

## **.nz Dispute Resolution Service**

**DRS Reference: 799**

### **Hollywood Bakery (Holdings) Limited v Jie Zeng**

Key words – Rights: Registered mark similar – not generic – Unfair Registration – likely to confuse, mislead or deceive

#### **1. Parties**

Complainant:

Hollywood Bakery (Holdings) Limited  
PO Box 96135  
Balmoral  
Auckland  
New Zealand  
Represented by: Mr David Liu

Respondent:

Mr Jie Zeng  
12 Fernbank Lane  
Greenhithe  
Auckland  
NZ (NEW ZEALAND)  
Represented by: Mr Jie Zeng

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

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

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

The Complaint was lodged on 16/07/2012 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 19/07/2012. The domain/s were locked on 13/07/2012, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 8/08/2012 and the DNC so informed the Complainant on 10/08/2012. The Complainant filed a Reply to the Response on 14/08/2012. The DNC informed the parties on 3/09/2012 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 4/09/2012 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Hon Barry Paterson QC, the undersigned, ("the Expert") confirmed to the DNC on 7/09/2012 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, Hollywood Bakery (Holdings) Limited, was incorporated in April 1996, as a consequence of its four shareholders and directors having, in the previous year, opened a café known as Hollywood Bakery in Newmarket, Auckland.
- 4.2 The Complainant developed the Hollywood Bakery brand under a corporate banner and between 1996 and the present established 42 Hollywood Bakery cafés.
- 4.3 Forty-one of the cafés are owned either by the Complainant or by a company in which the Complainant has a majority shareholding.
- 4.4 The exception is the Northcote Hollywood Bakery which is operated by a company in which the Complainant does not have an ownership interest. However, the proprietor of the Northcote Hollywood Bakery has what is termed by the Complainant a "Trade Mark Licence" (the licence). This licence entitles the licensee to use the trade mark referred to below.
- 4.5 The original licensee of the Northcote Bakery in May 2007 was LIVE Y LIMITED (Live). In general terms the licence allowed the licensee to use the trade marks at the Northcote premises of the Hollywood Bakery in relation to all the goods and services for which the said trade marks may be registered. Those products and services were the food items and services used by the Hollywood Bakeries. While the licence referred to "trade marks" there is only one relevant trade mark.
- 4.6 The Respondent, Jie Zeng, subsequently became a one-half owner of the shares in Live.
- 4.7 In April 2011, Live sold its interest in the Hollywood Bakery in Northcote to the present licensee and in accordance with its obligations under the sale agreement assigned all its rights and obligations under the licence to the present licensee.
- 4.8 The Respondent registered the Domain Name on 13 September 2007, a few months after the incorporation of Live and the execution of the licence.
- 4.9 Earlier this year, the Complainant began developing a franchising system for its cafés and during that process discovered that the Respondent had registered the Domain Name in 2007. At that time the Domain Name was not in use and was parked.

- 4.10 In March 2012, the Complainant contacted the Respondent and requested a transfer of the Domain Name to the Complainant. The Respondent did not reply but activated the Domain Name by re-directing Internet users visiting the Domain Name to <http://mybakeryrecipes.blogspot.com>.
- 4.11 A search of the Domain Name's website is redirected as noted above and the home page is headed "Bakery Recipes". It states that a new site is going live soon.
- 4.12 The trade mark application for the New Zealand trade mark was filed on 9 May 2007, 12 days before the licence was signed and at the date of the licence, the trade mark had not been finally registered.
- 4.13 Registered Trade Mark No. 768081 was registered on 11 December 2008 with a deemed date of registration of 9 May 2007. The details of the registration are as follows:

Hollywood Bakery & Espresso

- 4.14 The Complainant has registered a similar trade mark in Australia with the registration being from 11 February 2010. It has also registered a trade mark in Hong Kong, that trade mark being registered on 22 October 2009. Neither of these trade marks is relevant to this complaint.
- 4.15 The schedule to the licence has the trade mark as registered under No. 768081 in New Zealand and also has the following representations of it.

**H O L L Y W O O D**

**BAKERY & ESPRESSO**

**H O L L Y W O O D** BAKERY & ESPRESSO

**H O L L Y W O O D**

**BAKERY ESPRESSO**



## **BAKERY ESPRESSO**

### **5. Parties' contentions**

#### **a. Complainant**

- 5.1 The Complainant's position is that the Domain Name contains a name and/or mark in which the Complainant has Rights (as that term is defined under paragraph 3 of the Policy) in that the Complainant is the owner of the HOLLYWOOD BAKERY & ESPRESSO trade mark and it also has common law rights in the said mark and the Domain Name is identical to the Complainant's mark.
- 5.2 The Complainant submits that the registration is an Unfair Registration as defined in the Policy because:
- (a) at all relevant times the Respondent was a 50% shareholder of Live;
  - (b) the Respondent witnessed the signature of the director of Live who signed the licence;
  - (c) the Respondent registered the Domain Name 3½ months after the licence was signed;
  - (d) Live when it sold its Northcote business in April 2011 assigned its rights and obligations under the licence to the present owner of that business;
  - (e) the Respondent activated the parked domain name earlier this year after the Complainant had approached him requesting a transfer of the Domain Name.
- 5.3 The Complainant says that based on the above facts, the registration of the Domain Name was an Unfair Registration because:
- (a) at the time of the registration the Respondent knew, or ought to have known, that the Domain Name contained a mark or name in which the Complainant has Rights;
  - (b) of the terms of the licence the Respondent would have known that the Complainant was the rightful owner of the HOLLYWOOD BAKERY & ESPRESSO mark;

- (c) at the time of the registration of the of the Domain Name the Complainant had been in business using the name "Hollywood Bakery" for over 10 years;
- (d) the facts indicate that the Respondent registered 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.

**(b) Respondent**

- 5.4 The Respondent's position is that he has been involved in e-commerce website development since 1999.
- 5.5 In 2007, the idea of building a bakery receipts website came up. The intention was to provide a website on top of the latest technologies that provides rich multimedia features and interactive user experience. The bakery receipts were to be collected from normal peoples' homes.
- 5.6 The uniqueness of the website is Home-Style which differentiates it from other food receipt websites.
- 5.7 The Respondent says that he was not a shareholder in Live in 2007 when the licence was signed and has produced evidence to this effect.
- 5.8 In the year 2007, the Domain Name was actively used for building and testing the website.
- 5.9 The Complainant's trade mark is HOLLYWOOD BAKERY & ESPRESSO and the Complainant should therefore use the Domain Name [www.hollywoodbakeryespresso.co.nz](http://www.hollywoodbakeryespresso.co.nz).
- 5.10 Hollywood is a generic word/trade mark and the word "Bakery" is also a generic word. He therefore believes he has a right to use the Domain Name.
- 5.11 He operates in a different type of business from the Complainant. The latter's business is catering in hospitality services while his business focuses on e-commerce and on online social networks.

- 5.12 He has never tried to sell the Domain Name for profits and he has never tried to contact the Complainant in any way to transfer the Domain Name for profit.

## **6. Discussion and findings**

- 6.1 Many of the points raised by the Respondent are irrelevant to the provisions of the Policy. Further, it is assumed that the word “receipts” used in the Respondent's Response is intended to be “recipes”. A perusal of the website to which the Domain Name has been redirected suggests that this may be so.
- 6.2 That the Respondent's business focuses on e-commerce and on online social networks has little significance to whether there exists an Unfair Registration.
- 6.3 It is necessary to keep in mind the requirements of clause 5.4 of the Policy, which provides that in making this decision the Expert may not take into account any evidence of acts or omissions amounting to Unfair Registration or Use which occurred more than three years before the date of the Complaint.
- 6.4 The Complainant is required to establish, in accordance with paragraph 4 of the Policy, that :
- (a) the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and
  - (b) the Domain Name, in the hands of the Respondent, is an Unfair Registration.
- 6.5 The Rights relied upon by the Complainant is its trade mark and also common law rights. In its submissions the Complainant has relied mainly on its trade mark.
- 6.6 The trade mark is not identical with the Domain Name as the Domain Name does not include “& Espresso”. However, it is a matter of public record that Hollywood Bakery Cafés are known as Hollywood Bakery and the name Espresso rarely, if ever, appears: see listings in the Auckland Yellow Pages for the various Hollywood Bakeries. It is the Expert's view that the trade mark is similar to the Domain Name in accordance with the provisions of the Policy, notwithstanding the presence of “Espresso” the predominant part of the trade mark is “Hollywood Bakery”.
- 6.7 In considering whether or not there was an Unfair Registration in this case, it is not possible to consider some of the evidential matters relied upon by the Complainant. This is because of the three year restriction

referred to in paragraph 6.3 above. The Complaint was filed on 13 July 2012 and thus acts or omissions which occurred prior to 13 July 2009 cannot be taken into account. The facts which can be considered are:

- (a) During the three year period preceding the filing of the Complaint the Respondent was a shareholder in Live and would have been well aware of the Complainant's activities.
- (b) The Respondent was a shareholder in Live in April 2011 when it sold the Northcote business to the present owners.
- (c) Until such time as the Complainant requested the Respondent to transfer the Domain Name to the Complainant, the Complainant has had the Domain Name parked.
- (d) The redirection notice given by the Respondent in 2012 was to a website, which although only recently activated, appears to be dealing in bakery recipes.
- (e) The existence of many Hollywood Bakeries in the Auckland area in particular would be well-known to the Respondent at the time he activated the Domain Name by redirection.

6.8 If the Complainant is to succeed in this matter, it must rely upon the second limb of the definition of Unfair Registration in the Policy. Thus it must establish that it:

“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.”

6.9 The three grounds referred to in paragraph 5.3(d) above are in effect the grounds referred to in paragraph 5.1.1 of the Policy. These are the grounds referring to circumstances indicating that the Respondent has registered the Domain Name primarily for the stated purposes. As the Complainant cannot rely upon the circumstances relating to the registration in 2007, these grounds have no application.

6.10 To establish that the Respondent is using or is likely to use the Domain Name in a manner which will take unfair advantage or will be unfairly detrimental to the Complainant's Rights, it is necessary to rely upon the evidential provisions in paragraph 5.1.2 of the Policy. This means that the Expert would need to conclude on the balance of probabilities that the circumstances are such that the Respondent is using or will 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.

- 6.11 The Expert has concluded on the balance of probabilities that he is satisfied that the Domain Name is likely to be used in a manner which will take unfair advantage or will be unfairly detrimental to the Complainant's Rights. This is because:
- (a) the Domain Name is not as submitted by the Respondent generic or descriptive within the meaning of clause 6.1.2 of the Policy;
  - (b) the main words of the Domain Name, namely "Hollywood Bakery" appear as the name and in the advertising of the 42 cafés owned by the Complainant or legally associated with the Complainant by shareholding in subsidiary companies or in one case a licence;
  - (c) the Complainant is developing a franchise business under the name "Hollywood Bakery";
  - (d) the cafés and coffee bars associated with the Complainant operate in a market dealing in the products to which the Rights apply. The Domain Name, being similar to the Rights, is likely to be associated with particular goods dealt in by the Complainant;
  - (e) while the Respondent's business may focus on e-commerce and online social networking, the use of the Domain Name has been redirected to a website dealing in bakery recipes, namely recipes of the type of product referred to in the trade mark;
  - (f) the users visiting the website in the belief that they are visiting the Complainant's website, which would be a likely assumption in view of the general use by the Complainant of the term "Hollywood Bakery", are likely to be misled or deceived into believing that the Domain Name is operated, authorised or otherwise connected with the Complainant. This belief will be reinforced because the home page is headed with the words "Bakery Recipes";
  - (g) the inactivity until recently of the Domain Name does not on its own sufficiently lead to any adverse inference, but the redirection when the Respondent was recently approached to transfer the Domain Name was a redirection to a site which features recipes of products in respect of which the Complainant has protection under its trade mark;
  - (h) the concentration on bakery receipts on the website is a concentration on goods and services which fall within the description of goods to which the trade mark applies;
  - (i) the Respondent had a connection with a business which used the trade mark but now does not have any such connection.



6.12 It follows from the finding that there is an Unfair Registration that the Complainant is entitled to have the Domain Name transferred to it.

## 7. Decision

The Expert determines that the registration is an Unfair Registration and directs that the Domain Name be transferred to the Complainant.

**Place of decision** Auckland

**Date** 21 September 2012

**Expert Name** Hon Barry Paterson QC

**Signature**

A handwritten signature in blue ink, appearing to read 'B. Paterson', is written over the printed name 'Hon Barry Paterson QC'.