

.nz Dispute Resolution Service

DRS Reference: 497

Network Brokers Pty Ltd v Paul McElroy

Key words -

Domain name

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

Identical or similar trade mark or name

unregistered mark – trade name – identical – descriptive

Rights

none

Unfair registration

unfair registration – offer to sell, rent or otherwise transfer – pattern of registration – unfairly disrupting the business of the complainant – blocking registration

Procedure

transfer

1. Parties

Complainant:

Network Brokers Pty Ltd

St Peters, Australia

Represented by Cecilia Borgenstam, Melbourne IT Digital Brand Services,
Melbourne, Australia

Respondent:

Mr Paul McElroy

Sydney, Australia

2. Domain Name

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

3. Procedural history

The Complaint was lodged on 26/04/2010 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 29/04/2010. The domain was locked on 27/04/2010, preventing any changes to the record until the conclusion of these proceedings.

There was no response filed by the Respondent.

The Complainant paid Domain Name Commission Limited the appropriate fee on 2/06/2010 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Dr Clive Trotman, the undersigned, ("the Expert") confirmed to the DNC on 4/06/2010 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

According to the Complainant, it trades in new and used networking equipment. The business name NETWORK BROKERS was registered by the Complainant in 2003.

The factual information about the Respondent, submitted by the Complainant, is that the Respondent was formerly employed by the Complainant and left in February 2009.

The disputed domain name appears to have been registered in the name of Paul McElroy on February 11, 2009.

5. Parties' contentions

a. Complainant

The Complainant contends that it has used the name NETWORK BROKERS for over 7 years and that it has a reputable status within the IT Infrastructure business. A copy is produced of a Certificate of Registration of a Company in the name of Network Brokers Pty Ltd., issued by the Australian Securities and Investments Commission on August 28, 2003.

The Complainant contends that the disputed domain name comprises the word "networkbrokers", which is identical to the Complainant's registered business name NETWORK BROKERS. The addition of the domain level designation ".co.nz" does not prevent a domain name from being considered similar to a trademark.

The Complainant further contends that the registration and use of the disputed domain name have been unfair.

The Respondent ceased to be employed by the Complainant in February 2009. At about that time the Respondent registered the disputed domain name and also the domain names "networkbrokers.asia" and "networkbrokers.biz". Documentary evidence is produced.

The Complainant relates, with supporting copies of letters and emails, a history of having attempted to negotiate with the Respondent for a voluntarily transfer of the disputed domain name. These negotiations were not successful.

Communications from the Complainant were sent to the Respondent up until March 18, 2010, asking for a transfer of the disputed domain name. No response was received and the Complainant's representative sent a formal cease and desist letter to the Respondent on March 31, 2010 explaining that the use of the disputed domain name constituted an unfair registration.

The Complainant says that on April 7, 2010, the Respondent wrote and explained that he had never received any emails in relation to a transfer of the disputed domain name, nor had he received any monetary compensation for it. The Complainant further states that a statement by the Respondent, to the effect that the disputed domain name was registered with the approval of the Complainant, is false. The Respondent offered to transfer the disputed domain name to the Complainant for AUD 3000.00 for the work and cost of the website. The Complainant submits that such a price would be beyond reasonable out-of-pocket expenses. The offer was declined.

The Complainant says there is not and has not been any active website connected to the disputed domain name. The Respondent has claimed an intention to use the disputed domain name later for a business of his own named "Networktraders".

The Complainant submits in terms of the Policy that the Respondent is using or threatening to use the disputed domain name in a way that has confused or is likely to confuse people or businesses into believing it is registered to, operated or authorized by, or otherwise connected with the Complainant. The Respondent took advantage of the Complainant's business strategies and plans when he registered the disputed domain name. This will damage the image of the Complainant because the Respondent's intention for the corresponding website is to add links to "www.networktraders.com.au", a potential competitor of the Complainant.

b. Respondent

No formal Response has been received.

6. Discussion and findings

The Policy

The Dispute Resolution Service Policy and Procedure apply to a Respondent when a Complainant asserts in accordance with section 4 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.”

Paragraph 4.2 of the Policy requires the Expert to be satisfied that both of the above elements are present on the balance of probabilities.

Similarity to a Name

The Complainant’s statement that since 2003 it has been the registrant of the business name NETWORK BROKERS is uncontested. The name NETWORK BROKERS is to a degree descriptive and is not claimed to be a registered trademark. Nevertheless the Expert accepts that the Complainant has accrued rights in the name NETWORK BROKERS sufficient to satisfy the requirement of paragraph 4.1.1 of the Policy.

The disputed domain name is “networkbrokers.co.nz”, of which the Internet directory component “.co.nz” may be disregarded for the purpose of determining similarity. What remains is “networkbrokers”, which is found to be effectively identical to the Complainant’s registered business name. The Expert finds for the Complainant in the terms of paragraph 4.1.1 of the Policy.

Unfair Registration

The Complainant must prove that registration or use of the disputed domain name has been unfair. The Policy defines unfair registration as meaning a domain name that 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.”

The Policy at section 5 provides guidance in the form of criteria that may be evidence of unfair registration. Parts of section 5 that may bear upon the present dispute read as follows:

“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 that 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;

5.1.3. The Complainant can demonstrate that the Respondent is engaged in a pattern of registrations where the Respondent is the registrant of domain names (under .nz or otherwise) which correspond to well known names or trade marks in which the Respondent has no apparent rights, and the Domain Name is part of that pattern;

[5.1.4.]

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 would be entered in the Register as the Registrant of the Domain Name.”

The Respondent’s conduct in respect of the disputed domain name needs to be comprehended as a whole. It is common ground that the Respondent was at one time employed by the Complainant, who says that the Respondent left in February, 2009. On February 11, 2009, the Respondent registered the disputed domain name “networkbrokers.co.nz”, and also registered “networkbrokers.biz” and “networkbrokers.asia”.

The Complainant says that the Respondent left its employment on bad terms. In correspondence produced by the Complainant, the Respondent advances a different perspective. In the letter of April 7, 2010, the Respondent claims that the disputed domain name was registered with the authority of a named individual in the Complainant company and that the Respondent, when he left, was to be an external consultant focusing on the New Zealand market.

The Respondent had the opportunity to substantiate his assertions but has chosen not to do so, implying to the Complainant that he was too busy. That was a decision for the Respondent to make. Nevertheless the Expert's decision is not made by default and it remains for the Complainant to prove its case. The circumstances in which the Parties parted company may be pivotal. In fairness to both Parties the Expert must weigh the Complainant's version of events, certified to the best of its knowledge as being true and complete, against the available clues as to the Respondent's position, unsupported by any formal statement.

It is noted, among other indications, that the Respondent in his letter of April 7, 2010, claims not to have heard from the Complainant after February 2009, and that even his offer of April 23, 2009, to sell the disputed domain name at cost was ignored. This and other indications of a soured relationship outweigh any assertion by the Respondent that he left in the genuine expectation of a convivial relationship thereafter. The Expert concludes on the balance of probabilities that the Respondent left the Complainant on bad terms, which has implications for the analysis that follows.

The words "network" and "brokers" are not in themselves distinctive. Juxtaposed as NETWORK BROKERS, however, the two words form a more distinctive name identifying a business activity and a name in which the proprietors state that they have acquired a reputation over a period of some seven years. The Respondent, as a former managerial employee, must have been aware of this, and in the circumstances his registration of the disputed domain name (and two others) identical to his employer's business name, at the time of parting company with the Complainant on bad terms, can reasonably be perceived as opportunistic.

Whilst the primary intention of the Respondent is not entirely clear, and may have been relatively generalised in his mind at the time of registration of the disputed domain name, there are discernible elements of several of the criteria for the evaluation of unfair registration or use under the Policy.

The reply dated April 7, 2010, received by the Complainant after various attempts to make contact with the Respondent, contained a clearly stated expectation of AUD 3000.00 in exchange for the disputed domain name. In the terms of paragraph 5.1.1(a) of the Policy, this is found to constitute an attempt by the Respondent to sell the disputed domain name to the Complainant for a price in excess of plausible acquisition costs.

In all the circumstances, particularly of having registered the disputed domain name at the time of leaving his employer on bad terms and with the evident

intention of operating in competition, the Respondent is found to have made a blocking registration targeting the Complainant's business name within the meaning of paragraph 5.1.1(b) of the Policy.

In the terms of paragraph 5.1.1(c) of the Policy, the circumstances surrounding the registration of the disputed domain name contemporaneously with the Respondent leaving the Complainant's employment on bad terms, are found to be sufficient to sustain a finding of a general intention to cause some disruption to the business of the Complainant.

Correspondence from the Respondent dated 7 April, 2010, provided in the Complainant's evidence asserted unequivocally that the disputed domain name [verbatim]: "...will linked to www.networktraders.net.com.au and will be run from NZ by a resident of NZ Mr. ... some time later this year". The Complainant refers to "Networktraders" as being a business of the Respondent. The name "Networktraders" has a degree of similarity to the Complainant's name "Network Brokers" and it is evident that the two businesses would be rivals operating in similar spheres.

Should the Respondent proceed with his declared intention to use the disputed domain name in this way, there would be significant prospects for the confusion and deception of Internet users. Although this has not happened as yet, the Policy encompasses the concept of future likelihood in its Definition (ii) of Unfair Registration: "... or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights".

Noting the clarity of the Respondent's expressed intention to use the disputed domain name, the Expert finds the likelihood that the Respondent intends to attract Internet users by initial interest confusion with the Complainant's name to be sufficient for a finding of unfair use under paragraph 5.1.2 of the Policy. This finding is made independently of any consideration of the circumstances in which the Respondent and the Complainant initially parted company.

The Respondent has also registered the domain names "networkbrokers.biz" and "networkbrokers.asia", which comprise essentially the Complainant's name. For the purposes only of the present decision, and without prejudice to potential proceedings in any other forum, the Expert has seen no evidence that the Respondent has rights in either of these domain names. The Respondent's repetitious conduct in registering three "networkbrokers" domain names in which he has no apparent rights, one of which is the disputed domain name, is in the present instance found to be sufficient for a finding of unfair registration in the terms of paragraph 5.1.3 of the Policy.

The Respondent claimed in correspondence that the disputed domain name was registered with the approval of the Complainant. The Complainant has denied that this is so. There has not been sufficient evidence or argument for a finding to be made under paragraph 5.1.5 of the Policy.

Thus unfair registration of the disputed domain name by the Respondent has been found under paragraphs 5.1.1(a), 5.1.1(b), 5.1.1(c), 5.1.2 and 5.1.3 of the Policy.

7. Decision

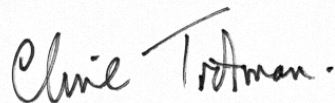
For the foregoing reasons the Expert directs the transfer of the disputed domain name "networktraders.co.nz" from the Respondent to the Complainant.

Place of decision Dunedin

Date 15 June 2010

Expert Name Dr Clive Trotman

Signature

A handwritten signature in black ink that reads "Clive Trotman." The signature is written in a cursive style with a horizontal line above the first few letters.