

Decision

ZA2011-0070

**.ZA ALTERNATE DISPUTE RESOLUTION
REGULATIONS (GG29405)**

ADJUDICATOR DECISION

CASE NUMBER:	ZA2011-0070
DECISION DATE:	13 May 2011
DOMAIN NAME	outsource.co.za
THE DOMAIN NAME REGISTRANT:	Muzaffar January
REGISTRANT'S LEGAL COUNSEL:	None
THE COMPLAINANT:	Outsource Group S.A (Pty) Limited
COMPLAINANT'S LEGAL COUNSEL:	SJ Pluke Attorneys
2 nd LEVEL ADMINISTRATOR:	UniForum SA (CO.ZA)

1 Procedural History

- a) The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on 1 March 2011. On the same day, the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue and on 2 March 2011 UniForum SA confirmed that the domain name had indeed been suspended. The SAIPL verified that the Dispute satisfied the formal requirements of the .ZA Alternate Dispute Resolution Regulations (the "Regulations"), and the SAIPL's Supplementary Procedure.
- b) In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on 4 March 2011. The Registrant submitted its Response on 5 April 2011. The response did not satisfy the formal requirements of Regulation 18 in that it did not conclude with the statement set out in Regulation 18(f) followed by the signature of the Registrant, nor had an oath or affirmation been administered by a commissioner of oaths. The response was in the form of an e-mail from the Registrant. The SAIPL nevertheless forwarded a copy of the response to the Complainant on 5 April 2011.
- c) In accordance with the Regulations, the due date for the Complainant's Reply was 14 April 2011. The Complainant submitted its Reply on 12 April 2011.
- d) On 18 April 2011, the Registrant sent a response to the Complainant's reply directly to both the Adjudicator and the SAIPL. No provision is made in the Regulations for the filing of a further response and since the Complainant was not afforded an opportunity to view or reply to this second response, the Adjudicator has disregarded it.
- e) The SAIPL appointed Mr Chris Job as the Adjudicator in this matter on 15 April 2011. Ms Kelly Thompson was appointed as the Trainee Adjudicator. The Adjudicator has 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.

- f) Regulation 24 stipulates that an Adjudicator must ensure that the parties are treated with equality and that each party is given a fair opportunity to present its case. In terms of the general discretion granted to the Adjudicator in terms of this Regulation, the Adjudicator communicated to the Registrant, through the SAIPL, the fact that his response did not comply with Regulation 18 and afforded the Registrant an opportunity to re-submit his response under oath. The response was not re-submitted, however.
- g) In ZA 2008-0024 <*embassytravel.co.za*> (at paragraph 2f), the Adjudicator in that matter dealt with a response which was not compliant with Regulation 18. It was held that less than perfect compliance with the Regulations does not result in a nullity and that the response could be taken into account. I agree with this approach. In this case, the Registrant is an individual who is not represented by attorneys and the failure to comply with the Regulation has not been deliberate. The Complainant was afforded an opportunity to reply to the response and did so. The Complainant also did not take issue with the Registrant's lack of compliance with Regulation 18. Finally, it bears mentioning that I would have come to the same decision on the merits of the complaint had I not taken the response into account. There being no prejudice to the Complainant, therefore, I have considered the response and refer to it in this decision.

2 Factual Background

- a) The dispute concerns the domain name *outsource.co.za* which was registered by the Registrant, Muzaffar January, on 1 February 2003. The domain name is linked to a webpage on which it is stated that it is "The Procurement and Outsource Services Portal in South Africa" and which gives a contact e-mail address. This has been the situation, it seems, for at least the last several years.
- b) The Complainant is Outsource Group SA (Pty) Limited. It provides outsource solutions which it states include "digital, office automation, document solution, media and telecommunications products and service offerings". It

commenced business operations during May 2004. Its principal domain name, *outsourcedigital.co.za*, was registered on 30 September 2004 and has been in continuous use since that date. In 2008, the Complainant applied for registration of the trade marks OUTSOURCE DIGITAL, OUTSOURCE MEDIA, OUTSOURCE GROUP and OUTSOURCE TELECOMS, which applications are still pending.

- c) On 1 April 2009, attorneys representing the Complainant addressed a letter of demand to the Registrant, setting out its alleged rights in the OUTSOURCE trade mark and demanding transfer of the domain name to the Complainant. The Registrant responded to the Complainant's letter of demand on 20 April 2009 and refused to comply with the demand for transfer.
- d) The Complainant subsequently, through a third party, attempted the anonymous purchase of the domain name *outsorce.co.za* from the Registrant and, in response to the offer to purchase, the Registrant indicated a purchase price of R 350 000. It was seemingly this which prompted the Complainant to lodge this Complaint.

3 Parties' Contentions

3.1 Complainant

- a) The Complainant bases its Complaint on rights in the mark OUTSOURCE arising from the following:
 - i) common law rights: it states the mark OUTSOURCE has become associated with it in the minds of many business consumers. More particularly, the Complainant contends that its corporate trading name and various OUTSOURCE trade marks are well-known brands in South Africa. The Complainant states that it has built up a significant reputation in the OUTSOURCE trade mark and that it has spent substantial time, effort and money marketing, advertising and promoting the OUTSOURCE brand and services;

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- ii) trade mark applications: the Complainant has applied for registration of the trade marks OUTSOURCE DIGITAL, OUTSOURCE MEDIA, OUTSOURCE GROUP and OUTSOURCE TELECOMS;
- iii) the Companies Act 61 of 1973, as amended: the Complainant asserts that it is the “registered proprietor” of the following private companies: Outsource Group S.A. (Pty) Limited, Outsource Media (Pty) Limited and Outsource Telecoms (Pty) Limited;
- iv) domain name rights: these are based on the registration of its *outsourcigroup.co.za* domain name as well as its principal domain name *outsourcedigital.co.za* which was registered on 30 September 2004.
- b) The Complainant states that it is not claiming a monopoly in and to the use of the word “outsource” on its own but that the Complaint has been lodged as a result of the Complainant’s interest in acquiring the subject domain name following from the association that has been created in the minds of a significant number of business consumers that the domain name belongs to, is associated with or connected to the Complainant as a result of the reputation that has been built-up in and to use of the Complainant’s various OUTSOURCE trade marks.
- c) The Complainant further contends that the disputed domain name is so similar to the Complainant’s *outsourcigroup.co.za*, *outsourcedigital.co.za* and *outsourcetelecoms.co.za* domain names that the Registrant and its business activities are accordingly not sufficiently distinguished from the Complainant.
- d) The Complainant contends that the domain name *outsource.co.za* is an abusive registration in terms of Regulation 4(1)(a) in that the Registrant has registered the domain name, alternatively, is continuing to renew the registration of the domain name, primarily to sell, rent or otherwise to transfer the domain name to the

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.

- e) The Complainant finally states that the Registrant's admission that *"not [to] waste your time, but anything under R350k would not justify the opportunity cost"* suggests the Registrant's speculative intent to transfer it at a time that may be financially apt for it to do so which effectively blocks the Complainant from acquiring the domain name for legitimate business purposes in the furtherance of its business activities, which unfairly and prejudicially disrupts the business activities of the Complainant and furthermore that the Registrant has registered the domain name in a way that may reasonably lead people to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the Complainant.

3.2 Registrant

- a) The Registrant defends the Complaint on the following grounds:
- i) the word "outsource" is a generic description which falls in the public domain;
 - ii) the domain name *outsource.co.za* was registered by the Registrant on 1 February 2003, prior to the Complainant acquiring rights;
 - iii) the Registrant registered and annually renewed the domain name with the sole aim of creating a profitable online enterprise. This is evidenced by the fact that the domain name has a website hosted at www.outsource.co.za on it which communicates its purpose and provides a means of contact;
 - iv) more particularly, the domain name *outsource.co.za* was registered with the aim of fulfilling a future need in the outsource market where companies could easily access small and independent contractors and consultants of all disciplines. A commission or fee will be

charged for the service. A development platform for the domain name can be found at www.outsource.co.za/betadev4;

- v) with regard to the offer to sell the domain name for the sum of R350 thousand, the Registrant states that this was made in response to an approach made to it and the amount was calculated on the basis that the purchase price would have to exceed what the business is projected to be worth in the future. The business has a projected income of R50 000 to R100 000 per annum;
- vi) the Registrant further alleges that the Complainant is engaging in reverse domain name hijacking.

4 Discussion and Findings

- a) The Complainant's case is based on Regulation 3(1)(a), namely, that it has rights in respect of a name or mark which is identical or similar to the domain name and, in the hands of the Registrant, the domain name is an abusive registration. The Complainant is required to prove on a balance of probabilities to the Adjudicator that the required elements in Sub-Regulation 3(1)(a) are present.
- b) The term "abusive registration" is defined in the Regulations to mean 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 used in a manner which takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.
- c) Based on the above, the Complainant, in order to succeed, has to prove, on a balance of probabilities, the following three elements, viz that –
 - (i) it has rights in respect of the name or mark OUTSOURCE or names or marks including it;
 - (ii) its OUTSOURCE marks are identical or similar to the disputed domain name, namely, outsorce.co.za; and
 - (iii) in the hands of the Registrant, the domain name is an abusive

registration.

4.1 Complainant's Rights

- a) In an effort to prove the first element, that it has rights in and to the name or mark OUTSOURCE or a similar name, the Complainant has relied on alleged rights arising from its company names Outsource Group S.A. (Pty) Limited, Outsource Media (Pty) Limited and Outsource Telecoms (Pty) Limited, a host of trade mark applications incorporating the mark "OUTSOURCE" including OUTSOURCE DIGITAL, OUTSOURCE MEDIA, OUTSOURCE GROUP and OUTSOURCE TELECOMS, certain domain names incorporating the mark "OUTSOURCE" as well as alleged common law rights in and to the OUTSOURCE trade mark arising from alleged extensive use.
- b) The Complainant's trade mark applications, company names and domain names do not afford it rights in those names which are enforceable against third parties (see ZA200-0001 <mrplastic.co.za> and ZA2008-0020 <mixit.co.za>). To succeed with the Complaint, therefore, the Complainant must establish that the name or mark enjoys a substantial repute and is, as a result, capable of denoting its goods or business (see again ZA2007-0001 <mrplastic.co.za> and ZA2007-0009 <oxycell.co.za>).
- c) The word OUTSOURCE (and its derivatives as used by the Complainant in relation to outsource services) is entirely descriptive. A name or mark which is inherently lacking in distinctiveness can acquire distinctiveness through extensive use but then that use and its resulting distinctiveness must be clearly established. Mere use and a reputation do not equate with distinctiveness [see again ZA2007-0001 <mrplastic.co.za> which, in turn, relied on Bergkelder Beperk vs Shoprite Checkers (Pty) Limited 2006(4) SA 275 (SCA), paragraph 18]. As stated in the <mrplastic.co.za> decision:

"it must be shown that the consequence of the use and reputation has

brought about a situation where the name or mark in fact denotes one trader, and no other”.

- d) In this case, the Complainant has, in fact, failed to adduce any evidence whatsoever, apart from its own unsubstantiated statements, of its alleged reputation and goodwill. It claims to have used marks incorporating the word “outsource” since its incorporation in 2004 and claims to have spent a “substantial amount” on advertising, publicity and media coverage. However, nothing was included in the evidence bundle to indicate the manner in which the marks have been used or to prove the alleged advertising, publicity and media coverage or to indicate in monetary terms the extent of the use or expenditure on advertising and promotion. The Adjudicator has only the say-so of the Complainant regarding its alleged “significant reputation” with no figures or proven facts to support this. The Complainant has certainly not gone one step further to show that the descriptive names or marks it has used have in fact become distinctive of it through use, and denote it and no other. It therefore fails to get over the first hurdle of proving that it has any relevant rights.
- e) Weighing up all relevant considerations, the Adjudicator therefore holds that the Complainant has failed to discharge its onus of showing, on a balance of probabilities, that it has rights in respect of the name or mark OUTSOURCE enforceable against any third party, and in particular against the Registrant as is required by Regulation 3(1)(a).

4.2 Abusive Registration

- a) In light of this finding, it is not strictly necessary for me to consider whether or not the domain name is, in the hands of the Registrant, an abusive registration. However, a few issues bear mentioning.
- b) Firstly, although the Complainant complains that there have been instances of use of the domain name in dispute causing confusion, this confusion cannot be attributed to the Registrant. Confusion may arise from the mere fact that the parties are conducting the same trade

and using descriptive names of which neither can claim any legitimate monopoly [see ZA2007-0001 <*mrplastic.co.za*> which, in turn, relied on Webster & Page paragraph 15.9]. Where a trader adopts a descriptive designation as a name or mark he must reconcile himself to the fact that a measure of confusion may ensue if other traders use the same descriptive name (see Office Cleaning Services vs Westminster & General Cleaners Limited (1946) 63 RPC 39). There has been no evidence placed before the Adjudicator to indicate that the Registrant has registered or operated the domain name in such a manner as to cause confusion with the Complainant or its services, as alleged.

- c) Secondly, the Complainant has relied on Regulation 4(1)(a) and the fact that the Registrant was willing to sell the domain name to the Complainant for an amount of R350 000. The Adjudicator finds that the reliance on this Regulation is misplaced as the Regulation states that a factor which may be taken into account in finding that a domain name is an abusive registration includes circumstances indicating that the Registrant has registered or otherwise acquired the domain name primarily to sell, rent or otherwise transfer the domain name to a Complainant or to a competitor of a 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 (my emphasis). In view of the fact that the Registrant registered the domain name prior to the Complainant commencing business and allegedly acquiring rights, it cannot be said that this domain name was registered with the primary intention to sell it to the Complainant. The Registrant also appears to have been in possession of the domain name for over eight years and there is nothing to show that it attempted to sell the domain name prior to it being approached by a third party. The Registrant has also explained the manner in which he came to the asking price.
- d) Similarly, it cannot be that the Registrant registered the domain name in order to block intentionally the registration of a name or mark in

which the Complainant has rights to disrupt its business unfairly or to prevent the Complainant from exercising its rights, because the domain name was registered prior to the Complainant commencing use and acquiring its alleged rights.

- e) What remains to be considered is whether the Registrant's allegation of reverse domain name hijacking can be sustained.
- f) "Reverse Domain Name Hijacking" is defined in the Regulations to mean using the Regulations in bad faith to attempt to deprive a Registrant of a domain name.
- g) In case no. ZAAP2007-0005 <phonebook.co.za; whitepages.co.za>, two members of the Appeal Adjudication Panel were of the view that a reverse domain name hijacking complaint should require suitable evidence of unlawful intent, for example as proven in Bress Designs (Pty) Limited v GY Lounge Suite Manufacturers (Pty) Limited 1991 (2) SA 455 W. The Adjudication Panel stated that "*litigants and their legal advisors must be free to launch proceedings to protect rights – even if incorrectly perceived – without fear of castigation*".
- h) At the very least, the Regulations require evidence of bad faith. However, I do not find, on the evidence, that this has been shown.

5. Decision

For all the foregoing reasons, the dispute is refused.

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CHRIS JOB

SAIPL SENIOR ADJUDICATOR

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