years) and "*Macnaught inks deal with Dick Johnson Racing*".

- 4.6 The Respondent is the New Zealand representative for ENERPAC. His email address is Neville@enerpac.co.nz. ENERPAC's website is at www.enerpac.co.nz. Previously, the Respondent was the Complainant's sales agent for its MACNAUGHT products in New Zealand from approximately April 2004 until approximately July 2007 when the agency agreement was terminated.
- 4.7 On 15 May 2009, the Complainant became aware that the Respondent was using the trade mark MACNAUGHT without its knowledge or authorisation in relation to the email address macnaught@xtra.co.nz. On 19 May 2009, the Complainant asked the Respondent to cancel the macnaught@xtra.co.nz email address because it contained its trade mark MACNAUGHT and because the Complainant assumed that the email address had been cancelled after the agency agreement was terminated.
- 4.8 On 19 May 2009, the Respondent registered the Domain Name and advised the Complainant that both the macnaught@xtra.co.nz email address and the Domain Name were his personal property. The Respondent declined to comply with the Complainant's request to cancel the macnaught@xtra.co.nz email address. The Whois search details for the registration of the Domain Name on 19 May 2009 record the Respondent as the Registrant and Admin contact names and the Respondent's ENERPAC email address (neville@enerpac.co.nz) as the Registrant and Admin contact email addresses.
- 4.9 On 19 May 2009, as the Respondent then disclosed a further email address of neville@macnaught.co.nz, the Complainant asked him that day "*again to immediately close down the two email addresses and the domain name that use the Macnaught trade mark*". The Respondent declined to do so, advising the Complainant that he "*would welcome a offer for the domains should you consider them of use to you*".
- 4.10 Emails between the Complainant and the Respondent on 20 and 28 May 2009 did not resolve matters relating to the email addresses and the Domain Name. Between 19 May 2009 and 10 June 2009, the Domain Name re-directed to the ENERPAC website. The Complainant included a printout of the home page of the ENERPAC website as at 3 June 2009 in the documentary evidence which accompanied the Complaint. The Expert viewed the ENERPAC website on 14 September 2009. The home page on that date was in the same form as at 3 June 2009.
- 4.11 On 10 June 2009, Kensington Swan (as the Complainant's lawyers) wrote to the Respondent on a without prejudice basis about the Respondent's alleged misuse of the MACNAUGHT trade marks and endeavouring to resolve matters relating to the Domain Name and the email addresses (as the letter was

written on a without prejudice basis, I do not propose to quote from it). On the evening of 10 June 2009, the Respondent advised Kensington Swan that the re-direct to the ENERPAC website (which resulted from an automatic re-direct of all the Respondent's domain names) had been removed. Communications between Kensington Swan and the Respondent from 10 June to 2 July 2009 did not resolve matters.

- 4.12 On 11 June 2009, the Respondent asked Mr King of Kensington Swan to *"Please advise your client, the domain name is for sale for NZ\$7,500, with this I shall throw in the macnaught@xtra.co.nz e-mail address. They have first option, please advise if they wish to purchase within 5 days or I shall put the domain name on the market for sale, better things to do than spend time worrying about Macnaught."*
- 4.13 On 2 July 2009, the Respondent advised Ms Wheeldon of Kensington Swan that he had cancelled the macnaught@xtra.co.nz email address and that he had *"placed [the] domain name for sale and it will remain for sale until sold."* Subsequently, the website for the Domain Name carried the message **For Sale** *this domain name is for sale, contact owner on nevilles@xtra.co.nz".*
- 4.14 By 23 July 2009, the website for the Domain Name carried an advertisement for Domainz Limited, stating that *"You have reached the future website of: macnaught.co.nz".* The Complainant included a printout of the advertisement as at 23 July 2009 in the documentary evidence which accompanied the Complaint. The Complainant invited the Expert to view the website for the Domain Name. The Expert did so on 14 September 2009. The advertisement for Domainz Limited on the website for the Domain Name on that date was in the same form as at 23 July 2009.

5. The Complainant's contentions

5.1 The Complainant contends:

- (a) the Complainant has enforceable Rights in the Macnaught name, arising from the Complainant's MACNAUGHT trade marks, the Complainant's macnaught domain names, and the length of time that the Complainant has been trading under the Macnaught name, such that the Macnaught name is readily identifiable with the Complainant's business;
- (b) the Domain Name is identical or similar to the Macnaught name that is readily identifiable with the Complainant's business because the Domain Name contains the Complainant's MACNAUGHT trade marks and is effectively identical to the Complainant's macnaught domain names in that the Domain Name appears to be the New Zealand equivalent to those domain names;
- (c) the registration of the Domain Name is an Unfair Registration in terms of paragraphs 5.1.1(a), 5.1.1(c) and 5.1.2 of the Policy.

6. The Respondent's contentions

- 6.1 As noted, the Respondent has not filed a Response to the Complaint in which he answers the Complainant's contentions that the registration is an Unfair Registration and contends that the registration is not an Unfair Registration.

7. Relevant provisions of Policy and elements of Complaint

- 7.1 The dispute is governed by the Policy. Relevant provisions of the Policy in this case are as follows:

3. Definitions

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;

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;

Part A – Policy

4. Dispute Resolution Service

- 4.1 This Policy and Procedure applies to Respondents when a Complainant asserts to the DNC according to the Procedure that:

4.1.1 The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and

4.1.2 The Domain Name, in the hands of the Respondent, is an Unfair Registration.

- 4.2 The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities.

...

5. Evidence of Unfair Registration

- 5.1 A non-exhaustive list of factors which may be evidence that the Domain Name is an Unfair Registration is set out in paragraphs 5.1.1 – 5.1.5:

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

- (a) 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;
- (b) as a blocking registration against a name or mark in which the Complainant has Rights; or

- (c) 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;

...

6. How the Respondent may demonstrate in its Response that the Domain Name is not an Unfair Registration

6.1 A non-exhaustive list of factors which may be evidence that the Domain Name is not an Unfair Registration is set out in paragraphs 6.1.1 – 6.1.4:

...

7.2 For an Expert to uphold a Complaint, the Expert must be satisfied that the Complainant has proved the following elements on the balance of probabilities:

- (a) Rights in respect of a name or mark (para 4.1.1);
- (b) identity or similarity between that name or mark and the Domain Name (para 4.1.1);
- (c) Unfair Registration in the hands of the Respondent (para 4.1.2).

8. Rights in respect of a name or mark

8.1 It is well-established that:

- (a) the requirement for a Complainant to prove Rights in respect of a name or mark is not a particularly high threshold test;
- (b) it is not necessary for a Complainant to prove that it holds a registered trade mark or service mark; rather, it is sufficient for a Complainant to prove that its Rights in respect of the name or mark are capable of protection, such as under s 22 of the Companies Act 1993 or by proceedings for passing off or for misleading or deceptive conduct under the Fair Trading Act 1986;
- (c) while a Complainant is unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business, an otherwise descriptive name or term is not wholly descriptive of the Complainant's business if the Complainant proves that the name or term has acquired a secondary meaning designating the Complainant's business and distinguishing the Complainant's business from other businesses of the same general kind. The Complainant must prove that the name or term is distinctive of the Complainant's business.

- 8.2 In view of the facts set out in part 4 of this decision, the Expert is satisfied on the balance of probabilities that the Complainant has Rights in respect of a relevant name or mark, namely:
- (a) the MACNAUGHT trade marks set out in paragraph 4.4 of this decision;
 - (b) the macnaught domain names set out in paragraph 4.5 of this decision;
 - (c) statutory rights in relation to the Macnaught name such as under s 22 of the Companies Act 1993 or for misleading or deceptive conduct under the Fair Trading Act 1986;
 - (d) common law rights in relation to the Macnaught name capable of protection by proceedings for passing off.
- 8.3 The Expert is satisfied on the balance of probabilities that the Complainant's Rights set out in paragraph 8.2 of this decision were well-established and had existed for many years before the registration of the Domain Name on 19 May 2009.
- 8.4 In view of the facts set out in part 4 of this decision, the Expert is satisfied on the balance of probabilities that:
- (a) the Macnaught name is not a name or term which is wholly descriptive of the Complainant's business;
 - (b) in any event, the Macnaught name has acquired a secondary meaning designating the Complainant's business and distinguishing the Complainant's business from other businesses of the same general kind. The Macnaught name is distinctive of the Complainant's business.

9. Identity or similarity between the relevant name or mark and the Domain Name

- 9.1 It is well-established that Rights in a name cover all conceivable forms³ in which the name might be used.
- 9.2 The Expert is satisfied on the balance of probabilities that the facts set out in part 4 of this decision demonstrate that the Macnaught name in all its conceivable forms is identical or similar to the Domain Name.

10. Unfair Registration

- 10.1 The Expert is satisfied on the balance of probabilities that, in all the circumstances, the Domain Name is an Unfair Registration because the facts set out in part 4 of this decision demonstrate that:
- (a) the Respondent registered the Domain Name primarily for the purposes of selling or otherwise transferring the Domain Name to the Complainant

³ Including upper and lower cases and singular and plural.

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 (para 5.1.1(a)); and/or

- (b) the Respondent registered the Domain Name primarily for the purpose of unfairly disrupting the business of the Complainant (para 5.1.1(c)); and/or
- (c) the Respondent has used, and is likely to use, 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 (para 5.1.2).

10.2 The Expert notes that if the Complainant had so contended, then the Expert would have been satisfied on the balance of probabilities that, in all the circumstances, the Domain Name is an Unfair Registration because the facts set out in part 4 of this decision demonstrate that:

- (a) the registration of the Domain Name on 19 May 2009 took unfair advantage of or was unfairly detrimental to the Complainant's Rights in the Macnaught name in all its conceivable forms which were well-established and had existed for many years at the date of registration;
- (b) the Respondent registered the Domain Name primarily as a blocking registration against a name or mark in which the Complainant had Rights, namely the Macnaught name in all its conceivable forms which were well-established and had existed for many years at the date of registration.

11. Decision

11.1 In view of the findings made in this decision, and as requested by the Complainant in the Complaint, the Expert directs that the Domain Name macnaught.co.nz be transferred to the Complainant.

Place of decision Wellington

Date 15 September 2009

Expert Name Mr Terence Stapleton

Signature

A handwritten signature in black ink, appearing to read 'T. Stapleton', written over a horizontal line.