

.nz Dispute Resolution Service

DRS Reference: 1318

BLK INTERNATIONAL PTY LTD
Tyron Brant

v

Direct Sport Ltd
Peter Rakich

Key words -
Domain name

blksport.co.nz

Identical or similar trade mark or name

Registered mark - identical – similar

Unfair registration

Unfair registration – likely to confuse, mislead or deceive - prior relationships between the parties – unfairly disrupting the business of the complainant – respondent having no connection with name or trade mark

Procedure

Evidence – relevance

1. Parties

Complainant:

BLK INTERNATIONAL PTY LTD
Tyron Brant
18 Kingston Dr
Helensvale
Australia

Respondent:

Direct Sport Ltd
Peter Rakich
130 Bush Road Albany
AUCKLAND
New Zealand

2. Domain Name/s

blksport.co.nz

3. Procedural history

- 3.1 The Complaint was lodged on 10 August 2018 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 14 August 2018. The domain was locked on 13 August 2018 preventing any changes to the record until the conclusion of these proceedings.
- 3.2 The Respondent filed a Response to the Complaint on 28 August 2018 and the DNC so informed the Complainant on 4 September 2018. The Complainant filed a Reply to the Response on 10 September 2018. The DNC informed the parties on 09 October 2018 that informal mediation had failed to achieve a resolution to the dispute.
- 3.3 The Complainant paid Domain Name Commission Limited the appropriate fee on 17 October 2018 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy (“the Policy”).
- 3.4 Sheana Wheeldon, the undersigned, (“the Expert”) confirmed to the DNC on 20 November 2018 that she knew of no reason why she could not properly accept the invitation to act as expert in this case and that she knew of no matters which ought to be drawn to the attention of the parties, which might appear to call into question her independence and/or impartiality.

4. Factual background

Complainant

- 4.1 The Complainant is the current owner of a business which owns and licenses trade marks in relation to clothing, particularly sporting apparel. This business was previously owned by World Rugby Specialist Pty Ltd (“**WRS**”). The Complainant describes itself as “the global rights holder to the brand and associated trade marks of BLK and BLK SPORT”.
- 4.2 The Complainant owns New Zealand trade mark registrations nos 972467 and 1019423, both of which are in class 25 and cover the trade mark BLK in the following somewhat distinctive form:



- 4.3 Registration no. 972467 covers “Apparel (clothing, footwear, headgear)” and no. 1019423 covers “Sporting apparel (clothing, footwear, headgear) specifically for use while playing sport and for supporters of sports”. The Complainant became the registered owner of both on 6 February 2017.
- 4.4 The Complainant has provided images showing the first use of the trade mark BLK in New Zealand available to it. These comprise images of the Canterbury Rugby team at AMI Stadium on 27 October 2012 in Christchurch. The trade mark BLK in the above font can be seen on the players’ jerseys.

Respondent

- 4.5 The Respondent was formerly licensed by WRS to use the trade mark BLK in respect of sporting apparel. It currently owns and controls the Domain Name which it is re-directing to what it describes as “another Domain where the website is under development to ensure [the Respondent is] able to continue to service customers” it had previously directed to the Domain Name. These include customers purchasing other sporting apparel brands from, for example, the websites shop.crusaders.co.nz and shop.hurricanes.co.nz.
- 4.6 There is a dispute between the parties concerning the licensing arrangement between them. For present purposes that is not relevant. In any event both parties now take the position that any former licensing arrangement between them is now at an end. Brief historic details of the licence situation, and ownership of the Domain Name and BLK trade mark registrations, are set out below by way of context.

History – trade mark ownership and license arrangements

- 4.7 WRS was the first owner of trade mark registration no. 972467 which dates from 12 December 2012 and has a priority date of 19 October 2012 based on an Australian application. WRS was also the first owner of registration no. 1019423 which dates from 15 April 2015.
- 4.8 On 1 December 2011 WRS entered a licensing agreement with an entity called Apparel House. This related to sporting apparel and covered the trade mark BLK in the form subsequently protected under registrations nos 972467 and 1019423.
- 4.9 On 1 August 2013 WRS and the Respondent entered into a license agreement similar to WRS’ earlier agreement with Apparel House. It authorised the Respondent to use the trade mark BLK in this form, which at that time was covered by the first of the trade mark registrations, no. 972467.
- 4.10 Mr Peter Rakich, the managing director of the Respondent, signed that license agreement on behalf of the Respondent. Under it, all rights to the BLK trade marks and the goodwill associated with them were to remain the exclusive property of WRS. Mr Rakich is also the Respondent’s representative in this Complaint.
- 4.11 On 7 February 2017 WRS went into liquidation and the Complainant acquired its assets including the New Zealand trade mark registrations. (The Complainant was recorded as owner of those registrations on the International Register at the World Intellectual Property Office (“**WIPO**”). The fact WIPO is in Geneva, so in a different time zone, presumably explains why this occurred on 6 February 2017.)
- 4.12 Following this the Complainant and the Respondent attempted to negotiate a licence under which the Respondent would continue to use the BLK trade mark. From the correspondence provided it is clear the essential theme of this discussion concerned financial arrangements unrelated to the licence and not relevant to the trade mark or this Complaint.

- 4.13 On the Complainant's account, it entered a licensing agreement with the Respondent on 28 August 2017. On the Respondent's account, that agreement was not concluded but a limited contract with the Complainant came into being. The parties' respective positions on this topic are set out in letters between their legal representatives dated 11 April and 19 April 2018, copies of which have been provided. Both parties consider any license agreement between them has now been terminated. On the Complainant's account this occurred on 11 April 2018, and on the Respondent's account, on 11 July 2018.
- 4.14 Clearly then neither the Complainant nor the Respondent considers the Respondent has a licence to use the BLK trade mark, and that has been the case since on or before 11 July 2018 – that is, before this Complaint was filed.
- 4.15 The parties' contractual relationship, if there was one, and their discussions about it, are not relevant to the Complaint. They are referred to here as background and because the parties themselves focused on them.

History – Domain Name

- 4.16 The Domain Name was registered on 23 July 2012 by Apparel House. Apparel House remained the registrant until around 26 March 2018, at which time the Respondent became the registrant.
- 4.17 The Complainant has provided historic "whois" records dated 13 June 2013, 14 August 2013, 16 October 2013 and 21 March 2018. Based on these, it appears that:
- a. Mr Peter Rakich became the "technical contact" for the Domain Name on around 16 October 2013. This was after the Respondent had entered the license agreement with WRS.
 - b. Mr Rakich became "admin contact" for the Domain Name on around 31 March 2018.
- 4.18 According to the Complainant, the website hosted at the Domain Name has been paid for by and under the control of WRS and subsequently the Complainant. The Complainant has provided invoices from EstarOnline Australia Pty Ltd dated 20 July 2015 (addressed to WRS) and 27 July 2018 (addressed to the Complainant) covering "hosting and maintenance of WRS "BLK NZ" Satellite site".
- 4.19 The Respondent says that (presumably during the period of its licence from WRS) it has directed "all customers" to the Domain Name, including those purchasing other sporting apparel brands. It says the Complainant utilises the domain blkspport.com, undertakes regional diversion of any web orders, and that its email signatures are all supported on the blkspport.com domain.

5. Parties' contentions

Complainant

- 5.1 The Complainant seeks to have the Domain Name transferred to it from the Respondent.
- 5.2 The Complainant asserts registered trade mark rights in the mark BLK in New Zealand. It is not asserting unregistered trade mark rights.
- 5.3 The Complainant says the Respondent's registration is unfair now that the licensing arrangement has terminated and the Respondent is no longer permitted to market, distribute or sell BLK or BLK SPORT products.
- 5.4 It says the Domain Name, in the hands of the Respondent, is an unfair registration because 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.

Respondent

- 5.5 The Respondent notes that the Domain Name was registered on 23 July 2012 and goes on to assert that the Domain registration "by Direct Sport Ltd" predates any trade mark registration by WRS or the Complainant. (The fact is however that the Respondent only became registrant of the Domain Name in March 2018).
- 5.6 It says it registered the Domain Name in good faith and that the Complainant's interest in it is not to use it themselves but aimed at inflicting commercial harm on the Respondent.
- 5.7 It says the claim that registration of the Domain Name in its hands is unfair is unfounded, and that the Complainant has no right to request a transfer of the Domain Name to it.

6. Discussion and findings

Relevant Provisions of the Policy

- 6.1 The Complainant is required to prove that it has met the requirements in paragraph 4 of the Policy namely 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.
- 6.2 Paragraph 4.2 requires the Complainant to prove to the Expert that both elements are present on the balance of probabilities.
- 6.3 The Policy provides that 'Unfair Registration' means a Domain Name which either:
 - a. 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

- b. has been, or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

6.4 Paragraph 5.1 of the Policy sets out a non-exhaustive series of factors which may be evidence that a Domain Name is an Unfair Registration. They include the following:

5.1.1 Circumstances indicating that 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; or
- 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;

6.5 Paragraph 6.1 of the Policy sets out a non-exhaustive series of factors which may be evidence that a Domain Name is not an Unfair Registration. They include the following:

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;

Application of the Policy in this case

6.6 The first question is whether the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name. Rights must generally be enforceable under New Zealand law and may be registered or unregistered.

Complainant's rights

- 6.7 The Complainant owns two New Zealand trade mark registrations, with effective dates of 19 October 2012 and 15 April 2015, in class 25 for apparel/sporting apparel. Both cover the trade mark BLK in the somewhat distinctive form shown earlier. Although the registered mark is in this particular font, essentially it comprises the letters BLK without any other distinctive material.
- 6.8 The Expert therefore finds that the Complainant has rights in respect of the trade mark BLK in New Zealand by virtue of its trade mark registrations referred to above.
- 6.9 The Domain Name is blksport.co.nz. The word “sport” in the context of sporting apparel is generic and non-distinctive. Therefore while the Domain Name is not identical to the trade mark BLK, the Expert finds that it is clearly similar to it.

Is the Domain Name, in the hands of the Respondent, an Unfair Registration?

- 6.10 Under paragraph 4.1.2 of the Policy the Complainant must show, on the balance of probabilities, that the Domain Name is an Unfair Registration in the hands of the Respondent.
- 6.11 The Respondent acquired the Domain Name on 26 March 2018. Presumably it was able to do so because Mr Rakich had been the “technical contact” for the Domain Name since October 2013.
- 6.12 As mentioned above, the Respondent is currently redirecting the Domain Name to another website. It has given no further information as to its purpose in acquiring the Domain Name or its plans in relation to it.

Respondent is using Domain Name in a way likely to confuse, mislead or deceive people into believing it is registered to, operated or authorised by, or otherwise connected with the Complainant (paragraph 5.1.2)

- 6.13 Paragraph 5.1.2 is the only factor in the Policy that the Complainant relies on.
- 6.14 Throughout its history and prior to the Complainant acquiring the assets of WRS, it appears the Domain Name was being used and controlled by the New Zealand licensee of WRS and/or WRS itself. Subsequently the Complainant has paid for and controlled the website hosted at the Domain Name, at least until it was acquired by the Respondent.
- 6.15 Given this history, even if WRS/the Complainant had been redirecting the Domain Name to the website at blksport.com, it seems likely a number of New Zealand customers will have used the Domain Name when looking for BLK sporting apparel.
- 6.16 Further, the Domain Name comprises the trade mark BLK in combination with the non-distinctive word “sport”. In the New Zealand context, members of the public are likely to expect it to be associated with the Complainant or its New Zealand licensee. The Domain Name is also likely to appear in results generated by search engines when

people, particularly New Zealanders, are looking for BLK sporting apparel. People may believe the Respondent is still the licensee of the BLK trade mark in New Zealand, or that the website to which it is now re-directing the Domain Name is the official BLK New Zealand site.

- 6.17 While the Respondent owns the Domain Name, some of these people are likely to arrive at the Respondent's website which is not associated with the Complainant, the owner of the BLK trade mark. Potentially they may be diverted to purchase products from the Respondent.
- 6.18 In these circumstances the Expert finds on the balance of probabilities that the Respondent is using the Domain Name in a way likely to confuse, mislead or deceive people (paragraph 5.1.2).

Respondent acquired and/or is using the Domain Name primarily for the purposes of selling it, or as a blocking registration, or for the purpose of unfairly disrupting the business of the Complainant (paragraph 5.1.1)

- 6.19 In this case the Respondent was not the first registrant of the Domain Name so for the purposes of paragraph 5.1.1 it is necessary to consider the circumstances of its acquisition of the Domain Name. Key relevant circumstances of that acquisition are that it occurred:
- a. After the liquidation of WRS and acquisition of WRS' assets by the Complainant.
 - b. After the Complainant had become registered owner of the two New Zealand BLK trade mark registrations.
 - c. When the Complainant and the Respondent either had entered, or were attempting to negotiate, a licencing agreement relating to the Respondent's use of the BLK trade mark in New Zealand.
 - d. When (by the Complainant's account) it had notified the Respondent of breaches of the (alleged) license agreement.
- 6.20 In these circumstances it could be inferred that the Respondent acquired the Domain Name primarily for the purposes of unfairly disrupting the business of the Complainant. Such disruption would occur as a result of the scenarios of potential confusion set out above.
- 6.21 However the Complainant has not asserted that this was the Respondent's primary purpose in acquiring the Domain Name, and there is no clear evidence to support such an inference. Therefore the Expert does not find that this factor exists in this case.

Factors evidencing Domain Name not Unfair Registration

- 6.22 The Respondent says it registered the Domain in good faith. (However it did not acknowledge that it only acquired the Domain Name in March 2018. If anything it implied that it had registered it on 23 July 2012 when it was Apparel House that did so.)

- 6.23 One factor that may demonstrate the Domain Name is not an Unfair Registration is when the Respondent has “been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name” (Policy, paragraph 6.1.1(b)).
- 6.24 While in this case the Respondent has previously, as licensee, been legitimately connected with the trade mark BLK, it is no longer so connected and was not at the date of the Complaint. When it acquired the Domain Name any connection with the BLK trade mark was solely as a licensee. The license agreement gave the Respondent no right to use the BLK trade mark other than under the licence, and no ownership interest in the trade mark or associated goodwill.
- 6.25 Therefore the Expert considers the historic connection cannot override the fact the Respondent’s use of the Domain Name now, or at the date of the Complaint, is likely to cause confusion including the possibility of lost sales, and so to be unfairly detrimental to the Complainant’s rights.
- 6.26 The Respondent indicates it is re-directing the Domain Name so as to continue to service customers, given that it had apparently previously directed all customers, including those for other sporting apparel brands, to the Domain Name.
- 6.27 Unless circumstances change the Respondent has no right to represent it is connected with the trade mark. If it has practical problems with its customers for other brands then it will have to find a different solution.
- 6.28 In summary, there are no factors in this case to suggest the Domain Name is not an Unfair Registration.
- 6.29 Taking all of the above into account, the Expert is satisfied that the Complainant has shown, on the balance of probabilities, that the Respondent’s Domain Name is an Unfair Registration.

7. Decision

In view of the findings made above the Expert directs that the Domain Name blksport.co.nz be transferred to the Complainant.

Place of decision: Auckland

Date: 5 December 2018

Expert Name: Sheana Wheeldon

Signature:

