

## **.nz Dispute Resolution Service**

**DRS Reference: 441**

### **Senator Boats Limited v Firmans Marine Centre 1998 Ltd**

Key words – Unregistered mark – identical to domain – unfair registration – likely to mislead or deceive – prior relationship between parties – respondent having minimal current connection with unregistered mark or name – non-standard submission.

#### **1. Parties**

Complainant:

Senator Boats Limited

P O Box 3104

Onekawa

Napier 4142

New Zealand

(Represented by Mr S.P. Lunn, Solicitor of Lunn Associates Ltd, Napier)

Respondent:

Firmans Marine Centre 1988 Ltd

220 Prebensen Drive

Napier

New Zealand

(Represented by Mr Brian Firman, Director)

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

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

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

The Complaint was lodged on 28/09/2009 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 1/10/2009. The domain was locked on 28/09/2009, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 15/10/2009 and the DNC so informed the Complainant on 15/10/2009. The DNC informed the parties on 12/11/2009 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 17/11/2009 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

On 28/10/2009, the Complainant made a non-standard submission by way of Reply. This document was not received within the time-limit prescribed by Clause B.5.1 of the Policy. The document was submitted by the Claimant in terms of clause B.12.2. The explanation for the delay was that it had been occasioned by the Labour Weekend public holiday. Communication problems had made it difficult for the solicitors to obtain full instructions before the time-limit expired on 23/10/09. In the exercise of his discretion, the Expert decided to admit the Reply, which added little to the Complaint.

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

The Complainant was incorporated on 21 January 1998. It currently sells boats in Hawkes Bay and elsewhere under the style "Senator Boats". It or its director, Mr McKinley, has manufactured boats under the "Senator" name. From 1995 – 2008, these boats were marketed through the sole agency of the Respondent.

It does not own a registered trademark but claims that it has rights in the name SENATOR BOATS which it could enforce by way of injunction proceedings. It owns the domain name <senatorboats.com>.

This Complaint follows Decision 402 of the .nz Dispute Resolution Service ('DRS402') dated 10 August 2009 wherein the Expert ordered the registrant of the there-disputed domain name, who was an agent for the present Complainant, to transfer to Profile Boats (2008) Limited, the domain name <profileboats.co.nz>. In that decision, it was noted that the then respondent had been the agent of Senator Boats Limited which provided goods and services in the trademark classes for which Profile Boats (2008) Limited owned a registered trademark. It also noted that that Complainant had been associated with the present Complainant under an agency and supply relationship which no longer existed.

Registration of the disputed domain name <profileboats.co.nz> coincided with the termination of the relationship with the present Complainant to supply Senator Boats to the Respondent.

The Respondent in that case (an agent of the present Complainant) operated a website accessed by the present disputed domain name <senatorboats.co.nz>. In that proceeding, it alleged that the website had been created to assist with the marketing of Senator boats. The present disputed domain name was registered on 19 April 2000 during the term of the agency relationship which began in 1995.

The agency agreement was signed in 1995 "*Wayne McKinley Senator Boats*" and preceded the incorporation of the Complainant in 1998. It seems probable that the company assumed the obligation under the contract post incorporation.

The Expert noted in DRS 402 that there was no justification for the continued use by the present Complainant (then respondent) of the disputed name <profileboats.co.nz> and noted “*Whatever had been the relationship between Firman and Senator at the time of the registration of the disputed domain name, there is no commercial relationship of any consequence between the parties. They are competitors. It was wrong for the Respondent to use the disputed domain name once it had ceased any relationship with the Complainant or any associated entity.*”

In DRS 402, the Respondent (the present Complainant) claimed that the then Complainant, was wrongly using the currently disputed domain name. The Expert was not able to consider that allegation and indicated that a separate complaint could be brought under the Policy. This has now been done.

The Expert, apart from noting matters from the previous decision which appear to be undisputed, will consider this present Complaint on the evidence presented, as well as looking at the website accessed by the disputed domain name.

## **5. Parties’ contentions**

### **a. Complainant**

The Complainant has built up a considerable reputation amongst boat owners and boat retailers for “Senator Boats” throughout New Zealand.

The Respondent has no right to use the name “Senator” on the internet, even though the website may have been created during the period of an agency arrangement between the parties. That arrangement is now at an end and the website has been maintained in disregard of the Complainant’s proprietary rights in the name Senator Boats.

Whilst the Complainant is prepared to allow the Respondent to sell Senator Boats through its retail agency, the Respondent cannot maintain a website which gives the impression to the general public that the Respondent has proprietary rights in Senator Boats. The parties are competitors. The Respondent is deliberately misleading members of the public who visit the disputed site into thinking that the Respondent has some rights in the Senator name.

The Respondent’s registration of the domain name is unfair because:

- (a) it prevents the Complainant from exercising its ownership rights in the disputed domain name to the fullest extent;
- (b) it misleads customers searching for information on Senator Boats. There have been examples where customers are alleged to have visited the website only to be told by the Respondent they should not purchase a Senator but should purchase a Profile boat. The

Respondent is agent for Profile boats and is deliberately steering customers away from the Senator brand by dishonest use of the disputed domain name.

- (c) The Respondent is unfairly disrupting the business of the Complainant.

**b. Respondent**

The respondent entered into a contract on 5 October 1995 with Mr Wayne McKinley to market and sell boats produced by Mr McKinley who had first used the name "Senator" for the boats which he made.

The boats were delivered to the Respondent by Mr McKinley with no labels. The Respondent would label them and then market them under the name "Senator Boats" as the sole marketing agent for Mr McKinley. This occurred until mid-2008 when the relationship ceased.

The marketing of Senator Boats had been funded by the Respondent from 1995. The Respondent has been a marine dealer since 1971. In mid-2008, when the parties had their disagreement, the Respondent still had 35 new Senator boats in stock. It often has second-hand Senator Boats for sale, which need to be marketed. Consequently, the website will continue to be an important tool for selling these boats.

The Respondent's website states: "*Firman's Marine wishes to advise that we are no longer the New Zealand distributor for Senator boats.*"

The Respondent wishes to continue to use the website to sell its ongoing stock of Senator boats, of which 6 remain. It has a 14 year history of dealing with Senator boats and a database of customers who often wish to trade-in their boats. The Respondent does not imply by email, phone or otherwise that it is an official agent of Senator. The vast majority of the boating public of New Zealand believe that the Respondent owned Senator Boats during the contract period. This was because of the agreement with Mr McKinley who produced the boats, as he did not want to pay marketing costs.

At the termination of the agreement between the parties, the Respondent tried to negotiate a package of Senator marketing material (brochures, etc.) but no price could be agreed upon. Mr McKinley did not appear to be interested in selling the website.

There is a registered New Zealand Trademark 623924 for a Non-Convention trademark for the word 'SENATOR' for Class 4/12 for boats, etc. It was registered on 29 March 2001 by Fi-Glass Products Ltd of Christchurch.

### c. Complainant's Reply

Just because the Respondent spent money on marketing boats pursuant to its contract with Mr McKinley, that does not give it any proprietary rights in the name 'Senator'. Who paid for marketing is irrelevant to the present dispute.

The fact that the Respondent had Senator Boats in stock when the agency was terminated is irrelevant. There was nothing in the agency agreement which gave the Respondent the right to use the name. The Complainant alleges numerous anecdotal instances of confusion by members of the public, said to have been diverted by the Respondent in their enquiries about Senator Boats, to switch to Profile Boats.

The Complainant does not object to the Respondent selling its remaining stock of Senator boats but that cannot affect the Complainant's rights to the name. There have been complaints from dealers currently authorised to sell Senator boats that the Respondent has asserted ownership rights in the name.

## 6. Discussion and findings

The first matter which the Complainant has to prove is that it has rights in respect of a name or mark which is identical or similar to the disputed domain name. The definition of "rights" in the Policy is "*Rights includes but is not limited to rights enforceable under New Zealand law. However, the Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business*".

In many cases, a complainant need point only to a trademark registered in New Zealand or possibly in a foreign jurisdiction to prove the necessary rights. If there is no registered trademark, then an unregistered trademark, if proved, can be dispositive.

In cases under the Uniform Dispute Resolution Policy ("UDRP") decided by the World Intellectual Property Organisation ("WIPO") and National Arbitration Forum ("NAF") Panelists, a fairly high threshold for establishing a common law trademark is required. Far more extensive evidence than the generalizations supplied by the Complainant in the present case would be required. In fact, one of the criteria described in a WIPO case is "*would the plaintiff succeed in a common law claim under the tort of "passing off"?*" – See WIPO Overview of WIPO Panel Views on Selected UDRP Questions at Para. 1.7.

However, cases under the English Nominet Policy show that the requirement to demonstrate rights is not a particularly high threshold test – See DRS 00248, *Seiko-shop.co.uk* and DRS 00359, *parmaham.co.uk*. The English definition of "rights" is similar to that in the New Zealand Policy.

It is clear that the Complainant has called the boats it manufactured "Senator" since its incorporation. The brand has gained a reputation. It is immaterial that the Complainant used a marketing agent for many years.

## **5. Complainant's Rights to a Mark**

The Complainant does not have a registered trademark for the name 'Senator Boats'. The disputed domain name is identical to the unregistered trademark 'Senator Boats' which the Complainant promotes.

The evidence of the Complainant of its reputation for trading has always been under this brand name is scanty. The evidence shows that Mr McKinley the builder of boats called "Senator". They were marketed them through the Respondent from 1995 to 2008.

There was little positive assertion supplied by the Complainant of Mr McKinley's present connection with the Complainant. A search of the records of the Registrar of Companies shows the McKinley Family Trust as owning 99 out of 100 shares in the Complainant. So it is reasonable to assume that the Complainant is controlled by Mr McKinley.

It does not appear to be disputed that Mr McKinley has always produced boats under the Senator name and that those boats acquired a reputation under that name. It does not matter that they had been marketed for 13 years by the Respondent.

Accordingly, the Expert finds that the Complainant has rights to the name 'Senator Boats'.

Consequently, the Complainant has established a 'Right' under the Policy in respect of the disputed domain name. There was nothing in the agency agreement which gave the Respondent any rights in the name.

The next question is whether there is an "unfair registration" which is defined relevantly in the Policy as:

"a domain name which either:

- (1) was registered or otherwise acquired in a manner which at the time when the registration took place took unfair advantage of or was unfairly detrimental to the Complainant's rights; or
- (2) has been or is likely to be used in a manner which took unfair advantage of or was unduly detrimental to the Complainant's rights."

It is important to note that unfair registration is not the same as "passing off" or trade mark infringement (see the *Seiko* and *parmaham* cases).

A non-exhaustive list of facts which may be evidence that a disputed domain name is an unfair registration is set out in paragraphs 5.1.1 to 5.1.5 of the Policy. Of particular relevance is 5.1.2 which reads:

"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..."

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 of the Policy:

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

- (a) 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;
- (b) been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name;
- (c) made legitimate non-commercial or fair use of the Domain Name."

## **7. Decision**

The Expert cannot find it proved that the registration of the disputed domain name in 2000 was unfair in the light of the agency relationship that may then have existed between the parties. The first alternative ground of finding unfair registration has not been demonstrated.

This case has a tit-for-tat resonance with DRS 402. Just as the Expert in that case held that the then Respondent (now the present Complainant) had no right to use the present Complainant's mark, now the positions are reversed.

There was once a business relationship between these two parties. It was a sole agency for the Respondent's market for specified types of boats. Mr McKinley of Senator Boats was to pay Firman's commission at normal dealer margin if he were to sell a boat privately during the term of the contract which was to be reviewed every two years.

When the contract ceased in 2008, each party went its own way – one marketing Profile boats, the other marketing Senator boats. Clearly, whilst Mr McKinley and/or Senator Boats Ltd have always produced Senator Boats, these vessels were solely marketed for 13 years by the present Respondent. The agency agreement gave no rights in the name.

Each party elected to continue with the domain name which reflected the name of the boats now currently sold by the other party. This was a strange result from a breakdown of a relationship where both parties should go their own way under their own marketing arrangements using their own branding.

In the Expert's view, there is no justification for the continued use by the Respondent of the disputed domain name which reflects the Complainant's mark. Whatever had been the relationship even at the time of the registration, there is no commercial relationship of any consequence between the parties – they are now competitors.

The Expert has viewed the website accessed by the disputed domain name, as requested by the Respondent. It is true that it advises that Firman's Marine is no longer the New Zealand distributor of Senator Boats. It states that it still has three Senator boats for sale. It also says that after 13 years of Senator boat distribution, developments and fitouts, Firmans Marine, in August 2008, "*seized the opportunity*" to acquire 100% ownership of the established boat builder "Profile boats". Then follows a pitch for Profile boats.

The Respondent is not conducting a *bona fide* business under the name of Senator Boats. Having only three Senator boats left for sale, it is hard to see that this is so.

In the Expert's view, there is an unfair registration in that the disputed domain name is being used by the Respondent in a manner which is detrimental to the Complainant's rights. Clearly, Para. 5.1.2 of the Policy applies. The inference must be that by maintaining the website accessed by the disputed domain name, the Respondent is likely to confuse people or businesses into believing that the disputed domain name is authorised by the Complainant.

The fact that a third party owns a registered trade mark for "Senator" is not material. The evidence is that the mark in issue is Senator Boats which has been recognised as a separate mark by both parties.

Accordingly, the Expert holds that there is an unfair registration of the disputed domain name in which the Complainant has rights. Therefore, there will be an order transferring the disputed domain name from the Respondent to the Complainant.

**Place of decision:** Auckland

**Date:** 1 December, 2009

**Expert Name:** Hon Sir Ian Barker QC

**Signature:**