

.nz Dispute Resolution Service

DRS Reference: 471

Dive! Tutukaka Limited v Janet Macfarlane

Key words -

1. Parties

Complainant:

Dive! Tutukaka Limited
Ms Kate Malcolm
Poor Knights Dive Centre
Marina Road
Tutukaka
Whangarei
New Zealand

Respondent:

Janet MacFarlane
11a Cockburn Street, Grey Lynn
Auckland
NZ (NEW ZEALAND)

2. Domain Name/s

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

3. Procedural history

The Complaint was lodged on 15/02/2010 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 18/02/2010. The domain/s were locked on 23/02/2010, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 22/03/2010 and the DNC so informed the Complainant on 22/03/2010. The Complainant filed a Reply to the Response on 31/03/2010. The DNC informed the parties on 23/04/2010 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 30/04/2010 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 30/04/2010 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.

On 7 May 2010, the Complainant sent a non-standard statement to the DNC. The Expert, after considering the Complainant's reasons for sending this statement, exercised the discretion contained in clause B.12.2 of the Policy and accepted it. The Respondent was copied the non-standard submission and given time to respond to it.

In accordance with clause B.12.1 of the Policy, the Expert requested from the Complainant further statements and documents, namely:

- (a) the name of the Complainant;
- (b) the details of any previous contractual arrangement between Paul Callahan and the Complainant;
- (c) a copy of the registration certificate of trademark #764246.

The Complainant responded to the request under clause B.12.1 by providing further statements and a document, which was copied to the Respondent who was given time to respond.

The Respondent has not responded to the Complainant's non-standard statement or the Complainant's further statements requested under clause B.12.1.

4. Factual background

The Complaint was filed in the name of Dive! Tutukaka, which is neither a corporate body nor a person. The information supplied as a result of the clause B.12.1 request establishes that the Complainant is Dive! Tutukaka Limited. As there is no prejudice to the Respondent, the name of the Complainant is amended to Dive! Tutukaka Limited.

The following facts are stated by the Complainant:

The Complainant has been in operation for 10 years, and has a high profile in the dive industry in New Zealand and internationally.

The Complainant has spent hundreds of thousands of dollars in the promotion of the Tutukaka region, the dive location of the Poor Knights Islands and the activity of diving.

The company is an international and national multiple award winner with a reputable brand in the niche diving world and is both nationally and internationally recognised as the leading dive operator in New Zealand, servicing the Poor Knights Islands.

The Complainant has a website, www.diving.co.nz and has a top ranking Google search result with an average of about 4,500 unique browsers a month. The key words "Dive Tutukaka", "Tutukaka Dive" and "Dive Tutukaka NZ" are ranked 1, 7 and 9 in a Google analytic breakdown of the Complainant's own website key word searches. This indicates that the brand name has high recognition.

The Complainant is well known in Australia and, indeed, throughout the global diving community, mainly through international trade, international and industry specific awards and national awards. It has won the Supreme category in the NZ Tourism Awards, the Northland Business Awards and PADA Member Awards.

The Domain Name was owned by Paul Callahan who had a website that profiled various tourism and activities and New Zealand-wide accommodation, and allowed for online booking engine. He acquired the Domain Name for the purposes of his business.

The Complainant was concerned when Paul Callahan obtained the Domain Name and itself acquired the Domain Name "<divetutukaka.com>".

Discussions between the Complainant and Paul Callahan established that his registration of the Domain Name was not as an unfair registration, nor was it causing confusion, nor misleading consumers. Paul Callahan was not a dive operation and was not redirecting traffic to a direct competitor.

The arrangement between the Complainant and Paul Callahan was that the Complainant honoured bookings made through the Paul Callahan site and allowed him a 10% booking fee.

On 9 February 2010, the Complainant was notified that the Domain Name was coming available after expiry of the previous registration. It entered into the bid process on www.expireddomains.co.nz in an attempt to acquire the Domain Name.

On 10 February 2010, an automated notification alerted the Complainant that it had been outbid. The auction closed shortly thereafter.

There were discussions between officers of the Complainant and the Respondent shortly after the auction closed. The Complainant says that it was advised by the Respondent that she "worked for a web services company who were under the direction of a client to obtain that site specifically in relation to the generic key words used in the title, for a related business".

The Complainant says that later on the 10 February 2010, a former employee of the Complainant, who is now a part owner in a dive operation that is in direct competition to the Complainant's business, spoke with a skipper employed by the Complainant and told him that he had just bought the Domain Name for \$28.

The website www.divetutukaka.co.nz now directs traffic to Dive Inn, a competitor of the Complainant, at the website www.diveinn.co.nz.

5. Parties' contentions

a. Complainant

The mark which the Complainant submits it has Rights to is Dive! Tutukaka. It claims those Rights both under a registered trade mark and a common law mark in which it enjoys significant goodwill and reputation.

The registered trade mark was filed for registration in February 2007 and registered on 3 April 2008. The proprietor is Jeroen Jongejans, c/- Dive! Tutukaka, Marine Road, Tutukaka, RD3, Whangarei, New Zealand. The trade mark is:



The registered trade mark appears on several brochures and advertising material supplied by the Complainant. The Complainant's rate card exhibits the trade mark and it appears in the company's advertisement in the Official Visitor's Guide for Northland. It also appears on a brochure entitled "Complimentary Tutukaka Coast Street Guide". The AA Northland Visitor's Guide for 2010 has an advertisement which shows the Complainant's boats with the trade mark painted on the side. On the back page of the same publication under the heading "Things To Do" is a reference to Dive! Tutukaka and its phone number. Most of the publications produced show the trade mark. At least one refers to Dive! Tutukaka rather than the stylised trade mark.

Examples of material using the common law mark were provided. They include a photograph of Jeroen Jongejans receiving the 2006 Supreme Tourism Award from the then Prime Minister. The page is headed "About Dive! Tutukaka". Other material from web pages includes both the registered trade mark and the common law mark. It is quite clear from the material provided that both Kate Malcolm who lodged the Complaint and Jeroen Jongejans are officers of the Complainant. Pages from Facebook also exhibit the registered trade mark. Reference has not been made to all of the material supplied but that material does establish wide use of the registered trade mark.

The Complainant states it has invested significantly in promoting its trade mark and set out amounts paid for advertising and marketing expenditure for the past five years. The amount spent totalled \$477,049.

The Complainant notes that it is not possible to register dive!tutukaka as a Domain Name because of the presence of the exclamation mark.

The Complainant submits that both the registered trade mark and the common law mark are similar to the Domain Name. Further, it submits that the Domain Name in the hands of the Respondent is an Unfair Registration.

The Complainant relies on clauses 5.1.1(b), 5.1.1(c) and 5.1.2 of the Policy. It submits that the circumstances indicate that the Respondent has acquired the Domain Name primarily as a blocking registration against its mark. The combined use of the words "Dive" and "Tutukaka" lead potential clients to the website of a competitor in instances where research suggests they are specifically searching for information on the Complainant.

It further submits that the Respondent acquired the Domain Name for the purpose of unfairly disrupting the business of the Complainant. This is because potential clients specifically seeking the Complainant's business details will be diverted to that of the Respondent by virtue of the Domain Name.

Further, it is submitted that the diversion of internet traffic to the Respondent's website via the Domain Name indicates that the Respondent is intending to use the Domain Name in a manner likely to confuse, mislead and deceive. It is confusing and deceiving by using the Domain Name which is very similar to the Complainant's marks, and which will lead potential clients to a competitor's website. The Complainant further submitted that the Respondent was clearly aware of the Complainant's activities and pre-eminence in the field because she had been directed by her web services company to obtain the name specifically in relation to the generic key words used in the title of a related business. Dive Inn is a direct competitor of the Complainant, both in business and the immediate geographical location.

b. Respondent

The Respondent refers to clause 6.1.2 of the Policy which states that it is not an Unfair Registration if the Domain Name is generic or descriptive and the Respondent is making fair use of it in a way which is consistent with its generic or descriptive character. The Respondent acknowledges that the Complainant does offer other services but says that it operates these activities under another business name "Perfect Day".

In support of this submission, the Respondent notes that the condition on the trade mark registration “is applicable to diving activities in the Tutukaka region”.

The Respondent also disputes that the Complainant has rights to the Maori device trade mark “Dive!Tutukaka” which is distinctive in its unique mark (i.e. bright yellow colour of the words “Dive!”, white font “Tutukaka”). In other words, the registered trade mark is said to be distinctive and the rights to that distinctive trade mark do not give the Complainant the right to the two generic and descriptive words “dive Tutukaka”.

The Respondent also says that it is fairly unlikely that the Complainant would have been able to register any trade mark for the “Dive!Tutukaka” phrase alone because the name is descriptive of a characteristic of the service provided by the Complainant and has a geographical local association with the services it provides. “Dive!Tutukaka” is neither distinctive nor unique when applied to diving activities in the Tutukaka region.

In response to the submissions regarding clause 5.1.1(b) of the Policy, the Respondent’s position is that the Domain Name was not registered in an effort to block registration but acquired specifically based on the generic words, which relate directly to the activities of the business for which it was intended to be used – The Dive Inn. That company operates diving activity services at Tutukaka.

In response to the allegation that the Domain Name was acquired for the purposes of unfairly disrupting the business of the Complainant, the Respondent says that the Domain Name was acquired by her for two reasons:

- (a) to help a friend who has a diving business in Tutukaka and the surrounding areas; and
- (b) to develop a potential opportunity for her own small business – EasyWeb. She says she was not aware of the Dive!Tutukaka business, nor its interest or intentions on the morning of 10 February 2010.

The Respondent received advice from www.expireddomains.co.nz of the potential availability of the Domain Name and immediately noticed the value of the generic domain name with respect to a friend’s business, namely The Dive Inn. Mr Greenland, her friend, was made aware that she was going to attempt to win the Domain Name registration. She says she was not under instruction from Mr Greenland.

The Respondent’s intention was to use the Domain Name either as a referral URL (redirect for browsers searching to dive in the Tutukaka area) and/or as a site for development. Both relate to Mr Greenland’s

dive business, which has a legitimate, established and ongoing business and diving activities in Tutukaka and the surrounding areas. The Respondent's position is that both options are standard web service practises focussed on website traffic generation and online marketing and are services operated by her business.

Following the successful registration of the Domain Name, the Respondent redirected the URL to her friend's business website, as was her intention. It was after this redirection that she became aware of the Complainant's request to transfer the Domain Name. In this respect, the Respondent relies upon clause 6.1.1 of the Policy which states that before being aware of the Complainant's cause of Complaint (not necessarily the Complaint itself) the Respondent has been commonly known by the name or legitimately connected with the mark which is identical or similar to the Domain Name. At no time was it intended to mislead browsers or block registration of another company, specifically the Complainant.

Finally, the Respondent states that Mr Greenland refutes the conversation he allegedly had with the Complainant's skipper and notes that no money has been requested, offered or exchanged between herself and The Dive Inn or Mr Greenland for the Domain Name. She has had no prior business relationship or business-related discussions with Mr Greenland prior to the events that took place with the registration of this Domain Name.

6. Discussion and findings

The Complainant is required to satisfy the requirements of clause 4 of the Policy, namely:

- 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.

The Policy defines Rights as:

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.

An issue in this Complaint is whether the Rights relied upon by the Complainant are "wholly descriptive of the Complainant's business." This matter will be addressed a little later in this decision.

As already noted, the Rights relied upon by the Complainant are a registered trade mark and a common law mark (often referred to as an unregistered trade mark.)

There are two issues with the registered trade mark. First, it is not registered in the name of the Complainant and the Complainant did not advise the connection between Mr Jongejans, the registered owner, and the Complainant. The Complaint based on the registered trade mark would have failed on this point if it had not been for the supporting information provided which clearly establishes that Mr Jongejans is an officer and a director of the Complainant. It is clear from the material that the Complainant has had the use of the registered trade mark under some arrangement with Mr Jongejans. An inference can properly be drawn that there was an arrangement under which the Complainant had the exclusive use of this trade mark.

The second issue is whether the Complainant can rely upon the registered trade mark, which is for a device, when use of the Domain Name is probably not an infringement of the trade mark. In the Expert's view, it can if that trade mark is similar to the Domain Name.

Although the registered trade mark is in a device form it contains the words "Dive!Tutukaka". That term is used widely by the Complainant in its advertising and on its boats. In the Expert's view, it is similar to the Domain Name and may be relied upon the Policy definition of Rights.

Even if the Complainant had been unable to rely on the registered trade mark, the Complainant does have a common law mark upon which it can rely if it can show usage of the name, Dive!Tutukaka is its own distinctive trade name or distinctive to its business.

The Expert is of the view that the evidence is sufficient to establish that Dive!Tutukaka has been commonly used as distinct from the logo trade mark in referring to the Complainant's business. On its own website when referring to the many awards which it has won, it refers to itself as Dive!Tutukaka. It has put out frequent media releases using the same name and not the logo trade mark. On the website of Northland Business Awards, it is named several times as Dive!Tutukaka. If tutukaka diving is Googled there are many references to Dive!Tutukaka. The Dive New Zealand website contains a New Zealand Dive Shop directory. It refers to many dive businesses in the Northland area and the reference to the Complainant is under the name of Dive!Tutukaka. There are Facebook entries which include both the trade mark but also the name Dive!Tutukaka. There are similar references on Twitter. There is a reference on the website rankers.co.nz, which contains holiday reviews, to DiveTutukaka (without the exclamation mark). The AA Northland Visitor Guide 2010, in a reference to businesses on the Tutukaka Coast, refers to several dive companies and names the Complainant as Dive!Tutukaka.

The Complainant has been in business for more than 10 years. It has obtained business through the Domain Name during that period. Those

people who booked through the Domain Name in respect of which the Complainant paid a commission would know the business as Dive!Tutukaka. Finally, the existence of the registered trade mark and the use of it both in advertisements and on its boats support the proposition that Dive!Tutukaka is a distinctive business name of the Complainant and a name in which it has goodwill.

As noted above, the Expert is of the view that Dive!Tutukaka is similar to the Domain Name. The Respondent suggested that the Complainant cannot rely upon its common law mark because it is wholly descriptive of the Complainant's business. The response of the Respondent, which is confirmed by its website, is that Dive!Tutukaka is not descriptive of its business. It operates a PADI Five Star Instructor Training Centre, a retail outlet selling clothing, jewellery, books and dive accessories, offers local information and accommodation advice, runs and Eco Tour, operates snorkelling and kayaking experiences and most of its business is based in the Poor Knights islands which are 24 km off the coast of Tutukaka. There is no diving as such at Tutukaka and most of the diving operators based in Tutukaka do not dive in Tutukaka.

The Expert is of the view that, arguably, Dive!Tutukaka is not wholly descriptive of the Complainant's business. However, even if it were wholly descriptive, it does not mean that the common law mark can not be relied upon. The words may have a secondary meaning that identify them with the business conducted by the Complainant: See *Shotover Gorge Jet Boats Limited v Marine Enterprises Limited* [1984] 2 NZLR 154.

The issue is whether in the circumstances notwithstanding the reference to a geographical area and a service, the Complainant still has a common law mark Right in Dive!Tutukaka. There is a useful discussion in the decision of Expert Andrew Brown, QC in .nz Dispute Resolution Service DRS Reference: 291, *Auckland Airport v Dave Burghardt*. It is there suggested that the test is whether the mark "has acquired distinctiveness so as to distinguish the goods and services of one undertaking from those of other undertakings."

The view of the Expert is that the evidence referred to above to establish the mark also gives it the distinctiveness required to establish a Right upon which the Complainant can rely under the provisions of the Policy.

Having established that there is a Right, based on the common law mark, it is necessary to consider the other two requirements which must be satisfied by the Complainant, namely:

- (a) The Complainant's mark is identical or similar to the Domain Name; and
- (b) the Domain Name in the hands of the Respondent is an Unfair Registration.

As already noted, the Expert's view is that the mark is similar to the Domain Name. It is not possible to include punctuation in a domain name and the exclamation mark is the only difference between the substantive part of the Domain Name and the Complainant's mark.

The Complainant relies upon three provisions in clause 5 of the Policy to establish Unfair Registration. If any one of the factors referred to in these three provisions is established, it may be evidence of Unfair Registration. It is noted that both in respect of clause 5 and clause 6 referred to below, a finding that one of the provisions applies is only evidence of either Unfair Registration or Fair Registration and is not in itself conclusive.

Two of the provisions relied upon are in clause 5.1.1. The relevant provisions read:

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

- (c) ...
- (d) as a blocking registration against a name or mark in which the Complainant has rights; or
- (e) for the purpose of unfairly disrupting the business of the Complainant.

If the Respondent's statements are accepted, neither of these provisions apply. The registration was not primarily obtained as a blocking registration, nor was it primarily obtained for the purposes of unfairly disrupting the business of the Complainant. The Complainant had never owned the Domain Name, although it had an arrangement under which it obtained the benefit of the Domain Name. The Domain Name became available and the Respondent, who was not the Complainant's competitor, learnt of the name from www.expireddomains.co.nz. There may be substance in the Complainant's reply suggesting that the acquisition of the Domain Name by the Respondent for Dive Inn was not as innocent as suggested by the Respondent. However, in the circumstances the Expert does not draw an inference that the Domain Name was acquired for either of the purposes referred to in the appropriate subsections of clause 5.1.1. It is not necessary to do so.

The third provision of clause 5 relied upon is clause 5.1.2 of the Policy which states:

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.

The Respondent is using the Domain Name to refer business to a competitor of the Complainant. The Complainant's claim to having built up considerable goodwill through its 10 year use of its marks has not been disputed and appears to be valid. Potential customers who Google Dive!Tutukaka or Dive Tutukaka or who have previously contacted the Complainant through the website when owned by Paul Callahan will now be directed to a competitor of the Complainant. The same will apply to other potential customers who have been referred to or have heard of Dive!Tutukaka. If any of these people endeavour to contact the Complainant through the website, they will be referred to The Dive Inn and not to the Complainant. In the Expert's opinion, this will confuse and mislead potential clients of the Complainant. The provisions of clause 5.1.2 are made out.

The Respondent relies upon clause 6.1.2 which states that if a Domain Name is generic or descriptive and the Respondent is making fair use of it in a way which is consistent with its generic or descriptive character, then that may be evidence that the Domain Name is not an Unfair Registration.

As noted above, if the Domain Name is generic or descriptive, that may be evidence that the registration was not an Unfair Registration. In this case, even if the Domain Name is descriptive it does not necessarily mean that the registration is not Unfair. The Expert is not satisfied that the Respondent is making fair use of the Domain Name in a way which is consistent with its generic or descriptive character. She is making it available to a competitor of the Complainant who operates from Whangarei and, as evidenced from its own website, dives mainly in the Poor Knights area. While it may depart from Tutukaka, it is incorrect, in the Expert's view to say that its use is generic or descriptive of the character of the business of either the Respondent or Dive Inn, which is obtaining the commercial benefit of the name.

The Respondent also places reliance on clause 6.1.1(a) of the Policy, the relevant portions of which state:

- 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:

The Respondent acknowledges discussing with a part owner of Dive Inn her intention to endeavour to obtain the Domain Name for use by Dive Inn. The proprietor of Dive Inn is a friend of hers. It is difficult to accept that the Respondent who operates a small business known as EasyWeb was unaware of the previous use of the Domain Name partly for the benefit of the Complainant or that she was unaware from her discussions with the part owner of Dive Inn that the Complainant would be concerned at the use of the name by a competitor. Whilst she may have made the name available to Dive Inn before she was aware of the actual Complaint by the Complainant, she would, in the Expert's view, have been aware of the cause for the Complaint.

She would have been aware of the Complainant's position on the same day as she acquired the Domain Name. This would be before any services were purchased from Dive Inn through the use of the Domain Name.

It is the Expert's view that the Respondent cannot rely upon either the provisions of clauses 6.1.1(a) or 6.1.2. However, even if the Expert is wrong in this assessment, the result would not be different. Where there are indicators which may be evidence of Unfair Registration and indicators which may be evidence of a registration which is not Unfair, it is necessary, in the Expert's view, to balance the competing issues. English authorities on this point were referred to in .nz Dispute Resolution Service DRS Reference: 420 *First Direct Limited v Eva Romanowska* – Expert W A Smith. In this case, a competitor wishes to use a domain name which is similar to marks which have been used for several years by the Complainant. The use of that name is likely to divert business which the Complainant would otherwise obtain to Dive Inn. Balancing the competing factors, the Expert is of the view that the registration is an Unfair Registration.

7. Decision

In accordance with the Complainant's request, there is a direction that the Domain Name be transferred to the Complainant.

Place of decision: Auckland

Date 24th May 2010

Expert Name Hon Barry Paterson QC

Signature