

.nz Dispute Resolution Service

DRS Reference: 485

Indigo Limited v Montavi Limited

Key words –

Identical or similar trade mark or name

Registered mark - identical

Unfair registration

Fair use - likely to confuse, mislead or deceive - prior relationships between the parties

Parties

Complainant:

Indigo Limited

Mr Amaranathan (Nathan) Balasingham

Respondent:

Montavi Limited

Graeme Clemett

Domain Name/s

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

Procedural history

1. The Complaint was lodged on 22/03/2010 and Domain Name Commission (DNC), notified Respondent of the validated Complaint on 25/03/2010. The domain was locked on 23/03/2010, preventing any changes to the record until the conclusion of these proceedings.
2. Respondent filed a Response to the Complaint on 13/04/2010 and the DNC so informed Complainant on 13/04/2010. Complainant filed a Reply to the Response on 23/04/2010. The DNC informed the parties on 12/05/2010 that informal mediation had failed to achieve a resolution to the dispute.
3. Complainant paid Domain Name Commission Limited the appropriate fee on 13/05/2010 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

4. Mr Clive Elliott, the undersigned, (“the Expert”) confirmed to the DNC on 14/05/2010 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.

Factual background

5. Complainant is an incorporated company registered in New Zealand. Mr Amaranathan (Nathan) Balasingham is a scientist who developed the product “Natures Curator”, which is now the subject of dispute between the parties. It is a natural organic activator adapted for use in nurseries and gardens.
6. Respondent is an incorporated company registered in New Zealand, which at material times operated as a distributor of, inter alia, “Natures Curator”.
7. The Domain Name was registered on 7 December 2007.

Parties’ contentions

Complainant

8. Complainant states that the trademark ‘Natures Curator’ has been owned by its director Nathan Balasingham since its registration in July 2003. Complainant claims that Respondent has established a company with the name Natures Curator and has registered a website www.naturescurator.co.nz. Complainant submits that Respondent is not entitled to do either of those things as it has not entered into an agreement allowing them to use the trademark 'Natures Curator'.
9. Complainant advises that it entered into a distribution agreement with a person named Rob Butler who represented that he would own/establish a company, Natures Curator NZ Limited. Complainant contends that Mr Butler later advised it that Lauren Edwards and Graeme Clemett of the Respondent were managing the company, although it was still his company. Complainant explains that whilst the distribution agreement allowed Natures Curator NZ Limited to distribute the product Natures Curator and use the trademark 'Natures Curator' during the term of the agreement, it did not allow Mr Butler to assign the rights to use the trademark to anyone else.
10. Complainant states that it cancelled the agreement with Natures Curator NZ Limited (by email and letter to Rob Butler) on 13 January 2010 and that under the terms of the agreement, on its cancellation all industrial property (including trademarks) reverted immediately to Complainant.
11. Complainant states that during the term of the agreement with Mr Butler it supplied the product 'Natures Curator' to Natures Curator NZ Limited on the understanding it was Rob Butler's company and that it invited Mr Butler to contact him about arrangements for exit of the contract, but Mr Butler did not do so.

12. Complainant advises that it came to its attention that Mr Butler did not own the company Natures Curator NZ Limited and that Respondent appeared to have formed a relationship with Mr Butler and registered a company named Natures Curator NZ Limited with Lauren Edwards and Graeme Clemett as directors and Respondent as shareholder of that company. Complainant argues that the distribution agreement did not allow Graeme and Lauren Edwards to register a company named Natures Curator NZ Limited and that they did not have rights to use the Natures Curator trademark to register such company or obtain a domain name using the Natures Curator trademark.
13. Complainant submits that Natures Curator NZ Limited is continuing to sell the product that Complainant supplied to Mr Butler. It contends that Respondent is selling it below the recommended retail price and “dumping” the product which is causing damage to the product's reputation.
14. Complainant asserts that Lauren Edwards and Graeme Clemett have, in an email of 15 February 2010, acknowledged that Mr Butler had deceived Complainant and that they have emailed their customers confirming that they no longer have rights to distribute Natures Curator.
15. Complainant argues that although Natures Curator NZ Limited, Lauren Edwards, Graeme Clemett and Respondent (Montavi Limited) have no right to use the name 'Natures Curator', Respondent is using the trademark in a manner which is detrimental to Complainant's rights to the trademark.
16. Complainant asserts that the registration of the Domain Name by Respondent is causing detriment to its business and reputation and confusion amongst potential purchasers with a resultant loss of sales. Complainant states that it is paying for advertising of the product Natures Curator and asserts that people are purchasing its product from Respondent through the Domain Name website rather than through Complainant.

Respondent

17. Respondent states that Nathan Balasingham, through his company, the Complainant, entered into a contractual agreement with Nature's (sic) Curator NZ Ltd as distributor of the Nature's Curator gardening product in November 2008.
18. Respondent asserts that Graeme Clemett and Lauren Edwards, directors of Nature's Curator NZ Ltd, have contributed considerable capital and expertise into building a successful distribution business and that during 18 months of business, they have gained a substantial retail presence.
19. Respondent contends that Complainant has misrepresented facts surrounding the business agreement and the Domain Name for the sole purpose of prospering from brand awareness and equity built by Graeme Clemett and Lauren Edwards through Nature's Curator NZ Ltd, in order to sell Nature's Curator. Respondent contends that Complainant is requesting the transfer of the Domain Name, including all associated equity and value built by Nature's Curator NZ Ltd, for

its own financial gain, and that Complainant has not offered compensation to Nature's Curator NZ Ltd for the purchase of the Domain Name, the business value or the associated brand equity.

20. Respondent advises that Complainant has ignored pleas to supply stock to Nature's Curator NZ Ltd and that this action is preventing the company from continuing to trade leaving it no choice other than to sell remaining stock to pay outstanding accounts.
21. Respondent states that in September 2008 Complainant provided Nature's Curator NZ Ltd with the marks for the production of all marketing collateral and in that same month Graeme Clemett and Lauren Edwards registered Nature's Curator NZ Ltd. Respondent also states that in November 2008 a distributor agreement was signed with Complainant and then in February and again in July 2009 Complainant acknowledged Nature's Curator NZ Ltd as a legitimate distributor by twice supplying product and accepting payment from the Respondent.
22. Respondent claims that in July 2009 Nature's Curator NZ Ltd presented Complainant with a comprehensive sales and marketing strategy for Nature's Curator. Respondent states that in November 2009 Complainant had not responded to a requested review of sales and marketing strategy or setting of sales targets as outlined in the agreement and Complainant instead disputed the existence of any agreement with Graeme Clemett and Lauren Edwards as Directors of Nature's Curator NZ Ltd.
23. Respondent submits that in October 2009 Complainant ignored requests from Nature's Curator NZ Ltd to supply product to enable the business to continue trading and notes that according to Complainant's submissions, in November 2009 Complainant signed another agreement with Rob Butler as a representative of Nature's Curator NZ Ltd.
24. Respondent claims that Complainant has only decided to dispute their entitlement now that the company is established and market brand awareness has increased.
25. Respondent acknowledges that Complainant supplied product to Nature's Curator NZ Ltd, not Rob Butler, and verified this with supporting invoices but disputes Complainant's contentions that they are selling the product below recommended retail price and therefore damaging the product's reputation.
26. Respondent submits that article 10.1 of the Draft Distributor Agreement states upon termination of the agreement, the distributor shall stop all sale of the product with the sole exception of disposal of its inventory.
27. Respondent also submits that they have not damaged the product nor Complainant's reputation and suggests that Nature's Curator NZ Ltd has positively promoted Complainant and Nature's Curator extensively via the Domain Name, to the extent it was a finalist in the NZ Gardener Best Website Awards. Respondent submits that it has also promoted Complainant and the

product at trade shows and speaking engagements, including the Ellerslie Flower Show 2009, the Auckland Horticultural Society Show and Fieldays 2009 together with various print media.

Complainant's Response

28. Complainant replied to Respondent's response saying that in 2008 it had not heard of the Domain Name Registrant, Montavi Limited, nor had it seen the agreement signed by Lauren Edwards and that it had negotiated only with Rob Butler and his lawyer during 2008.
29. Complainant reiterated that on 26 November 2008 it signed the agreement and handed both copies to Rob Butler who was to sign in front of a witness. Complainant states that Rob Butler did not return a copy of the agreement to it and in 2009 told Complainant that he had misplaced the original agreement given to him to sign.
30. Complainant states that the agreement the Respondent provided is signed after the date Respondent became the registrant of the Domain Name and that the registration was transferred to Respondent without its knowledge or consent.
31. Complainant disputes that it ever negotiated with Respondent, Lauren Edwards or Graeme Clemett, about entering into a distribution agreement and that if they signed the agreement in December that it gave to Rob Butler in November 2008, it was completely without Complainant's knowledge and consent.
32. Complainant suggests that Respondent is trying to benefit from Complainant's intellectual property and submits that in February 2010 it offered to pay the remainder of the registration period for the Domain Name but Graeme Clemett and Lauren Edwards did not respond to Complainant's offer.
33. Complainant claims that Respondent failed as distributor of Natures Curator during the period 26 November 2008 to February 2010 to order the required minimum amount under the agreement.
34. Complainant responds to Respondent's contentions that it was an integral and willing participant in the development of all branded collateral and website updates and says it did so because it thought it was its own website, or a website that it had the intellectual property rights to.
35. Complainant responds to Respondent's contentions that it supplied Respondent with product and labels and says that it did not supply Montavi Limited but rather believed it was supplying product and labels to Rob Butler's company and says further that a reason the agreement was terminated was that Lauren Edwards insisted on using unapproved labels, even after being directed not to, which was in breach of the distribution agreement and in breach of Complainant's approval from Assure Quality and was putting the organic registration that it owned at risk.

Discussion and findings

36. The dispute is governed by the Policy issued by the office of the Domain Name Commissioner on behalf of DNC. The relevant portions of the Policy for present purposes are as follows:

“3. Definitions ...

Unfair Registration means a Domain Name which 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.

4. Dispute Resolution Service

4.1 This Policy and Procedure applies to Respondents when a Complainant asserts to the DNC according to the Procedure 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

4.1.1 The Domain Name, in the hands of the Respondent, is an Unfair Registration.

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 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 The Complainant can demonstrate that the Respondent has knowingly given false contact details to a Registrar and/or to the DNC; or

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;"

37. In order to support a complaint of this kind the Complainant must satisfy three elements:
 - a. Rights in respect of a name or mark (para 4.1.1);
 - b. Identity or similarity between that name or mark and the Domain Name (para 4.1.1); and
 - c. Unfair registration in the hands of the Respondent (para 4.1.2).

Rights in respect of a name or mark

38. In terms of assessing whether the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name the Expert first has to consider what the name or mark is and who has rights in it.
39. The expression "Rights" is referred to in the definition of "Unfair Registration" in paragraph 3 of the Policy and is directed to a Domain Name which "took unfair advantage of or was unfairly detrimental to the Complainant's Rights" in some way. The primary question is whether some disadvantage or detriment occurs vis-a-vis the Complainant's Rights.
40. Pursuant to paragraph 3 of the Policy the Complainant must establish the requisite Rights in order to establish that some form of disadvantage or detriment is likely to occur through the existence or use of the Domain Name by the Respondent.
41. Nathan Balasingham is the proprietor of New Zealand trademark registration number 682426. It is asserted by Complainant and not disputed by Respondent that Mr Balasingham is a director of the Complainant company. He executed the distribution agreement between Complainant and Natures Curator NZ Ltd on 6 October 2009. He is a horticultural scientist and it is common ground between the parties that he is the developer of the Nature's Curator product, which is said to be the world's first certified natural organic activator adapted for use in nurseries and gardens.
42. It is clear from the evidence that there is a connection and association between Nathan Balasingham and the Complainant. While the two are separate legal entities Complainant is rather loosely referred to in the Complaint as "Nathan's company". It is reasonable to infer that the company Indigo Limited is the vehicle through which Nathan Balasingham operates his business and that it had his authority and permission to enter into a distribution agreement which granted rights to use the Nature's Curator trademark. It is also reasonable to infer that Complainant has some common-law rights in the Nature's Curator trademark by

virtue of its use of the trademark or through the efforts of its distributor Natures Curator NZ Ltd.

43. It is also observed that Respondent does not dispute Complainant's rights in the Natures Curator trademark.
44. Complainant did not properly address the issue of ownership of any rights. However, both parties failed to focus on the issues central to determination of this dispute and filed substantial submissions and evidence on matters of limited or no relevance. Nevertheless, for purposes of the present ground the Expert finds that Complainant has adequate Rights in respect of a name or mark which is identical or similar to the Domain Name.

Identity or similarity

45. The trademark is for all intents and purposes identical to the Domain Name. This ground is clearly established.

Unfair registration

46. As noted in paragraph 36 above, a number of factors may be taken into account as evidence that the Domain Name is an Unfair Registration. This requires the Expert to be satisfied that the Respondent has registered or otherwise acquired the Domain Names primarily for certain proscribed purposes.
47. As noted above in paragraphs 15 and 16, Complainant argues that although Natures Curator NZ Limited, Lauren Edwards, Graeme Clemett and Respondent (Montavi Limited) do not have any right to use the name or mark Natures Curator, Respondent is using the trademark and causing confusion amongst potential purchasers of the product.
48. Paragraph 5.1 of the Policy sets out a number of non-exhaustive factors which may point to the Domain Name being an Unfair Registration.

For the purpose of unfairly disrupting the business of the Complainant

49. Complainant appears to be relying upon Paragraph 5.1 (c) namely that there are circumstances indicating Respondent has registered or otherwise acquired the Domain Name primarily for the purpose of unfairly disrupting the business of the Complainant.
50. The evidence filed by the parties does not support this argument. It is clear that the Domain Name was used, directly or indirectly, by the authorised distributor Natures Curator NZ Ltd to promote the Natures Curator product. Respondent is the sole shareholder of Natures Curator NZ Ltd and according to Respondent paid for the Product supplied by Complainant. Respondent (and by that reference is made to Respondent itself and its shareholders, directors and close associates) asserts that it expended considerable time and effort in marketing and promoting the Natures Curator product. It also provides evidence that it was successful in doing so, including being awarded awards for successful online

and other marketing. Evidence is also provided that Complainant was privy to this conduct, endorsed it and benefited as a result.

51. It may well be that the distribution arrangement has relatively recently been cancelled. However, it is difficult under the circumstances to conclude that at the relevant time Respondent "registered or otherwise acquired the Domain Name primarily for the purpose of unfairly disrupting the business of the Complainant". Indeed, it is more reasonable to conclude the opposite, namely that the Domain Name was registered and used to assist in the marketing, promotion and sale of Complainant's Natures Curator product and that this benefited both Complainant and Respondent.

Using the Domain Name in a way which is likely to confuse, mislead or deceive

52. In terms of paragraph 5.1.2 of the Policy the question arises whether 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 Complainant.
53. Complainant asserts that it never provided Respondent with permission to register or Use the Domain Name. A great deal of repetitive submission and evidence is directed to the contact between and relationships of the various parties including the directors of the company Natures Curator NZ Ltd. At the centre of the complicated relationships between the parties is Mr. Rob Butler, who, it seems, purported to represent Natures Curator NZ Ltd and signed the distribution agreement "for the distributor" on 6 October 2009.
54. It is neither possible nor appropriate to try and untangle the complicated web of the relationship between Complainant and Respondent and their respective directors and associates. What does however seem clear is that Complainant has purported to cancel the distribution agreement and Natures Curator NZ Ltd appear to have accepted that the distribution arrangement is at an end.
55. Complainant asserts that Respondent never had permission to use the Natures Curator trademark or register and use the Domain Name. However, even though Respondent (Montavi Limited) is only a shareholder of Natures Curator NZ Ltd both the directors of Natures Curator NZ Ltd were identified as such in numerous communications between Graeme Clemett and Lauren Edwards and Nathan Balasingham on behalf of Complainant. Further, the website operated by Natures Curator NZ Ltd and through the efforts of Graeme Clemett and Lauren Edwards was also a finalist for the best website in the New Zealand Gardener Marketing Awards in 2009.
56. It is reasonable to infer that Nathan Balasingham knew who had registered and was using the Domain Name in at least 2009 and that Complainant's authorised distributor Natures Curator NZ Ltd had made the necessary arrangements to secure the Domain Name in order to achieve successful distribution of the Natures Curator product. For this reason it is somewhat disingenuous to now argue that the registrant of the Domain Name did not have Complainant's permission.

57. In terms of cancellation of the distribution agreement even if it is assumed that it was properly cancelled or otherwise terminated, article 10, paragraph 1 makes it clear that the distributor is “entitled to dispose of its inventory”. There is no evidence to suggest that Respondent is or has been offering for sale or selling anything but genuine Natures Curator product. There is no time limit on Natures Curator NZ Ltd in which all inventory needs to be disposed of.
58. Accordingly the Expert is unable, on the basis of the present evidence, to conclude that the Domain Name is or has been used in a way which is likely to confuse, mislead or deceive. That situation may change in the future but the Expert has determined this issue on the basis of what has happened to date not what might happen in the future.

Relationship between Parties

59. The final question is whether paragraph 5.1.5 of the Policy has any bearing on the outcome. That is, that 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. While the situation in the present case is different it is informative that the Policy records the existence of a relationship and an intention that one of the parties would register a domain name to be a potentially relevant consideration.
60. It would seem that the converse should equally apply, namely where it appears that there was a relationship between Complainant and a legally entity in which the Registrant of the Domain Name had a shareholding interest and whereby the directors of the distributor had a legal and business relationship with Respondent.
61. Having considered the evidence and the Policy the Expert is of the view that a pragmatic and practical approach should be taken to determine disputes like this, where the parties have clearly been in a mutually beneficial commercial relationship and worked together.
62. The Expert concludes that Complainant knew or ought to have known that its authorised distributor Natures Curator NZ Ltd had arranged for Respondent to register the Domain Name on its behalf so that it could use the Domain Name to help market, promote and sell Complainant’s product. Having either consented to this or stood by knowing what was happening, it would be inconsistent for Complainant to now contend that the Domain Name is an unfair registration in the hands of Respondent having either consented to or acquiesced in and benefited from that very conduct.
63. The Expert observes that there may well be unresolved issues between Complainant and Respondent/Natures Curator NZ Ltd but that they need to be addressed elsewhere.

Decision

64. Complainant has failed to establish each part of paragraph 4.1 of the Policy and the relief is denied.

Place of decision Auckland

Date 28 May 2010

Expert Name Mr Clive Elliott

Signature _____