

.nz Dispute Resolution Service

DRS Reference: 942

Heat Force Ltd v Plato Creative Design

Key words – Registered mark: Unfair Registration: likely to confuse, mislead or deceive

1. Parties

Complainant:

Heat Force Ltd

71 Mathesons Rd

Phillipstown

Christchurch

New Zealand

Represented by: Mr Hamish Martin

Respondent:

Plato Creative Design

PO Box 2821

Christchurch

NZ (NEW ZEALAND)

Represented by: Mr John Plato

2. Domain Name/s

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

3. Procedural history

The Complaint was lodged on 24/01/14 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 30/01/14. The domain/s were locked on 24/01/14, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 24/02/14 and the DNC so informed the Complainant on 24/02/14. The Complainant filed a Reply to the Response on 04/03/14. The DNC informed the parties on 28/03/14 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 03/04/14 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 02/04/14 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, Heat Force Ltd, was incorporated on 3 January 2013 by its directors and shareholders, Ian Wickins and Hamish Martin, to provide heat pump retail, insulation and maintenance services.
- 4.2. Messrs Wickins and Martin were until 11 January 2013 employed by Heat Pump Air Conditioning Limited (HPAC). They were both made redundant by notice on 13 December 2012. The Complainant's unchallenged evidence is that it did not commence trading until 14 January 2013.
- 4.3. On 10 January 2013, the Complainant filed a trade mark application which was entered on the Register of Trade Marks on 11 July 2013 with a deemed registration date of 10 January 2013 under No. 971378.
- 4.4. The details of registration of the trade mark are: HEAT FORCE; heat force; HEATFORCE; heatforce; HEAT-FORCE; heat-force.

The goods and services in respect of which the registration was made are:

35: Wholesale and retail of heat pumps, heating, ventilating, heat recovery and air-conditioning machines, apparatus, equipment, installations and systems.

37: Residential, commercial and industrial installation repair, maintenance services for heat pumps, heating, ventilating, heat recovery and air-conditioning machines, apparatus, equipment, installations and systems.

- 4.5. On 19 December 2012, the Complainant asked its website designer to secure the Domain Name. It followed this request up with an email on 5 January 2013 asking how the registration of the Domain Name was going.
- 4.6. The web designer endeavoured, on behalf of the Complainant, to register the Domain Name on 10 January 2013 but was prevented from doing so as the Respondent had registered the Domain Name in its name earlier that same day.
- 4.7. A director of the respondent is John Plato who is also a director of HPAC. The other director of the respondent is Lisa Plato.

5. Parties' contentions

(a) Complainant

- 5.1. The Complainant asserts that the dispute has arisen due to a previous employment relationship between the parties. This relationship has already been referred to.
- 5.2. The Complainant also asserts that when Messrs Wickins and Martin decided to go into business, they researched the availability of the name Heat Force in both the Registers of Trade Marks and Domain Names. There is some email evidence to support this contention.
- 5.3. The Complainant alleges that Mr Wickins on 9 January 2013 advised the managing director of HPAC that he and Mr Martin would be trading as Heat Force and it was this advice that led to the Respondent registering the Domain Name on the following day. This allegation is denied by the Respondent.
- 5.4. A further contention is that Mr Plato has acknowledged that HPAC currently controls the Domain Name and has failed to acknowledge that the Respondent will transfer the Domain Name to the Complainant once the dispute has been resolved. There have been some discussions and negotiations between the parties and these will be referred to later.
- 5.5. The Complainant's position is that the registration of the Domain Name by the Respondent was an Unfair Registration as neither HPAC nor the Respondent has any interest in the Domain Name. It has been registered by the Respondent in an attempt to unfairly disrupt the legitimate business of the Complainant by preventing it from having an online presence under its registered name and registered trademark, and also to provide HPAC with unfair leverage in any potential dispute that may arise.

(b) Respondent

- 5.6. The Respondent's position is that the dispute does not arise out of previous employment relationships. Rather it is a dispute between two businesses both claiming the right to the same domain name. The Respondent says that there are no outstanding employment issues.
- 5.7. The Respondent disputes that Mr Wickins advised the managing director of HPAC during the discussions on 9 January 2013 that he and Mr Martin would be trading as Heat Force. It is the Respondent's contention that Heat Force was one of the possible names that HPAC was discussing for a new product which it was in the process of launching. It is contended that it is highly likely that Mr Martin was involved in some of these discussions.

- 5.8. The Respondent asserts that the name of the Complainant was derived directly from the proposed launch of this new product. Messrs Wickins and Martin were looking to “piggy-back” off the well-established market position of HPAC. They knew of the intention to launch a product called Heat Force (or a similar derivative of that name) and saw an opportunity to leverage off the market awareness by branding their own business with the name Heat Force as they anticipated that this would become a recognisable HPAC brand.
- 5.9. The Respondent, as did the Complainant, refers to various negotiations in the months after registration of the Domain Name. Some of those discussions will be discussed in a latter section of this decision.
- 5.10. The Respondent refers to the need for the Complainant to establish a right in a name or mark which is identical or similar to the Domain Name as well as to the need to establish that the registration is an Unfair Registration in the hands of the Respondent. Although it does not appear to necessarily accept that the Complainant has Rights, it appears to base its Response principally on the assertion that the Complainant cannot satisfy that the registration is an Unfair Registration.
- 5.11. The Respondent’s basic contention is that it registered the Domain Name to protect its own commercial interests. They had heard of Messrs Wickins’ and Martin’s interest in the name “via Christchurch’s tight knit business community”. They therefore acted to protect their own commercial interests in that name.
- 5.12. The Respondent also relies on the .nz Domain Name Commission’s Information Package which states that a fundamental principle of the .nz policy framework is that “first come, first served”.
- 5.13. The Respondent notes that it is still researching developing and considering the launch of a variety of new products. Presumably it is talking as the alter ego of HPAC. It states that should there come a time when either:
- (a) The name Heat Force fails to hold any appeal to us; or
 - (b) We make a definite call not to launch a product with any relevant link to that name, we will of course no longer have a use for the name, and would relinquish it accordingly.

6. Discussion and findings

- 6.1. There were allegations and counter-allegations in the various submissions, some of which were more relevant than others. A summary of some of those matters is:

- At one stage the Domain Name pointed to the HPAC website. The Respondent agreed to cease doing this when challenged.
- At another time the Respondent offered to point the Domain Name to the Complainant's website but this did not happen.
- An email from Mr McCoy, another director of HPAC, in reply to an email requesting a transfer of the Domain Name, stated that he was awaiting advice from lawyers in terms of the incorporation of the Complainant and potential breaches of Messrs Wickins' and Martin's HPAC employment contracts.
- The Complainant denies that either Mr Wickins or Mr Martin, while employed at HPAC were involved in discussions in new products which were in the process of launching using the names Heat Force. They deny any knowledge of the proposals to launch such a product while so employed.
- The Complainant notes that to the best of its knowledge, no new products have been issued since the Complainant was formed and submits that there is no evidence to support the statements made by the Respondent in respect to the reason of the Complainant adopting its name.
- The Complainant denies that Heat Force in its name was derived from HPAC's proposed launch. Its position is that the name "Heat Force" was developed independently by the Complainant and that it employed a marketing specialist and worked through a range of proposed names before developing a short list. "Heat Force" was ultimately selected. There is some independent email evidence supporting this submission.
- The Complainant states that during the course of the name selection process, candidate names were investigated for existing similarly named companies, trade marks and URL's. The Complainant directors were diligent in this process to ensure no potential legal issues would arise from the use of the name "Heat Force". Given this diligence, it is submitted, that it is self-evident that the directors of the Complainant would not select a name that a previous employer had indicated an intent to use with the associated risks of legal action.
- At one time the Complainant did advertise on line that its services were "better than HPAC". This however ceased in August 2013 after a discussion with Mr Plato.
- It was in August 2013 that Mr Plato sent an email to Mr Martin which included the words "I will sort out with Craig re transfer and written agreement".

- The Complainant takes the position that the Respondent cannot use the words “Heat Force” because the Complainant’s trade mark will prevent this in the fields in which the Respondent is operating. The Complainant notes that the Respondent did not object to its trade mark registration.
- 6.2. To succeed in this Complaint, the Complainant must satisfy both limbs of paragraph 4.1 of the .nz Domain Name Commission’s “Dispute Resolution Service Policy (the Policy). Those limbs state:
- (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.
- 6.3. “Rights” as defined includes Rights enforceable under New Zealand law. A Complainant is unable to rely on rights in a name or term which is wholly descriptive of the Complainant’s business. This latter provision has no application in this case.
- 6.4. A registered trade mark is a right enforceable under New Zealand law. The Complainant is the registered owner of Trade Mark No. 971378.
- 6.5. The substantive word in the Domain Name is “heatforce”. The trade name includes “HEATFORCE”; “heatforce” as well as variations of those words. In the expert’s view the trade mark gives the Complainant Rights in respect of the word heatforce which is similar to the Domain Name. The first limb of paragraph 4.1 is satisfied.
- 6.6. When considering whether there has been an Unfair Registration in this case, it is relevant to note that at the date of the registration of the Domain Name, the Complainant had been incorporated for five days and had not filed its trade mark application. It had not commenced trading. Thus at 10 January 2013, the Complainant did not have rights either under a recognised goodwill in the words “heat force” or under the trade mark. It is generally accepted that a trade mark application does not give rise to a Right. The application may not be granted. It follows therefore that the Rights relied upon by the Complainant came into existence after the Domain Name was registered.
- 6.7. Paragraph 5 of the Policy gives a non-exhaustive list of factors which may be evidence that the Domain Name is an Unfair Registration. There are in the expert’s view only three such factors which could possibly be relevant in this case, namely:
- (a) That the Domain Name was registered primarily as a blocking registration against the name or mark in which the Complainant had Rights (para 5.1(b) of the Policy);

- (b) The Domain Name was acquired primarily for the purposes of unfairly disrupting the business of the Complainant (para 5.1.1(c) of the Policy);
 - (c) Circumstances demonstrate that the Respondent is using the Domain Name in a way which is likely to confuse, mislead or deceive people or business into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant (para 5.1.2 of the Policy).
- 6.8. It cannot be said that at the time of registration of the Domain Name this was a blocking registration against a name or mark in which the Complainant had Rights. At the time the registration was effected, the Complainant did not have the Rights.
- 6.9. The effect of the registration is to direct users to a site not under the control of the Complainant. Registration here had the hallmarks of a blocking registration, but the Complainant did not have Rights at the date of registration. As the Expert reads paragraphs 5.1.1(b) of the Policy a blocking registration must be of Rights in existence at the date of registration, and not of Rights which may subsequently come into existence.
- 6.10. It is appropriate to make a finding on the effect of the registration. The allegation of the Complainant is that the registration is an attempt to unfairly disrupt the legitimate business of the Complainant by preventing it from having an online presence under its incorporated name and registered trade mark and also to provide HPAC with unfair leverage in any potential dispute that may arise. I discard the allegation of leverage.
- 6.11. The evidence does not establish any present use of the Domain Name by the Respondent and although there was a re-direction of the Domain Name to the HPAC website in the past, there is none at present. The Domain is, in effect, inactive. In view of the Complainant's registered trade mark, it is difficult to see how the Respondent can activate this website without infringing the trade mark.
- 6.12. The Complainant submits that the Respondent by registering the Domain Name was endeavouring to unfairly disrupt the Complainant's legitimate business by preventing it from having an on-line presence.
- 6.13. Some assistance is given in the Nominet Dispute Resolution Service case of *Urban Outfitters Inc v Lim Chu Limited*, Case No. D00010987 of 4 May 2012. There it was said:

The fact that the Disputed Domain Name is either the exact reproduction or misspelling of the [Complainant's] trade mark without any adornment (other than the generic domain suffix or the letters "www") and the fact that the website at the Disputed

Domain Name is inactive, may lead a reasonable person to conclude that the Complainant has no UK active website.

- 6.14. In that case a transfer was ordered because the use of the Disputed Domain Name caused initial interest confusion.
- 6.15. The evidence from the Respondent is that the purpose of registering the Domain Name was to protect the name Heat Force for an intended product launch. On its own evidence the Respondent was aware of the Complainant's intended company and business name. The inference can be drawn on the balance of probabilities, that the Respondent knowing of the name a competitor proposed to use, registered the Domain Name to obtain a commercial advantage. As the Complainant did not then have Rights in Heat Force, this may not have infringed the Policy. However, that position changed when the trade mark was registered.
- 6.16. Thus, in the Expert's view, if the Complainant is to succeed, it must be under the provisions of paragraph 5.1.2, namely the confusion misleading or deceiving people provision referred to above. There is no requirement under Paragraph 5.1.2 for the confusion to exist at the date of registration of the Domain Name.
- 6.17. There is substance in the submission that the Respondent has not to the required standard established that it has registered the Domain Name to protect a new product which may or may not be produced and which may or may not have the words of the Domain Name in it. Some of its evidence is a little difficult to accept. However, it is not necessary to determine this matter on the basis of the Respondent's alleged claims to the words Heat Force and any prior right which it may have in those words. A registration can be an Unfair Registration even if the registration was not made in bad faith.
- 6.18. The Expert has concluded that this is a case where the Respondent is using the Domain Name in a way which is likely to confuse people and businesses into believing that the Domain Name is operated or authorised by, or otherwise connected with the Complainant. The reasons are similar to those expressed in the *Urban Outfitters* case. The Complainant has a trade mark which includes the essential words in the Domain Name. A reasonable person wishing to contact the Complainant is likely to type the address www.heatforce.co.nz into the search machine. The website which will come up will be that of the Respondent. It will be an inactive website and this will cause the initial confusion referred to in the *Urban Outfitters* case. There is a *prima facie* Unfair Registration.
- 6.19. The Respondent may demonstrate that the registration is not unfair if before it knew of the Complaint, it used or made demonstrable preparation to use the Domain Name in connection with a genuine offering of goods or services. It is quite clear from the Respondent's

own evidence that it has not determined to name a product Heat Force. The most likely inference to be drawn from the evidence is that the registration is for blocking purposes but as already indicated, this cannot assist the Complainant. However, for the reasons given the Respondent is not assisted by this provision of the Policy.

- 6.20. What, in the Expert's view, determines this matter is that the Complainant's trade mark effectively prevents the Respondent from using the Domain Name for its own business. Both the business of the Complainant and Respondent; compete and goods and services of both fall within the classes referred to in paragraph 4.1 above. In these circumstances confusion of the type referred to in paragraph 5.1.2 of the Policy will be caused by the Respondent's retention of the Domain Name. The business advantage which the Respondent seeks amounts to an Unfair Registration for the reasons given. Searchers will be confused as to why a Domain Name identical to the Complainant's name remains inactive.

7. Decision

- 7.1. For the reasons given, the Complaint succeeds and there is an order that the Domain Name be transferred to the Complainant.

Place of decision Auckland

Date 17th April 2014.

Expert Name Hon Barry Paterson QC

Signature

