

## Decision

**[ZA2011-0077]**

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

### APPEAL DECISION

CASE NUMBER:	<b>ZA2011-0077</b>
DECISION DATE:	<b>31 October 2011</b>
DOMAIN NAME	<b>Xnets.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Shure Props</b>
REGISTRANT'S LEGAL COUNSEL:	<b>N/A</b>
THE COMPLAINANT:	<b>Xnet Internet Services (Pty) Ltd</b>
COMPLAINANT'S LEGAL COUNSEL:	<b>Adams &amp; Adams</b>
2 <sup>nd</sup> LEVEL ADMINISTRATOR:	<b>UniForum SA (CO.ZA )</b>

## 1 Procedural History

- a) The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on **24 May 2011**.
- b) The Registrant did not submit any Response.
- c) The SAIPL appointed **Mr Charles Webster** as the Adjudicator, (assisted by Mr Herman Blignaut) and on **18<sup>th</sup> July 2001** his decision was rendered. Mr Webster refused the Complaint.
- d) The Complainant filed a Statement of Intention to Appeal on **27<sup>th</sup> July 2011** and a Notice of Appeal on **17<sup>th</sup> August 2011**. The SAIPL verified that the Appeal Notice satisfied the formal requirements of the .co.za Alternative Dispute Resolution Regulations ("the Regulations") and the SAIPL's Supplementary Procedure.
- e) Accordance with the Regulations the SAIPL formally notified the Registrant of the appeal on **30<sup>th</sup> August 2011**. The due date for Registrant's response was **13<sup>th</sup> September 2011**. The Registrant did not submit any response, and on **15<sup>th</sup> September 2011**, the SAIPL notified the Registrant of its default.
- f) The SAIPL appointed **Ms Vanessa Lawrence, Adv GE Morley SC and Adv O Salmon** as the appeal panel. The members have submitted statements of acceptance, and declarations of impartiality and independence as required by the SAIPL to ensure compliance with the regulations and supplementary procedure. The presiding adjudicator is **Vanessa Lawrence**.

## 2 Factual Background

- a) The domain in question was registered on **10<sup>th</sup> May 2005**. The Registrant is Shure Props, and according to a WHOIS search its contact address is in Plettenberg Bay.

- b) The Complainant is Xnet Internet Services (Pty) Ltd, a South African company of Meyersdal which is in Gauteng.
- c) The factual background appears from the Complaint. No response was served, and as found by Mr Webster, the Appeal Panel accepts the allegations of fact. Relevantly, they are as follows.
- d) The Complainant commenced trading in 1994, following a demand for a communications forum. In 1997, it expanded its business and entered the internet connectivity market, becoming a registered Internet Service Provider in 1999. Its business subsequently grew on a substantial scale, and it became a member of ISPA (Internet Service Providers Association) and WAPA (Wireless Access Providers Association). It was granted ECS and ECN licenses, issued by ICASA, in 2009.
- e) The Complainant has been making continuous use of its trade mark XNET in relation to the provision of internet access and related services as an accredited internet service provider to business entities and the general public since 1997. Extracts from the Complainant's website [www.xnet.co.za](http://www.xnet.co.za) providing information on it's business are annexed to the Complaint.
- f) The Complainant owns the domain <xnet.co.za>. This was registered in 1997, and it has been used continuously by the Complainant's more than 4000 subscribers since then.
- g) The Complainant asserts that extensive use of the trade mark XNET means that it has acquired a goodwill and reputation, in that mark, which is associated with it and its business.
- h) In May 2009, the Complainant received emails from persons who appeared to be customers complaining about, inter alia, its services, its high charges, and internet connectivity problems that they were experiencing. However, these were not its customers, and upon investigation, the Complainant became aware of a business called Xpress Network Solutions, and its use of

the website www.xnets.co.za in relation to the provision of internet services.

- i) The Complainant sent an email to the contact addresses for Xpress Network Solutions extracted from the website www.xnets.co.za at the time, informing them of the conflict and the confusion in the trade. A response stated:-

“It was by no means intentional to register a domain similar to yours and we are in no way attempting to pass ourselves off as Xnet Internet Services.

Xpress Network Solutions is a wireless internet service provider offering coverage in areas such as the Garden Route, Northern Province, North West, Gauteng, Mpumalanga, etc...

Our name and domain was conceived through an abbreviation of our company name Xpress NETWORK Solutions. We thus created the domain in order to provide email accounts to our clients.

Currently, Xpress has provisioned 3500+ emails on the domain. It would be impossible for us to even consider “closing” the domain down.

Instead, in order to accommodate us both, I have instructed that our ADSL offerings be removed from our site as it is not our main focus. As I mentioned above, we are a Wireless provider and not an ADSL or dialup ISP.”

- j) These assertions were not made under oath. Nor is the writer’s authority to bind the Registrant clear.
- k) The Complainant has received further complaints from members of the public. The Registrant (or Xpress Network Solutions) still uses the domain for services that overlap with those of the Complainant, particularly internet connectivity, fax to email and hosting services.
- l) The domain <xnets.co.za> leads to the website www.xnets.co.za. The words “XPRESS NETWORK SOLUTIONS” appear in white font. Below this, the words “NATIONAL FOOTPRINT” appear. A map of South Africa

features below this header, with indications of certain geographical regions. On clicking any of the geographical regions, web browsers are redirected to the website [www.xpress.co.za](http://www.xpress.co.za), which appears to be the main website for Xpress Network Solutions.

- m) The Complainant asserts that the domain name <xnets.co.za> is therefore used to attract web browsers and then redirect them to the main website [www.express.co.za](http://www.express.co.za).

### 3 Parties' Contentions

- a) The Complainant submits that the registration of the domain name <xnets.co.za> is an abusive registration for the following reasons:-
- i) The domain name <xnets.co.za> is almost identical to the Complainant's domain name <xnet.co.za>. There is an overlap in the services provided by the Complainant and by Xpress Network Solutions.
  - ii) The use and registration of the Registrant's domain name [xnets.co.za](http://xnets.co.za) has misled and will mislead the public into believing that the registrant is, or is associated with, the Complainant.
  - iii) There is no reason why Xpress Network Solutions had to register and use the domain name <xnets.co.za> to direct web browsers to its website [www.xpress.co.za](http://www.xpress.co.za) other than to benefit from the Complainant's reputation. It uses the name only to attract trade to its site at [www.xpress.co.za](http://www.xpress.co.za). As a result of the misleading association, the Registrant attracts customers based on and benefits financially from the Complainant's reputation and goodwill.
  - iv) The Registrant's registration, and Xpress Network Solution's

use of the domain name <xnets.co.za> is intended unfairly to benefit from and disrupt the business of the Complainant.

#### 4 Decision under Appeal

- a) Mr Webster refused the dispute on the basis of a finding that the Complainant failed to establish that it had rights in respect of the name XNET at the relevant time, namely 10th May 2005<sup>1</sup>, so that:-

“As a result of the Complainant’s failure to establish its right in the name XNET, the Complainant’s allegations that the domain name xnets.co.za is an abusive registration on the grounds of a likelihood of confusion, riding on the goodwill or reputation or unfair benefit all fall away.”<sup>2</sup>

- b) The Adjudicator further found that:-

“The Complainant has failed to prove, on the balance of probabilities that the Registrant’s conduct is mala fide.”<sup>3</sup>

- c) Mr Webster rationalised his finding that the Complainant did not have the requisite rights on the following basis:-

“The Complainant does not appear to suggest that the mere fact that it registered the domain name xnet.co.za in 1997 is sufficient to establish its rights. Had the legislature intended such prior registration to be sufficient, one would have expected the regulations to contain provisions analogous to Section 10(14) of the Trade Marks Act ...

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<sup>1</sup> Judgement, paragraph 4.1 (j).

<sup>2</sup> Judgement, paragraph 4.3 (a).

<sup>3</sup> Judgement, paragraph 4.3 (c).

The Complainant has sought to substantiate its rights in the name xnets.co.za by relying on the alleged reputation it has in the name as a result of its use.”<sup>4</sup>

d) Referring to the Caterham case<sup>5</sup>, Mr Webster held that:-

“The objector is accordingly first required to establish that it has indeed acquired a reputation in the name xnets.co.za as a result of its use. The reputation must be established at the date that the registrant registered xnets.co.za, namely 10th May 2005. (See Alliance Property Group vs Alliance Group (252/10) [2001] ZA SCA 14 paragraph 30.)”

So that:-

“The enquiry is whether the undisputed evidence of use submitted by the Complainant is sufficient to establish that the Complainant had a reputation in the name xnets.co.za in May 2005.”

e) Mr Webster continued:-

“The facts established that the Complainant adopted the trade mark XNET in 1997 with a registration of the domain name xnet.co.za on 1 September 1997. While this date is almost 8 years prior to the Registrant’s registration of xnets.co.za, as stated above, the mere fact of the earlier registration of the domain name xnet.co.za does not, in itself, afford the Complainant rights in respect of the name. The only evidence of use of the name or mark XNET prior to 10 May 2005 submitted by the Complainant is contained in a single sentence which reads:-

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<sup>4</sup> Judgement, paragraph 4.1 (b) - (c).

<sup>5</sup> Caterham Car Sales & Coachworks Ltd v Berkin Cars (Pty) Ltd & Another 1998 (3) SA 938 SCA.

‘The Complainant has had more than 4000 subscribers since 1997 ...’

- f) Mr Webster then examined this sentence and, referring to Turbek Trading<sup>6</sup> where Harms DP stated:-

“There is no objective evidence of use of the trade mark KG prior to the affected date of Turbek’s application, namely 7th March 2000, and in the light of the way that the founding affidavit was formulated one cannot rely simply on the uncorroborated allegations made on behalf of Spits”,

accordingly concluded that the Complainant failed to establish that it had rights in respect of the name XNET at the relevant time.

## 5 Discussion and Findings

- a) In terms of Regulation 11(8) an appeal proceeds on the basis of a full review of the matter. The appeal adjudication panel is obliged to consider this matter afresh. The appeal adjudicators are ad idem in their decision which is discussed in what follows.
- b) We do not agree that the Complainant did not establish rights in the mark XNET. Our reasons for coming to this conclusion are recorded hereunder.
- c) It is not necessary for present purposes to quantify, or qualify, where the line is to be drawn as to when “rights” can be said to exist on the part of a Complainant or when they do not. As was stated by the majority panel in [www.seido.co.za](http://www.seido.co.za) ZA2009-0030 (Appeal Decision) at paragraph 5.7:-

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<sup>6</sup> Turbek Trading CC vs A & D Spitz Ltd [2010] 2 All SA 284 SCA paragraph 19.



“The extent or strength of the “right”, as defined in the Regulations, required to be shown by a Complainant to have locus standi conferred on it on a balance of probabilities under Regulation 3(1)(a) is not clear but we have been guided by earlier decisions on this point. (See WIPO decisions surfcult.com [2002-0381] and dinkybomb.com [D2004-320] and SAIPL decisions suncityvacation.co.za [ZA2008-0023] and bikeandleisuretrader.co.za [ZA2008-0018]. Our view is that the threshold in this regard should be fairly low and we find that the Complainant has, through the License Agreement, established sufficient right to cross this hurdle.”

- d) As has been recorded by the Nominet Advisory<sup>7</sup> the main point of the test is to make sure that the person who complains is someone with a proper interest in the complaint. The notion of “rights” for the purposes of Regulation 3(1)(a) is not trammelled by trade mark jurisprudence. By definition,<sup>8</sup> rights include “intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law, but is not limited thereto”. An indication of the quality (or quantification) of rights is indicated by the WIPO decisions to the effect that the location of a registered trade mark is irrelevant when finding “rights” in mark for the purposes of a complaint.<sup>9</sup>
- e) For example, the following was stated in <thaigem.net> UDRP case no. D2002-0358:-

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<sup>7</sup> See the Nominet Advisory at [www.nominet.org.uk/disputes/DRS/rights](http://www.nominet.org.uk/disputes/DRS/rights).

<sup>8</sup> Regulation 1.

<sup>9</sup> See, in general, the WIPO Advisory at [www.wipo.int/amc/en/domains/search/overview](http://www.wipo.int/amc/en/domains/search/overview).

“These rights acquired in the United States are relevant for this administrative proceeding, although the Complainant is from the Cayman Islands and the Respondent from Thailand. As indicated by the panel in Bennet Coleman and Co. Ltd vs Steven S Lallwani, WIPO case no. D2000-0014 and Bennet Coleman and Co. Ltd vs Long Distance Telephone Company, WIPO case no. D2000-0015, “the essence of the internet is its worldwide access”. The propriety of the domain name registration may be questioned by comparing it to a trade mark registered in any country.”<sup>10</sup>

- f) In the present case, even though the evidence might be regarded as somewhat thin, the Appellant established that:
- i) It is known as Xnet Internet Services (Pty) Ltd.
  - ii) It commenced trading in 1994, following a demand for a communications forum.
  - iii) In 1997, it extended its business and entered the internet connectivity market.
  - iv) Its use of XNET has been continuous since 1997.
  - v) It registered the domain name xnet.co.za in 1997. It established a web-site under that domain name.
  - vi) It became a registered internet service provider in 1999.
  - vii) More than 4000 people have subscribed to its services since 1997. This in our view is not de minimis, albeit a relatively small number.

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<sup>10</sup> See also

- g) Having regard to the low threshold requirement in the establishment of a “right”, we are of the view that the Appellant succeeded in showing, through an accumulation of unchallenged facts, that it has the requisite “right” for the purposes of obtaining relief. The Appellant could have been more forthcoming in the proof of its “right”, and it is obvious that it is in the interests of a complainant that its case should be proved as fully and as adequately as possible.
- h) We accordingly disagree with the findings of Mr Webster in rejecting the contention that the Complainant had rights for the purposes of Regulation 3(1). We think it is beyond dispute that a company registered under the name Xnet Internet Services (Pty) Ltd, with a registered domain <xnets.co.za>, and trading as XNET (albeit on a basis perhaps not as extensive as other internet service providers in South Africa) all under the mark XNET is eminently “someone with a proper interest in the complaint” about a domain <xnets.co.za>.
- i) In this regard, we therefore disagree with the finding of the initial adjudicator.

## 6 The Question of Abuse

- a) As recorded by Mr Webster:-
- “Regulation 3 provides that in order to succeed in an application on the basis of an abusive registration, the following three elements must be approved on the balance of probabilities:-
- i) The Complainant has rights in respect of a name or mark; and
  - ii) The name or mark is identical or similar to the domain name; and
  - iii) The domain name, in the hands of the registrant, is an abusive registration.”<sup>11</sup>
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- <sup>11</sup> Decision, paragraph 4(a).
- b) We have already held that the Complainant has rights in respect of the mark XNET. Clearly, this mark is not identical to the domain name in question but in our view it is similar. (This does not appear to have been put in question

by Mr Webster, and in his decision proceeds on the premise that, prima facie, the two marks are “similar” as contemplated by the Regulation).

- c) Accordingly, the remaining consideration is whether the domain name, in the hands of the Registrant, is an abusive registration.
- d) This aspect of the matter has given some difficulty to the appeal panel but, on balance, it is our view that the name is abusive as contemplated by the Regulations. The following explains why.
- e) It is helpful first to set out the provisions of Regulations 4 and 5:-

“4.(1) Factors, which may indicate that the domain name is an abusive registration include-

(i) 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 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;
- block intentionally the registration of a name or mark in which the complainant has rights;
- disrupt unfairly the business of the complainant; or
- prevent the complainant from exercising his, her or its rights;

(ii) 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 authorised by, or otherwise connected with the complainant;”

“5.Factors, which may indicate that the domain name is not an abusive registration, include-

(i) before being aware of the complainant's cause for complaint, the registrant has –

- used or made demonstrable preparations to use the domain name in connection with a good faith offering of goods or services;
- been commonly known by the name or legitimately connected with a mark which is identical or similar to the domain name; or
- made legitimate non-commercial or fair use in the domain name;'
- the domain name is used generically or in a descriptive manner and the registrant is making fair use of it."

f) The registration can be abusive "now" although not "then"<sup>12</sup> and this accords with basic principles. So, even if the initial registration was not abusive, it can become so depending on the use to which it is put. At the same time, even the potential for "bait and switch" is sufficient to constitute "abuse" whether in fact this effected or not. Furthermore, according to Nominet decisions,<sup>13</sup> there are two potential abuses:-

- registration with the abusive intent; and
- abusive use.

In our view, this implies that 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.<sup>14</sup>

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<sup>12</sup> See [www.nominet.org.uk/disputes/DRS/abuse](http://www.nominet.org.uk/disputes/DRS/abuse).

<sup>13</sup> See, for example, Aldershot Car Spares vs Gordon Nominet DRS 02464 page 5 paragraph 6.

<sup>14</sup> Compare [fifa.co.za](http://fifa.co.za) [ZA2007-0007] at paragraph 4.9

g) It is apparent from the recordal of facts set out above, that the business trading behind the domain is Xpress Network Solutions. It is also apparent from the facts that the domain is used as bait. The statement in the email from the Registrant "*we thus created the domain in order to provide email*

*accounts to our clients*” does not, accordingly, tell the whole picture.

- h) The domain xnets.co.za simply leads directly to the home page for Xpress Network Solutions. We have annexed hereto, to demonstrate this, a copy of Annex 5 to the Complaint, and as contended by the Complainant, on clicking on any of the geographical regions appearing in that “map”, web browsers are redirected to the website www.xpress.co.za which appears to be the main website for Xpress Networks Solutions. Indeed, further annexes to the Complaint reveal this to be the position; nowhere is reference made to any site or pages referenced by www.xnets.co.za.
- i) It may well be that the word “xnets” is an abbreviation of Xpress Network Solutions. However, this explanation is lacking in certain respects. Clearly, a dominant feature of the Registrant’s trading style is the word Xpress – this is apparent, moreover, from the annexes to the Complaint where the word Xpress is given prominence and sometimes even to the exclusion of the words “Network Solutions”. Why it was necessary to use the name xnets – which gives no reference to the word Xpress at all – is difficult to understand. One would have thought that the email account <xpress.co.za> would be far more apposite. It would not have lead to the confusion that is complained of and portrayed in the Complaint.
- j) In our view, these factors indicate that there is abuse. There are circumstances which indicate that the mark is being used in a way that leads people/businesses to believe that there is an operation or authorization or is somehow otherwise connected with the Complainant – the evidence in this regard is not disputed. It is also not irrelevant, in our view, that no evidence or contentions have been put forward by the Registrant which would exonerate this otherwise abusive use in light of the factors set forth in Regulation 5.

## 7 Decision

- a) For the foregoing reasons the appeal panel finds that the initial Adjudicator came to the incorrect conclusion. Accordingly, we would uphold the appeal

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and order that the domain name be transferred.

.....  
**V. LAWRENCE**

SAIPL PRESIDING ADJUDICATOR

[www.DomainDisputes.co.za](http://www.DomainDisputes.co.za)

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