



Decision

[ZA2019-0372]

.ZA ALTERNATE DISPUTE RESOLUTION
REGULATIONS (GG29405)

ADJUDICATOR DECISION

CASE NUMBER:	ZA2019-0372
DECISION DATE:	25 July 2019
DOMAIN NAME:	armytek.co.za
THE DOMAIN NAME REGISTRANT:	Data Protected
REGISTRANT'S LEGAL COUNSEL:	PFT Burger Attorneys
THE COMPLAINANT:	John Planets
COMPLAINANT'S LEGAL COUNSEL:	None
2 nd LEVEL ADMINISTRATOR:	ZACR

1. PROCEDURAL HISTORY

- 1.1 The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") in terms of the .ZA Alternate Dispute Resolution Regulations (the "Regulations"), and the SAIPL's Supplementary Procedure on **06 May 2019**. On **06 May 2019** the SAIPL transmitted by email to ZA Central Registry a request for the registry to suspend the domain name at issue and on **07 May 2019** ZA Central Registry confirmed that the domain name had been suspended.
- 1.2 In accordance with the regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on **07 May 2019**. In accordance with the regulations the due date for the Registrant's response was **05 June 2019**. The Registrant submitted a formal response on **05 June 2019**, and the Complainant replied to the response on **05 June 2019**.
- 1.3 The SAIPL appointed Adv Owen Salmon SC as the Adjudicator on **26 June 2019**. On **26 June 2019** the Adjudicator submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the SAIPL to ensure compliance with the Regulations and Supplementary Procedure.

2 Factual Background

- 2.1 The Registrant (in reality, Mr Henri Bierman) has been operating in the flashlight market in South Africa since **16 September 2013**. He has kept himself abreast of all the brands as well as those which are most popular with customers.
- 2.2 During the first half of 2018 the Registrant investigated the possibility of importing ARMYTEK flashlights. He contacted Mr Barry Bonzaaier, who had been importing and selling ARMYTEK branded products since early 2017. It is not stated whether this means flashlights, or other products; it seems that there are other ARMYTEK branded products. In any event, these discussions lead to the possibility of the Registrant importing ARMYTEK flashlights, which he

intended to sell through an online store. The negotiations, whatever that might mean, are continuing.

- 2.3 Apparently, ARMYTEK is a well-known brand in the flashlight world, its manufacturer having been thus trading since 2007. It has an international presence, and the mark has been registered in the EU as a CTM (under number 012469821) since 2014. This registration is in the name of Armytek Ltd, a Hong Kong company.
- 2.4 Anyway, at the time, Mr Bierman investigated registration of the domain in question. It was available, and he registered the domain on **10 August 2018**. At that time, there was no application for or registration of the mark ARMYTEK in the Trade Marks Register, says Mr Bierman, but he does not say whether he had that checked at the time of his registration of the domain name. Nothing turns on this for present purposes.
- 2.5 In the meantime, at some stage thereafter, Mr Planets secured the exclusive distributorship of ARMYTEK products for South Africa from Armytek Optoelectronics Inc, of Canada. Nothing is known about this corporation, but it is not disputed that it is the source of ARMYTEK flashlights of the sort to which reference is made in this dispute.
- 2.6 During those negotiations, Mr Planets applied for registration of the trade mark ARMYTEK (device) in his name in terms of the South African Trade Marks Act. It was filed on **20 March 2019**, under number 2019/07918 in class 9, for “flashlights; LED flashlights; torches.”
- 2.7 He, the Complainant, tried to register the domain <armytek.co.za> in order to create a website, but saw that it was registered in Mr Bierman’s name and contacted him. This was on or about **15 March 2019**, some seven months after registration of the domain. There is a dispute about the tenor and mood of the ensuing discussions, who claimed what rights, who swore at whom and who laughed at whom. It is not necessary to delve into this, save to record that Mr Bierman asked for a ‘decent offer’ to be made for the domain, upon which Mr Planets subsequently emailed an offer of R5000.

- 2.8 PFT Burger Attorneys responded on behalf of Mr Bierman. The thrust of this was to reject Mr Planet's assertions as to the validity of the domain registration, to record that Mr Bierman intended to use the domain, to give a brief lecture on trade mark proprietorship, and to say that Mr Bierman was willing to sell the domain for R50 000 – in other words, ten times what had been offered. A few days later, Mr Planets replied at some length, repeating the R5000 offer. PFT Burger Attorneys responded by placing a 24 hour close-out deadline on the offer to sell at R50 000 failing which Mr Planets was to proceed as he deemed appropriate.
- 2.9 Mr Planets avers that "*if you type in www.armytek.co.za it immediately takes you to www.imalent.co.za*" and that Mr Bierman is thereby "*automatically diverting traffic to another website selling similar products...*". This allegation is not disputed by the Registrant. (I have checked, and the allegation is correct.)
- 2.10 Mr Planets has annexed letters from the Canadian corporation which state that:
- John Planets may register the name "Armytek" in his name in the territory of South Africa;
 - He is given authority to take all steps necessary to protect the name and trade mark in South Africa; and
 - He is the exclusive "Armytek" distributor in South Africa.

As alluded to, these letters are not proven – but nor are the contents (the referred to averments) the subject of any dispute.

3 Contentions

- 3.1 Mr Planets contends that the fact that Mr Bierman has registered the domain proves its value; it is not a random name but a specific one relating to flashlights. The fact that the domain diverts traffic directly to his site proves bad faith, and is abusive.

- 3.2 This has a detrimental effect on Mr Planets' business, because it would divert traffic. It would also cause confusion in the marketplace as it would lead people to believe that Armytek flashlights are in some way associated to Imalent flashlights, which, he asserts, is "*definitely not!*" the case.
- 3.3 Mr Planets further contends that the registration is unfairly blocking him, and is preventing him from exercising "*our rights to the domain name linked to our trade name.*"
- 3.4 The Registrant disputes that the domain is abusive within the meaning of the Regulations. He firstly states that, although Mr Planets is a distributor of products bearing the ARMYTEK trade mark, he does not have any rights in his personal name to the trade mark.
- 3.5 This, it is contended, flows from the nature of trade mark proprietorship in South African law, the import of section 10(3) of the Trade Marks Act, what the correct procedure would have been for Armytek Optoelectronics Inc, of Canada to license Mr Planets, and indeed what the correct class in which to register the mark really is, not class 9. In short, the application for registration of the trade mark by Mr Planets is defective (and Mr Bierman intends opposing it in due course) but for present purposes it does not afford Mr Planets any rights.
- 3.6 The next contention advanced by the Registrant is that he was prior in time, in the sense that when he registered the domain name, Mr Planets did not have any rights in the ARMYTEK trade mark; and this, without derogating from the contention that, actually, Mr Planets does not have any rights at all. Accordingly, the registration cannot have been done abusively.

4 **Discussions and Findings**

- 4.1 In terms of Section 1 of the Regulations, an abusive registration means a domain name which either –

- 4.1.1 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
- 4.1.2 Has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.
- 4.2 An indication is given in the Regulations as to what could be considered an abusive registration. In terms of Section 4(1), such factors include:-
- “(a) Circumstances indicating that the registrant has registered or otherwise acquired the domain name primarily to –
 - (i) Sell, rent or otherwise transfer the domain name to a complainant or to a competitor of the complainant, or any third party, for valuable consideration in excess of the registrant's reasonable out-of-pocket expenses directly associated with acquiring or using the domain name;
 - (ii) Block intentionally the registration of a name or mark in which the complainant has rights;
 - (iii) Disrupt unfairly the business of the complainant; or
 - (iv) Prevent the complainant from exercising his, her or its rights;
 - (b) Circumstances indicating that the registrant is using, or has registered, the domain name in a way that leads people or businesses to believe that the domain name is registered to, operated or authorized by, or otherwise connected with the complainant;
 - (c) evidence, in combination with other circumstances indicating that the domain name in dispute is an abusive registration, that the registrant is engaged in a pattern of making abusive registrations;
 - (d) false or incomplete contact details provided by the registrant in the Whois database; or

- (e) the circumstances that the domain name was registered as a result of a relationship between the complainant and the registrant, and the complainant has –
 - (i) been using the domain name registration exclusively; and
 - (ii) paid for the registration or renewal of the domain name registration.”

4.3 An indication is also given as to what would not be an abusive registration. In terms of Section 5, factors which may indicate this include:-

- “(a) before being aware of the complainant’s cause for complaint, the registrant has –
 - (i) used or made demonstrable preparations to use the domain name in connection with a good faith offering of goods or services;
 - (ii) been commonly known by the name or legitimately connected with a mark which is identical or similar to the domain name; or
 - (iii) made legitimate non-commercial or fair use of the domain name;
- (b) the domain name is used generically or in a descriptive manner and the registrant is making fair use of it;
- (c) that the registrant has demonstrated fair use, which use may include websites operated solely in tribute to or fair criticism of a person or business: Provided that the burden of proof shifts to the registrant to show that the domain name is not an abusive registration if the domain name (not including the first and second level suffixes) is identical to the mark in which the complainant asserts rights, without any addition”

4.4 In terms of Section 9, one of two outcomes is possible in the case of a complaint that the domain is an abusive registration: refusal of the dispute, or transfer of the disputed name.

- 4.5 To succeed in this complaint the Complainant has to prove,¹ on a balance of probabilities, the following:-
- He has rights in respect of a name or mark which is identical or similar to the domain name; and
 - The domain name, in the hands of the Respondent, is an abusive registration as defined.
- 4.6 The domain name armytek.co.za is identical to the mark in which the Complainant asserts he has rights. This brings into focus the effect of the onus referred to in Section 5(c) of the Regulations, which is referenced below. The next question is whether the Complainant has 'rights' in the mark ARMYTEK.
- 4.7 This dispute comes close to exemplifying the low-water mark of evidentiary permissibility in proceedings such as these. The Complainant has relied on rights which are sought to be shown by him in ways which would not survive the most basic court-room scrutiny. By this I mean the letter attached to his Complaint, the contents of which whose truth is unproven. It purports to grant him rights in South Africa to 'protect' the ARMYTEK trade mark, to be sure, but even the status of that grantor can be queried, if only because reliance is also placed on the fact that the mark is registered, but this is an EU registration in the name of an entirely different proprietor. Without derogating in any way from a party's right (and, perhaps the purpose of the more informal nature of this dispute resolution process) to prepare his own case, the papers constitute a good advertisement of the dangers in doing so. That said, of course, these are not court proceedings.
- 4.8 But for an acknowledgement by the Registrant (Mr Bierman) of the status of Mr Planets as the official distributor of ARMYTEK flashlights in South Africa, a position which affords Mr Planets a claim to rights for the purposes of these proceedings (and, perhaps, only just), Mr Bierman may well have been justified in contesting the Complainant's *locus standi* in this way.

¹ Section 3(1)(a) of the Regulations.

- 4.9 The Complainant's Reply to the Registrant's Response does not comply with the Regulations, and could be rejected but for the discretion with which adjudicators are empowered to pay cognizance to otherwise procedurally and technically less than perfect submissions to the dispute authority. As mentioned, this is not a court of law.
- 4.10 These are also not proceedings in which claims to trade mark rights are decided, yet this is the basis upon which the Registrant appears to have based his defence. He claims that the application for registration of the trade mark ARMYTEK by Mr Planets is in conflict with the Trade Marks Act, and therefore Mr Planets does not have any rights in the mark in order to sustain the complaint, and show that the registration is abusive within the meaning of the Regulations.
- 4.11 Valid trade mark proprietorship has never been the benchmark for establishment of 'rights' necessary to afford *locus standi* in order to complain about a domain registration. It is a somewhat low threshold, this criterion, and will be satisfied in myriad ways – valid trade mark proprietorship being one of them but not exhaustively to the exclusion of all else.² Domain names are, largely speaking (and certainly relevantly to this dispute) about ecommerce, and the matrix which swirls around the world of ecommerce is what informs the determination of 'rights'. Mr Bierman has conceded that Mr Planets is the official distributor of ARMYTEK flashlights in South Africa, and has not sought to impugn the statement made, albeit in Response and 'supported' by a letter from the Canadian company to such effect, that indeed he is the *exclusive* distributor.
- 4.12 This is what gets Mr Planets over the threshold, and I find that the Complainant has rights as contemplated by Regulation 3.
- 4.13 The question therefore to be decided is whether the domain name:-
- was registered or otherwise acquired in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's rights; or

² Compare: ZA2009-0030 seido.co.za (on Appeal) at paragraphs 5.1 – 5.7

- has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

4.14 There are two potential abuses:-

- registration with abusive intent; and
- abusive use,

and the nature of "abusiveness" as contemplated by the Regulations does not require a positive intention to abuse the Complainant's rights, but that abuse was the effect of the use or registration. Moreover, as has been established by previous adjudications, the abuse can succeed the registration or acquisition.

4.15 Mr Bierman's real problem is this. It is accepted that he registered the domain at a time when Mr Planets was not 'on the scene' as a distributor of ARMYTEK products; and having searched the domains register ascertained an absence of any claim. It is also accepted that Mr Bierman was intending to import and distribute ARMYTEK flashlights and had been in discussion with Mr Bonzaaier. However, those factors are not decisive of the question of abuse.

4.16 Regulation 5(c) casts an onus on the Registrant to show that the domain is not abusive. This is because it is identical to the mark in which Mr Planets has rights (for the purposes of the Regulations). It is not, as Mr Bierman has recorded in his attorneys' correspondence and in his Response, that Mr Planets must establish that the domain is abusive. It is the other way around.

4.17 It is common cause that Mr Bierman (or, rather, his company Torch SA (Pty) Ltd) sells flashlight products which compete with the ARMYTEK products. He does not sell ARMYTEK products. What basis could he have for using the domain in question? It is accepted that he obtained the registration at a time when he thought of securing the distributorship, but this he did not: it was secured by Mr Planets. Now Mr Bierman is using the domain armytek.co.za to divert traffic to his domain imalent.co.za - at which website he offers online business in a range of competing products. In my view, this is abusive of the domain, any which way

one looks at it. If it is left to the onus, Mr Bierman does not discharge it in my view.

4.18 It is not necessary to address the other grounds of complaint relied upon.

5 **Decision**

5.1 The complaint is upheld, and I order that the domain be transferred to the Complainant.

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ADV OWEN SALMON SC
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za