



[ZA2019-0357]

.ZA ALTERNATE DISPUTE RESOLUTION REGULATIONS (GG41237)

APPEAL DECISION

CASE NUMBER:	ZA2019-0357
DECISION DATE:	13 September 2019
DOMAIN NAME:	gameready.co.za
THE DOMAIN NAME REGISTRANT:	Game Ready South Africa CC
REGISTRANT'S LEGAL COUNSEL:	None
THE COMPLAINANT:	CoolSystems, Inc.
COMPLAINANT'S LEGAL COUNSEL:	Bates & Bates LLC, Atlanta, USA - Kurt Schuettinger
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	ZA Central Registry (ZACR)

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1) Procedural History, Factual Background and Parties' Contentions

- a. This Appeal is against the Decision of the single Adjudicator, **Deon Bouwer**, dated **25 June 2019**, in which the initial complaint was upheld (the "Decision").
- b. The procedural history, factual background and parties' contentions leading up to the Decision are set out sufficiently in the Decision and, for the sake of brevity, shall not be repeated herein.
- c. In accordance with the .ZA Alternate Dispute Resolution Regulations (the "Regulations"), the due date for the Appellant to lodge Statement of Intention to Appeal was **3 July 2019**. The Appellant (Registrant in the first instance) lodged a Statement of Intention to Appeal with the South African Institute of Intellectual Property Law (the "SAIIPL") on **3 July 2019**. On **25 July 2019** the Appellant lodged its Appeal Notice containing its Grounds of Appeal. The SAIIPL verified that the Appeal Notice satisfied the formal requirements of the Regulations and the SAIIPL's Supplementary Procedure. The SAIIPL forwarded a copy of the Appeal Notice to the Complainant on **26 July 2019**.
- d. In accordance with the Regulations, the due date for the Complainant to lodge Appeal Notice Response was **12 August 2019**. On **2 August 2019** the Complainant submitted its Appeal Notice Response. The SAIIPL verified that the Appeal Notice satisfied the formal requirements of the Regulations and the SAIIPL's Supplementary Procedure. The SAIIPL acknowledged that a copy of the Appeal Notice Response was sent to the Appellant by the Complainant on **2 August 2019**.
- e. The SAIIPL appointed an Appeal Panel consisting of Christiaan J Steyn, Vanessa Lawrance and Nola Bond (the "Panel") in this matter on 19 August 2019. Each member of the Panel has submitted a Statement of Acceptance and Declaration of Impartiality and Independence, as required by the SAIIPL to ensure compliance with the Regulations and Supplementary Procedure.

2) Decision under Appeal

- The Adjudicator, in the Decision, held that the disputed domain name *gameready.co.za* incorporates the name and mark GAME READY (in which the Complainant has rights) in its entirety, and thus found that the disputed domain name is identical to the Complainant's name and mark GAME READY.
- ii. The Adjudicator further held that there is no reference on the website associated with the disputed domain name to any product or service other than the Complainant's products offered under its name and mark **GAME READY**, and that, contrary to the submissions made by the Registrant, such website exclusively promotes the Complainant, its business and its products offered under its name and mark **GAME READY**.
- iii. The Adjudicator further held that, in the absence of any evidence to support the Registrant's allegation that it has established its own independent reputation in the name and mark **GAME READY**, the Registrant has not established any such rights, especially in view of the well-recognised principle that the goodwill that arises from the use of a trade mark by a distributor (as in this instance) accrues to the benefit of the trade mark proprietor and not the distributor.
- iv. The Adjudicator further held that it is apparent that, at the time the disputed domain name was registered, the Complainant and the predecessors in title of the Registrant were in some or other arrangement with one another, in terms of which the Complainant's products (bearing its name and mark GAME READY) were distributed in South Africa by the Registrant.

- v. The Adjudicator further held that there is no compelling evidence that the disputed domain name was registered by the Registrant (or its predecessor in title), primarily to intentionally block the registration of a name in which the Complainant has rights, unfairly disrupt the business of the Complainant or prevent the Complainant from exercising its rights in and to the name and mark **GAME READY**.
- vi. The Adjudicator further held that the manner in which the Registrant is using and continues to use the disputed domain name, which includes the facts that the Registrant has merely copied portions of the Complainant's website, that the Registrant is using the Complainant's name and mark **GAME READY** on its website without the Complainant's permission, and the absence of any products and/or services rendered by the Registrant under the name and mark **GAME READY** independent (distinct) from the Complainant's products and/or services, is likely to lead consumers to believe that the Registrant's business is registered to, operated by, authorised by, or otherwise connected with the Complainant.
- vii. The Adjudicator thus held that, on a balance of probability, the disputed domain name is, in the hands of the Registrant, an abusive registration in terms of Regulation 4(1)(b). Accordingly, the Adjudicator ordered that the domain name, *gameready.co.za* be transferred to the Complainant in accordance with Regulation 9.



3) Parties' Submissions on Appeal

a. Appellant

- i. The Appellant submits that the Adjudicator erred in finding that the Complainant has stronger rights than the Appellant to the name and mark GAME READY in South Africa. It submits that it is common cause that the Complainant only registered its GAME READY as trade mark in South Africa in 2016, whereas the Appellant submits that it has established common law rights in and to the name and mark GAME READY in South Africa and from 2008.
- ii. The Appellant further submits that the Adjudicator erred in not finding that a distinction exists between the name and mark **GAME READY** and the content of the website. The Appellant further submitted that it was under the mistaken, yet *bona fide* belief that it was not entitled to take down the products and mark(s) associated with the Complainants products during the period of the Dispute. The Appellant further submits that it is entitled to use the name and mark **GAME READY** in South Africa based on common law rights, and that the disputed domain name does not belong to the Complainant. The Appellant further submits that it tenders to remove any and all products on the website associated with the Complainant from the website should this Appeal be upheld.
- iii. The Appellant further submits that the Adjudicator erred in not finding that the Appellant had acquired the name and mark **GAME READY** in South Africa by making payment therefore, as alleged in the Appellant's Response, which payment was not disputed by the Complainant, and, as a consequence of which, the rights thereto vest in the Appellant and not the Complainant. It submits hereon that, as a consequence hereof, the registration of the disputed domain name could never have been abusive as contemplated by the provisions of Regulations (3(1)(a) and 3(2), and submits that the Adjudicator erred in finding otherwise. It



further submits that, in addition hereto, when the disputed domain name was registered, it did not take unfair advantage and was not unfairly detrimental to the Complainant. It hereon submits that, in fact and to the contrary, the disputed domain name was registered with the Complainants blessing and against payment to it of a sum specified and agreed between the Parties.

iv. The Appellant further submits that the infringing content on the website associated with the disputed domain name appears to be the only basis upon which the Adjudicator found against the Appellant in the Decision, and submits that such can be cured with a far less invasive remedy than the forced transfer of the domain name to the Complainant, being the tendered removal of such infringing content should the Appeal be upheld.

b. Complainant

- i. The Complainant submits that it has stronger rights than the Appellant to the name and mark GAME READY in South Africa. The Complainant submits that, based on substantial evidence of use in South Africa, as well as its South African trade mark registration for GAME READY, it has rights in the name and mark GAME READY. It further submits that, based on the lack of evidence submitted by the Appellant in and the Adjudicator's own independent review, the Appellant failed to establish an independent right to the name and mark GAME READY, especially in view of the principle and general rule that the goodwill arising from the use of a trade mark by a distributor accrues to the benefit of the trade mark proprietor and not the distributor (again, the Panel's emphasis).
- ii. The Complainant further submitted that the disputed domain name of the content of the website associated therewith both linked to the name and mark **GAME READY** (in which the Complainant has rights). The Complainant further submits that the Appellant did not offer, nor did the Adjudicator find, any evidence of use of the



name and mark **GAME READY** independent from the Complainant's products and/or services.

- iii. The Complainant further submitted that the fact that the Appellant is using and continues to use the disputed domain name, copied portions of the Complainant's website content, is using the Complainant's name and mark **GAME READY** on such website without its permission, and the absence of any products and/or services independent (distinct) from that of the Complainant offered under its name and mark **GAME READY**, is likely to lead consumers to believe that the Appellant's business is registered to, operated by, authorised by, or otherwise connected with the Complainant.
- iv. The Complainant further submits that the Appellant's representation on Appeal that it will remove the infringing content if the Grounds of Appeal are upheld is meaningless. It submits that, prior to initiating the initial Dispute, that it repeatedly requested the Appellant to remove infringing content from its website, on which the Appellant refused. The Complainant hereon submits that this demonstrates the abusive use of the disputed domain name by the Appellant. It further submits that, even if the Appellant removes infringing content from the website, there would be nothing preventing the Appellant from re-adding such content at a later stage. The Complainant further submits that, as the Appellant no longer offers any of the Complainant's products and/or services, there is no legitimate reason for it to continue holding the disputed domain name.

4) Discussion and Findings

i. At the onset, the Panel wishes to make clear that in no way shall it deal with any aspects relating to the validity of the legal relationship between the Complainant and the Registrant in this forum, and any reference thereto or account thereof (if any) shall only be taken insofar as it may relate to the disputed domain



name herein. It is accepted that the legal relationship between the Complainant and the Registrant is/was simply one of distributorship. This forum is limited to dealing with domain disputes. See ZA2011-0068 (*singersa.co.za*) and ZA2018-0352 (*revitalash.co.za*). Any Grounds of Appeal based on submissions not falling within the ambit of this forum are *ab initio* refused and this Panel shall not make any formal ruling in respect thereof.

- ii. In order to make a finding that the disputed domain name is an abusive registration, the Panel is required to find that the Complainant has proven, on a balance of probabilities, in terms of Regulation 3(2), that the required elements in terms of Regulation 3(1)(a) are present:
 - that the Complainant has rights in respect of a name and mark;
 - 2. that is identical or similar to the disputed domain name; and
 - 3. that, in the hands of the Registrant, the disputed domain name is an abusive registration.
- iii. An abusive registration is defined in the definitions of Regulation 1, to mean a domain name which either:
 - 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
 - has been used in a manner that takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights.

a. Substantive Aspects

i. Turning to the substantive aspects of this Appeal, in terms of Regulation 11(8) an Appeal proceeds on the basis of a full review of the matter. The Panel is thus obliged to consider this matter afresh.



- ii. As such, the Panel has carefully perused the Appeal documents, as well as all the original evidence submitted herein, and has fully considered the facts and contentions set out therein.
- iii. The Panel is further *ad idem* in its Decision.

b. Rights in Respect of Name and Mark

- i. In terms of Regulation 1, the term "rights" is widely defined. The Regulation states that "rights" and "registered rights" include intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law but are not limited thereto.
- ii. As has been decided in the South African appeal decisions of ZA2009-0030 (*seido.co.za*) and ZA2011-0077 (*xnets.co.za*), the notion of "rights" for the purposes of Regulation 3(1)(a) is not trammelled by trade mark jurisprudence. The threshold in this regard should be fairly low. See also ZA2012-0115 (*konftel.co.za*) and ZA2014-0168 (*heliocol.co.za*).
- iii. It should further be noted that the agreements (entered as evidence in the initial Complaint) between the Complainant and the Appellant did not grant any rights, insofar as a licence agreement or otherwise, in the name and mark **GAME READY**, to the Appellant. In fact, the said agreement rather affirmed that the Complainant shall retain all rights in its intellectual property, which specifically included the name and mark **GAME READY**. The terms of the agreement, and acceptance thereof by the Appellant, undoubtedly eliminates any uncertainty in relation to which Party holds rights in the name and mark.

c. Does the Complainant have Rights?

i. The first element that the Panel needs to establish is whether, as set out above, and in terms of Regulation 3(1)(a), on a balance of probabilities, the Complainant has rights in respect of the name and mark **GAME READY**.



- ii. The Complainant, in the initial Complaint contended that it has rights in and to the name and mark **GAME READY**, which was reiterated in its submissions made in response on Appeal. Although the Appellant did not specifically contest the Complainant's rights as a whole, it submits on Appeal that it had stronger rights than the rights vesting in the Complainant in and to the name and mark **GAME READY**, in South Africa. The Appellant further submits that such is based on the Appellant's common law rights established through its use of the name and mark **GAME READY**.
- iii. Irrespective of the Appellant's submissions, the Complainant has shown that it has registered rights in its name and mark GAME READY in South Africa in the form of a 2016 trade mark registration in class 10.
- iv. The Complainant has also registered other domain names which include its name and mark GAME READY, including gameready.com. This provides the Complainant with further rights in terms of the Regulations to object to a disputed domain name in the event that its name and mark GAME READY is found to be identical or similar to a disputed domain name.
- v. Furthermore, the Panel agrees with the Adjudicator's acceptance of the well-recognised principle that the goodwill that arises from the use of a trade mark by a distributor (as in this instance) accrues to the benefit of the trade mark proprietor (the Complainant in this instance) and not the distributor (being the Appellant herein). On this point, the Appellant's submissions in respect of the use of the GAME READY trade mark under the agreement between it and the Complainant in fact reinforces the Complainant's claim of having a reputation and subsequent common law rights in the name and mark GAME READY, at least since inception of the disputed domain name). Subsequently, the Appellant does not enjoy any common law rights in the name and mark GAME READY is in the name and mark GAME READY.



- vi. Such reputation, as forming part of the goodwill, stemming from that reputation, in respect of the Complainant's name and mark **GAME READY**, could be damaged by means of unlawful competition (or more particularly passing-off), under common law, by another party wrongly representing that it is, or is associated with, or part of, the Complainant and/or its business.
- vii. It was pointed out in the South African domain name decision ZA2007-0003 (*telkommedia.co.za*) that the registration, adoption and use of a domain name being a name and mark in which another person enjoys a reputation, could readily amount to passing-off under the common law. The Complainant undoubtedly, in addition to its registered trade mark rights, enjoys justifiable and justiciable rights under common law in respect of its name and mark **GAME READY**. Such rights can be enforced against parties who infringe or would be likely to damage such rights. See also Webster and Page, at paragraphs 15.5 and 15.7, including the decisions cited therein, and ZA2018-0352 (*revitalash.co.za*).
- viii. The Panel wishes to point out that these rights in and to the name and mark **GAME READY** in South Africa, pre-date the 2009 registration of the disputed domain name.
- ix. Therefore, and considering the above, the Panel finds that the Complainant has proven, on a balance of probabilities, that it has rights in respect of the name and (trade) mark **GAME READY**.
- x. As such, the Ground of Appeal in relation to the Complainant's rights in the name and mark **GAME READY** are refused.

d. Is the Name and mark Identical or Similar to the disputed domain name?

i. The second element that the Panel needs to establish is whether, on a balance of probabilities, the Complainant has proven that its name and mark **GAME READY**, in which it has rights, is identical or similar to the disputed domain name.

- ii. On this, the Appellant did not contest that the Complainant's name and mark **GAME READY** is similar to the disputed domain name. This further did not form part of any Ground of Appeal herein.
- iii. The Complainant's name and mark (in which it has rights) is GAME READY, while the disputed domain name is gameready.co.za. ignoring the first and second level suffixes, in terms of Regulation 5(c), the comparison becomes a comparison of GAME READY, against GAMEREADY. Because the test herein is not one of "confusing similarity" but merely "similarity", which involves a lower standard of comparison, it is clear that these are in fact "identical".
- iv. Accordingly, the Panel finds that the name and mark GAME
 READY (in which the Complainant has rights) is similar to the disputed domain name.

e. Is the Disputed Domain Name an Abusive Registration?

- i. Firstly, the Panel wishes to make it clear that it is commonly accepted that ignorance is not a defence. Therefore, the Appellant's submission that it was "...under the mistaken, but bona fide belief that it was not entitled to take down the products and marks associated with the Complainants products during the period of the dispute..." has no bearing on the merits of this Appeal. Secondly, the Panel wishes to make it clear that the Appellant's tender contained in its submission to "...remove any and all association with the Complainant and its products or marks from the www.gameready.co.za Website if these grounds of appeal are upheld..." is extraneous to these Appeal proceedings, as such proceedings are not the appropriate forum for negotiation between the Parties.
- The third element that the Panel needs to establish is whether, on a balance of probabilities, the disputed domain name, in the hands of the Registrant, is in fact an abusive registration.

- iii. The Appellant submits that the disputed domain name is, in the hands of the Appellant, not an abusive registration, which the Complainant contested in its response on Appeal. On this point the Appellant submits that the fact that the Adjudicator in the Decision found no evidence that the disputed domain name was registered by the Appellant or its predecessor in title primarily to intentionally block the registration of the domain name in which the Complainant has rights, or unfairly disrupt the business of the Complainant, or prevent the Complainant from exercising its rights in the name or mark **GAME READY**, indicates that no abuse was present.
- iv. The Appellant further submits that the Adjudicator erred in not finding that a distinction exists between the name and mark **GAME READY** and the content of the website and further that the Adjudicator erred in not finding that the Appellant had acquired the name and mark **GAME READY** by virtue of the Appellant's payment to the Complainant in respect of an archive of the website content (entered as evidence in the initial Complaint).
- v. Furthermore, although not stated by the Appellant in its submissions *per se*, the Panel could reasonably conclude that the Appellant, through its tender to cease use, or at least to some extent, of the name and mark **GAME READY**, as it may relate to the Complainant, on the related disputed domain name, does not deny using the name and mark **GAME READY** (in which the Complainant has rights).
- vi. On this, the Panel wishes to reaffirm that for abuse to be present merely one of the two potential types of abuse need be established. Thus, although it may have been found that the registration of the disputed domain name itself may not have been abusive, the use (and continued use) thereof may be (and the content of the website to which the disputed domain name points may have a bearing on this determination, particularly having regard to Regulation 4(1)(b)). According to the definition of abuse,



as confirmed in various Nominet decisions, there are two potential abuses (or two types of abuse), being:

- 1. Registration with an abusive intent; and/OR
- 2. Use in an abusive manner.
- vii. In this instance, the Panel is required to determine whether the disputed domain name is an abusive registration as defined by Regulation 1, and as set out in Regulation 4.
- viii. The Panel herein refers to the foreign decisions DRS02464 (Aldershot Car spares v Gordon), DRS00658 (Chivas Brothers Ltd v David William Plenderleith), and the South African decisions ZA2007-0007 (*fifa.co.za*). Against the background of the aforementioned decisions, the Panel agrees with the view that the nature of "abusive" in the Regulations does not necessarily require a positive intention to abuse the Complainant's rights, but that such abuse can be the result, effect or consequence of the registration and/or use of the disputed domain name. Herein it should further be noted that a registration can be abusive "now" although not "then" (the Panel's emphasis), which is in line with the basic principles herein. See also ZA2013-0126 (sonnenkraft.co.za). Therefore, in the Panel's view, the fact that there was an agreement or other legal relationship present between the Appellant and the Complainant (at some stage) in terms of which use was allowed is not definitive when determining whether there was abuse at the time of filing of the dispute.
- ix. Regulation 4 lists various factors or circumstances which indicate that registration of the disputed domain name may be abusive. The Panel shall now focus on the most pertinent aspects, in its view, which *inter alia* include:

1. Regulation 4(1)(a)(ii):

 Although not specifically spoken to in the initial Complaint or Appeal *per se,* on considering the provided evidence and the aspects herein insofar as it relates to Regulation 4(1)(a)(iv) above, the Panel is of the view that this regulation is relevant to this matter and shall therefore consider such herein further.

- b. Although the Regulations are silent on what a "blocking registration" is, it is clear both in general terms and from various Nominet decisions that a blocking registration appears to have two critical features. The first is that it must act against a name and mark in which the Complainant has rights. The second is intent or motivation and suggests some knowledge and hence a purpose in registering a domain name to prevent the Complainant from doing so. See foreign decisions DRS00583 and DRS01378, as well as ZA2017-0294 (aldoshoes.co.za). Considering the legal relationship which existed between the Parties at the time of registration of the disputed domain name, as well as the content of the agreement between the Parties, it is certain that such registration was done by the Appellant whilst it had knowledge of the Complainant's rights in the name and mark GAME READY.
- c. The disputed domain name therefore undeniably prevents the Complainant from registering the domain *gameready.co.za*, or its name and mark **GAME READY** (in which it has rights) in this form, for itself, whether through the intent of the Appellant or as an unintended consequence of the disputed domain name registration.
- d. See WIPO/D2000-0545 (*bancolumbia.com*); and *British Telecommunications plc v One in a Million Ltd* [1999] FSR 1, as well as the South African decision ZA2008-0014 (*citroen.co.za*), referring to WIPO/D2000-0766.



2. Regulation 4(1)(a)(iv):

- a. It is clear from the provided evidence in the initial Complaint that the disputed domain name, in the hands of the Registrant, shall prevent the Complainant from exercising its rights. More particularly, in this case, the Complainant is prevented by the existence of the disputed domain name from registering the disputed domain name as its own, which it should be entitled to do based on its established rights in the name and mark **GAME READY**.
- b. In this regard, the Panel wishes to refer to Regulation 4(1)(a)(ii), which was discussed above, insofar as the current registration of the disputed domain name by the Appellant prevents (or "blocks") the Complainant from registering such as its own.

3. Regulation 4(1)(b):

- a. The Complainant has clearly established, in the initial Complaint, that it has rights in the name and mark **GAME READY**, and that the Complainant's name and mark **GAME READY** is similar to the disputed domain name.
- b. Further, it is clear to the Panel that the content of the website related to the disputed domain name is, to a large extent, copied from the Complainant's website content. The Panel is not convinced by the Appellant's submission that payment to the Complainant for the use of certain content on the website related to the disputed domain name during the period of time in which the parties were engaged resulted in the Appellant acquiring ownership of the name and mark **GAME READY**. Further, whilst the use of the content of the website

related to the disputed domain name may have been authorised during the distributorship relationship between the Appellant and the Complainant, this certainly was not the case once the relationship was terminated.

- c. The Panel herein wishes to specifically emphasis the fact that the Appellant *inter alia* uses the name and mark **GAME READY** in an identical visual manner to that which is used by the Complainant. On further investigation of the Appellant's website at the time of writing the present Appeal Decision, specifically the products and services offered thereon, the Panel failed to find any evidence of products and/or services offered by the Appellant independent (distinct) from the Complainant's products and/or services.
- d. Furthermore, actual confusion is not necessary, and the potential or the (reasonable) likelihood of confusion is sufficient in determining abuse. See WIPO/D2000-0777, WIPO/D2000-0878, NAF/FA95033 and NAF/FA95402, as well as ZA2007-0003 (*telkommedia.co.za*), ZA2016-0254 (*kfclistens.co.za*), ZA2017-0265 (*reedexpo.co.za*), ZA2017-0272 (*heraldonline.co.za*), ZA2017-0285 (*capitech.co.za*) and ZA2017-0286 (*absa-barclays.co.za*).
- e. Therefore, based on above, the Panel agrees with the Adjudicator in that there exists a likelihood that the public will be confused or deceived into thinking that the Appellant is related to, or operated by, or authorised by, or otherwise associated with, the Complainant.
- x. The Panel therefore herein respectfully disagree with the Adjudicator's findings that the <u>registration</u> of the disputed domain



name was not abusive, yet agree with the Adjudicator in that the related <u>use</u> by the Appellant is in fact abusive. Accordingly, the Panel concludes that, for the reasons set out above, the disputed domain name is in fact an abusive registration.

5) Dissenting Appeal Decision (if any)

N/A

6) Appeal Decision

- a. For all the foregoing reasons, the Appeal herein is refused.
- b. Therefore, in accordance with Regulation 9, the Panel confirms the order that the disputed domain name *gameready.co.za* be transferred to the Complainant.

CHRISTIAAN J STEYN SAIIPL SENIOR ADJUDICATOR www.DomainDisputes.co.za

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