

.nz Dispute Resolution Service

DRS Reference: 783

Phoenix Cycle Distributors Limited v Adam Mossman trading as Healing Industries (NZ)

Key words

Domain Name – healingcycles.co.nz

Identical or similar trade mark or name – registered marks – similar

Rights – no legitimate or fair use

Unfair registration – blocking registration – likely to confuse, mislead or deceive – unfairly disrupting the business of the Complainant – unfair advantage of or unfairly detrimental to Complainant's rights

Procedure – evidence – remedies – transfer

1. Parties

Complainant:
Phoenix Cycle Distributors Limited
266 Forrest Hill Road
Forrest Hill
Auckland 0620
New Zealand

Respondent:
Adam Mossman trading as Healing Industries (NZ)
PO Box 8292
Havelock North 4130
New Zealand

2. Domain Name/s

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

3. Procedural history

3.1 The Complaint was lodged on 9 May 2012 by the Complainant's representative (Tamara Liebman of Duthie Whyte, an Auckland law firm). The Complaint was signed by Ms Liebman and was supported by relevant documents including:

- (a) correspondence between Duthie Whyte and the Intellectual Property Office of New Zealand ("IPONZ") about the Complainant's application for a trade mark for the word HEALING which was filed

on 2 September 2011, advertised in Journal 1588 published on 28 October 2011, and registered on 2 March 2012 with a deemed registration date of 2 September 2011;

- (b) a copy of the Respondent's application for a trade mark for the word and image (logo) HEALING which was filed on 3 November 2011 which did not proceed and which cannot now be registered;
- (c) correspondence between Duthie Whyte and the Respondent dated 9 March 2012 and 24 April 2012.

3.2 The domain was locked on 9 May 2012, preventing any changes to the record until the conclusion of this case. The .nz Domain Name Commission (DNC)¹ notified the Respondent of the validated Complaint by letter dated 14 May 2012.

3.3 The letter from the DNC to the Respondent dated 14 May 2012 attached a copy of the Complaint and a copy of the .nz Dispute Resolution Service Policy ("the Policy")² and Procedure. The letter advised the Respondent as follows:

In accordance with the Procedure, you have 15 working days, ie until Wednesday, 6 June 2012 to respond to the Complaint. In order to be valid, your response must comply with the Procedure, and must be received by the DNC in both hard copy and electronic form.

If you respond within the deadline, the Complainant will be given an opportunity to submit a written reply, and the matter will then be referred for mediation. The Domain Name Commission makes no charge for this service. If mediation is not successful, the matter may be referred to an independent expert for a decision.

Please note that no decision has been made at this stage.

Do not ignore this letter. If you do not submit a response by the deadline, this matter may be referred to an independent expert for a decision without further reference to you, which may result in the transfer, suspension or cancellation of the Domain Name.

3.4. The Respondent did not reply to the DNC's letter dated 14 May 2012. The Respondent did not submit a Response to the Complaint in this case. By letter dated 8 June 2012, the DNC advised the Respondent that the Complaint would be referred to an independent expert for decision if the Complainant paid the appropriate fees. The Complainant paid the appropriate fees.

3.5 Mr Terence Stapleton, the undersigned, confirmed to the DNC that he knew of no reason why he could not properly accept the invitation to act

¹ Domain Name Commission Limited is a company wholly-owned by InternetNZ (the Internet Society of New Zealand Inc) responsible for the day-to-day oversight of the .nz Domain Name registration and management system.

² Words beginning with uppercase letters in this decision include terms defined in Paragraph 3 of the Policy.

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. Mr Stapleton was appointed to act as the independent expert in this case (“the Expert”) pursuant to Paragraph 9 of the Policy.

4. Factual background

- 4.1 As Dave Kidd wrote in his article *BMX In New Zealand – The Early Years*,³ the Healing HMX 500 BMX bike is a Kiwi icon.
- 4.2 At the time of the early years of BMX in New Zealand, Healing Industries Limited (“HIL”) was a listed public company. HIL was incorporated under the Companies Act 1955 as a public company (shares) on 23 July 1969 and was re-registered as unlisted on 21 October 1983. HIL changed its name to Stube Industries Limited (“SIL”) on 3 July 1991 and was re-registered as a company under the Companies Act 1993 on 9 January 1996.
- 4.3 SIL’s 100 shares are held by Steel & Tube Holdings Limited (“STHL”). STHL is a listed public company. STHL was incorporated under the Companies Act 1933 on 9 December 1953 and was re-registered as a company under the Companies Act 1993 on 22 December 1995. STHL has 88,529,240 shares. STHL’s 10 largest shareholders are OneSteel NZ Holdings Limited and institutional investors. While the HEALING name and brand may no longer be of interest to SIL and STHL, it is certainly of interest to the parties in this case.
- 4.4 The Complainant was incorporated under the Companies Act 1993 on 5 May 2011. Tony Weir is the Complainant’s sole director. Mr Weir holds 20 of the Complainant’s 1,000 shares, the remaining 980 shares being held by a Trust of which Mr Weir and a trustee company are the trustees.
- 4.5 The Complainant is in the business of distributing bicycles, bicycle parts and bicycle accessories to retailers throughout New Zealand. At the Complainant’s invitation, the Expert visited its website at www.phoenixcycles.co.nz on 1 July 2012, and comments as follows:
 - (a) the home page welcomes visitors to the Complainant’s website and describes its brands and their websites (www.harobikes.com, www.masibikes.com and www.premiumbmx.com) and displays the logos of the Complainant and its named brands;
 - (b) the dealers page lists the names, addresses and contact details for the Complainant’s 54 dealers throughout New Zealand;

³ Monday, 26 October 2009, 5.42pm at www.endurancesport.co.nz/feature.

- (c) the about us page lists the Complainant's physical and postal addresses and 0800 telephone number and again displays the logos of the Complainant and its named brands.
- 4.6 As the Respondent did not reply to the DNC's letter dated 14 May 2012 and did not submit a Response to the Complaint in this case, little is known about him apart from the details recorded for the Domain Name by New Zealand Domain Name Registry Limited and the details recorded in his application for a trade mark for the word and image (logo) HEALING.
- 4.7 The Complainant's application for a trade mark for the word HEALING was filed on 2 September 2011 and advertised in Journal 1588 published on 28 October 2011. The Complainant's application was for class 12 for bicycles, bicycle parts and bicycle accessories.
- 4.8 On 3 November 2011, the Respondent applied for a trade mark for the word and image (logo) HEALING for class 12 for bicycles. On 10 November 2011, the Respondent registered the Domain Name.
- 4.9 The Complainant does not allege that the Respondent applied for the trade mark on 3 November 2011 and registered the Domain Name on 10 November 2011 as a result of seeing the advertisement of the Complainant's trade mark application in Journal 1588 published on 28 October 2011.
- 4.10 By late November 2011, as a result of a compliance report issued by IPONZ, the Respondent would have become aware of the Complainant's earlier application for a trade mark for the word HEALING. While the Respondent contacted the Complainant on 21 December 2011 to complain about the Complainant's application, the Respondent did not file a notice of opposition to the Complainant's application.
- 4.11 The Complainant's application was granted and registered on 2 March 2012 with a deemed registration date of 2 September 2011. The Complainant's trade mark registration number for the word HEALING is 848711 and the registration is in class 12 for bicycles, bicycle parts and bicycle accessories. The Complainant's trade mark registration for the word HEALING applies for 10 years and the Complainant may then apply to renew the registration for a further 10 years.
- 4.12 On 9 March 2012, Duthie Whyte wrote to the Respondent. They advised him that they acted for the Complainant and that their client "*has a registered trade mark in the word HEALING*". Duthie Whyte put the Respondent on notice that the Complainant alleged that he had committed breaches of the Trade Marks Act 2002 and the Fair Trading Act 1986 and that the Complainant would submit a Complaint to the DNC seeking transfer or de-registration of the Domain Name if he did not transfer the Domain Name to the Complainant. While the Respondent did not reply to Duthie Whyte's letter, he apparently

contacted the Complainant directly and advised that he would not stop using the HEALING name.

4.13 On 24 April 2012, Duthie Whyte wrote to the Respondent recording his advice to their client and their client's instructions to proceed with a Complaint to the DNC on the grounds that the Respondent's holding of the Domain Name was an Unfair Registration. The final paragraph of Duthie Whyte's letter advised the Respondent that if they did not receive confirmation from him within five working days that he would "*comply with items 1, 2 and 3 in our letter of 9 March 2012*", then they would submit their client's claim to the DNC. The Complaint to the DNC then followed on 9 May 2012.

4.14 As well as visiting the Complainant's website, the Expert visited the Respondent's website at www.healingcycles.co.nz on 1 July 2012, and comments as follows:

- (a) the website consists of a single page displaying the Healing HMX 500 BMX bike and stating "*It's time to bring back a Kiwi classic*";
- (b) there is a composite logo centred at the top of the page. The upper part of the logo has the words "*HEALING CYCLES*" on a red background. The lower part of the logo has the words "*A PRODUCT OF HEALING TECHNOLOGY*" on a black background;
- (c) beneath the logo, and again centred on the page, is the HEALING word and image (logo) which was the subject of the Respondent's application which was filed on 3 November 2011 which did not proceed and which cannot now be registered.

5. The Complainant's contentions

5.1 The Complainant contends that the registration of the Domain Name is an Unfair Registration as follows:

- (a) the Domain Name 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;
- (b) the Domain Name 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;
- (c) the Respondent registered the Domain Name primarily as a blocking registration against a name or mark in which the Complainant has Rights, namely trade mark number 848711 in the word HEALING;

- (d) the Respondent registered the Domain Name primarily for the purpose of unfairly disrupting the business of the Complainant;
- (e) the circumstances demonstrate 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.

6. The Respondent's contentions

6.1 As noted, the Respondent did not submit a Response to the Complaint.

7. Relevant provisions of Policy and elements of Complaint

7.1 The determination of the Complaint is governed by the Policy. Relevant provisions of the Policy in this case are as follows:

3. Definitions

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;

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;

Part A – Policy

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

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

4.2 The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities.

...

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;

...

6. How the Respondent may demonstrate in its Response that the Domain Name is not an Unfair Registration

6.1 A non-exhaustive list of factors which may be evidence that the Domain Name is not an Unfair Registration is set out in paragraphs 6.1.1 – 6.1.4:

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;
- (b) been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name;
- (c) made legitimate non-commercial or fair use of the Domain Name; or

6.1.2 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;

7.2 For an Expert to uphold a Complaint, the Expert must be satisfied that the Complainant has proved the following elements on the balance of probabilities:

- (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);
- (c) Unfair Registration in the hands of the Respondent (para 4.1.2).

8. Rights in respect of a name or mark

8.1 It is well-established that:

- (a) the requirement for a Complainant to prove Rights in respect of a name or mark is not a particularly high threshold test;
- (b) it is not necessary for a Complainant to prove that it holds a registered trade mark or service mark; rather, it is sufficient for a Complainant to prove that its Rights in respect of the name or mark are capable of protection, such as under s 22 of the Companies Act 1993 and by proceedings for passing off or for misleading or deceptive conduct under the Fair Trading Act 1986;
- (c) while a Complainant is unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business, an otherwise descriptive name or term is not wholly descriptive of the Complainant's business if the Complainant proves that the name or term has acquired a secondary meaning designating the Complainant's business and distinguishing the Complainant's business from other businesses of the same general kind. The Complainant must prove that the name or term is distinctive of the Complainant's business.

8.2 In view of the facts set out in part 4 and elsewhere in this decision, the Expert is satisfied on the balance of probabilities that the Complainant has Rights in respect of a relevant name or mark, namely:

- (a) rights in respect of the HEALING word in trade mark number 848711;
- (b) statutory rights in relation to the HEALING name and brand capable of protection by proceedings for misleading or deceptive conduct under the Fair Trading Act 1986;
- (c) common law rights in relation to the HEALING name and brand capable of protection by proceedings for passing off.

8.3 The Expert is satisfied on the balance of probabilities that:

- (a) the Rights set out in paragraph 8.2(a) of this decision existed before the registration of the Domain Name on 10 November 2011 because they accrued to the Complainant from 2 September 2011 on the registration of trade mark number 848711 on 2 March 2012 with a deemed registration date of 2 September 2011 (the date of filing of the application for the trade mark);
- (b) the Rights set out in paragraphs 8.2(b) and (c) of this decision existed before the registration of the Domain Name on 10

November 2011 because they accrued to the Complainant from 2 September 2011 on the registration of trade mark number 848711 on 2 March 2012 with a deemed registration date of 2 September 2011 (the date of filing of the application for the trade mark).

8.4 In view of the facts set out in part 4 and elsewhere in this decision, the Expert is satisfied on the balance of probabilities that the HEALING name is not a name or term which is wholly descriptive of the Complainant's business. The fact that IPONZ allowed the Complainant's application for a trade mark in the word HEALING to proceed to registration in respect of specific goods in class 12 is a clear indication that IPONZ was satisfied about the distinctive character of the name.

9. Identity or similarity between the relevant name or mark and the Domain Name

9.1 It is well-established that Rights in a name cover all conceivable forms⁴ in which the name might be used.

9.2 The Expert is satisfied on the balance of probabilities that the facts set out in part 4 and elsewhere in this decision demonstrate that the HEALING name in all its conceivable forms is similar (it is not identical) to the Domain Name.

10. Unfair Registration

10.1 The Expert is satisfied on the balance of probabilities that, in all the circumstances, the Domain Name is an Unfair Registration because the facts set out in part 4 and elsewhere in this decision demonstrate that:

- (a) any use by the Respondent of the Domain Name will take unfair advantage of, and be unfairly detrimental to, the Complainant's Rights (para 3 of the Policy); and/or
- (b) any use by the Respondent of the Domain Name 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 (para 5.1.2 of the Policy); and/or
- (c) there is no evidence before the Expert that demonstrates that the Domain Name is not an Unfair Registration as set out in paragraphs 6.1.1 and 6.1.2 of the Policy.

10.2 However, the timing and sequence of the events set out in paragraphs 4.4 and 4.7 to 4.11 (inclusive) of this decision are such that the Expert is not satisfied on the balance of probabilities that, in all the circumstances, the Domain Name is an Unfair Registration as contended by the

⁴ Including upper and lower cases and singular and plural.

Complainant in paragraphs 5.1(a), 5.1(c) and 5.1(d) of this decision, and the Expert does not uphold those contentions:

- (a) the Respondent registered the Domain Name in a manner which, at the time when the registration took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights (para 3 of the Policy); and/or
- (b) the Respondent registered the Domain Name primarily as a blocking registration against a name or mark in which the Complainant has Rights, namely trade mark number 848711 in the word HEALING (para 5.1.1(b) of the Policy); and/or
- (c) the Respondent registered the Domain Name primarily for the purpose of unfairly disrupting the business of the Complainant (para 5.1.1(c) of the Policy).

11. Decision

11.1 For an Expert to uphold a Complaint, the Expert must be satisfied that the Complainant has proved the elements set out in paragraph 7.2 of this decision on the balance of probabilities.

11.2 While the Complainant has not proved that the Domain Name is an Unfair Registration on the grounds set out in paragraph 10.2 of this decision, the Complainant has proved that the Domain Name is an Unfair Registration on the grounds set out in paragraph 10.1 of this decision, and proof of those grounds is sufficient for the Expert to exercise the powers (including cancellation, transfer, suspension or amendment) contained in Paragraph 13.1 of the Policy.

11.3 In all the circumstances, and in view of the findings made in this decision, the Expert directs that the Domain Name healingcycles.co.nz be transferred to the Complainant.

Place of decision Wellington

Date 9 July 2012

Expert Name Mr Terence Stapleton

Signature

A handwritten signature in black ink, appearing to read 'T. Stapleton', with a large, sweeping flourish underneath.