

## Decision

**ZA2011-0077**

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

### ADJUDICATOR DECISION

CASE NUMBER:	<b>ZA2011-0077</b>
DECISION DATE:	<b>18 July 2011</b>
DOMAIN NAME	<b>xnets.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Sure 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**. On **24 May 2011** the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name(s) at issue. 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 **25 May 2011**. In accordance with the Regulations the due date for the Registrant's Response was **24 June 2011**. The Registrant did not submit any response, and accordingly, the SAIPL notified the Registrant of its default on **26 June 2011**.
- c) The SAIPL appointed Charles E Webster as the Adjudicator in this matter on **29 June 2011**. 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.

## 2 Factual Background

- a) The domain name xnets.co.za was registered on 10 May 2005.
- b) The Factual background appears from the complaint lodged by Xnet Internet Services (Pty) Ltd. As no response to the complaint was filed, there is no dispute on factual issues, and the Adjudicator may accept, for present purposes, the allegations of fact by the Complainant as generally correct.
- c) The Complainant has specified Adams & Adams as the domicilium citandi et executandi of the authorised representative in terms of Regulation 16(2)(b).

- d) According to the Whois facility, the Registrant in these proceedings is the listed Registrant of the domain name in dispute, namely Shure Props. According to a copy of the printout of the Whois search conducted on 18 April 2011 comprising Annex X1 to the complaint, the details of the Registrant are as follows:

**Postal:** P O Box 1532  
Plettenberg Bay  
6600

**Telephone:** +27 445327914

**Email:** [rob@exnet.co.za](mailto:rob@exnet.co.za)

- e) The rights on which the Complainant relies can briefly be summarised as follows:
- i) The Complainant commenced trading in 1994. In 1997, the Complainant expanded its business and entered the internet connectivity market. The Complainant became a registered Internet Service Provider in 1999. The Complainant is a member of ISPA (Internet Service Providers Association) and WAPA (Wireless Access Providers Association). It was granted ECS and ECN licenses, issued by ICASA,
  - ii) The Complainant has been making continuous use of its XNET mark 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. The Complainant has had more than 4,000 subscribers since 1997.
  - iii) The Complainant holds the registration of the domain name [www.xnet.co.za](http://www.xnet.co.za), which was registered in 1997.
- f) As a result, it is alleged that the Complainant has acquired a goodwill and reputation that is associated with it and its business. The Complainant alleges that its extensive use of its trade mark XNET in South Africa affords

it common law protection.

g) In May 2009, the Complainant became aware of a business called Xpress Network Solutions and of use by it of the website [www.xnets.co.za](http://www.xnets.co.za) in relation to the provision by it of internet services. The Complainant had received e-mails from persons who appeared to be customers (not being customers of the Complainant), complaining about the Complainant's alleged services, its high charges and internet connectivity problems that they were experiencing, among other complaints. The Complainant received further complaints from members of the public and it transpired that the Registrant still uses the domain name [xnets.co.za](http://xnets.co.za) for services that overlap with those of the Complainant, particularly internet connectivity, fax to e-mail and hosting services.

h) A representative from the Complainant addressed an e-mail to the e-mail addresses [rob@xnets.co.za](mailto:rob@xnets.co.za), [henry@xnets.co.za](mailto:henry@xnets.co.za) and [info@xnets.co.za](mailto:info@xnets.co.za), being the contact addresses for Xpress Network Solutions extracted from the website [www.xnets.co.za](http://www.xnets.co.za) at the time, informing them of the alleged conflict and the confusion in the trade. A representative from Xpress Network Solutions, with the name Rob, responded to the Complainant's e-mail stating:

"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".

The representative informed the Complainant that the domain name [xnets.co.za](http://xnets.co.za) was conceived through an abbreviation of their company name Xpress Network Solutions.

i) The representative indicated that in order to accommodate both parties, he had instructed the removal of its ADSL offerings from the website [www.xnets.co.za](http://www.xnets.co.za).

j) The domain name [xnets.co.za](http://xnets.co.za) leads to the website [www.xnets.co.za](http://www.xnets.co.za) . The

words "XPRESS NETWORK SOLUTIONS" appear in white font on the web page of [www.xnets.co.za](http://www.xnets.co.za). Below this, the words "NATIONAL FOOTPRINT" appear. The map of South Africa features below the 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.

### **3 Parties' Contentions**

#### **3.1 Complainant**

- i) The Complainant's case can be summarised as follows:
  - a) As a result of the extensive use of its mark XNET in South Africa it is entitled to common law protection. The Complainant alleges that it has acquired a goodwill and reputation that is associated with it and its business. While the common law of passing-off is not explicitly mentioned in the complaint, in the letter of demand sent on 19 May 2009 (Annex X4) Mr Gary Whitecross says "This is known in law as 'passing off'".
  - b) The complainant is the registrant of the domain name [xnet.co.za](http://xnet.co.za) which was registered in 1997 and has been used continuously since then by its subscribers.
  - c) The domain name [xnets](http://xnets.co.za) is almost identical to [xnet](http://xnet.co.za).
  - d) There is overlap in the services provided by the Complainant and the Respondent.
  - e) There has been actual confusion in the market.
  - f) 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.

- g) As a result of the misleading association, the Registrant attracts custom based on and benefits financially from the Complainant's reputation and goodwill.
- h) 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 other than to benefit from the Complainant's reputation and the registration of the domain name and use of the website www.xnets.co.za is male fide.
- i) Accordingly, in the hands of the Registrant, the domain name is an abusive registration in terms of Regulation 3(1)(a).

### **3.2 Registrant**

- a) Regulation 18(1)(a) provides that a Registrant must respond to the statements and allegations contained in the Dispute in the form of a response. In such a response, the Registrant must detail any grounds to prove the domain name is not an abusive registration.
- b) The Registrant failed to submit a response.
- c) Because the Registrant failed to submit a response, the Adjudicator must decide the matter on the Dispute (see Regulation 18(3))
- d) Regulation 28(2) provides that, in the absence of exceptional circumstances, an Adjudicator shall draw such inferences as he or she considers appropriate, from the failure of a party to comply with a provision or requirement of the Regulations.
- e) The Adjudicator draws the inference that the Registrant does not deny the facts that the Complainant asserts (see Neotel (Pty) Limited v Llowelyn Stainbank ZA 2010-0046).

- f) In the Neotel matter the Adjudicator also drew the inference that the Registrant does not deny the conclusions that the Complainant draws from the facts. As will be noted below, this Adjudicator does not consider himself bound to follow such inferences where the Adjudicator has found that the facts do not support the inferences drawn. As done in the Neotel case, notwithstanding the inferences drawn, the Adjudicator nevertheless analysed the Complainant's version in order to satisfy herself that the allegations contained in the complaint are acceptable and probably true, referring to Multichoice Subscriber Management v J P Bothas ZA2007 -0010.

#### **4 Discussion and Findings**

- a) Regulation 3 provides that in order to succeed in an application on the basis of an abusive registration, the following 3 elements must be proved on a 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.

##### **4.1 Complainant's Rights**

- a) The undisputed facts on which the Complainant relies to establish its rights are:
- i) The Complainant registered the domain name xnets.co.za in 1997. According to the Whois facility the exact date is 1 September 1997.
  - ii) The Complainant registered the domain name xnets.co.za in 1997. According to the Whois facility the exact date is 1

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September 1997.

- b) The Complainant does not appear to suggest that the mere fact that it registered the domain name xnets.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 no 194 of 1993. In *Mr Plastic CC v Mr Plastic & Mining Promotional Goods CC ZA2007-0001* the Adjudicator found that the registration of a company name or a close corporation name, per se, conferred upon the entity in question no rights in that name enforceable against third parties in the sense that third parties can be restricted from using it, referring to *Webster & Page South African Law of Trade Marks*, 4th edition, paragraph 15.8.
- 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.
- d) In the *Mr Plastic* case the Adjudicator stated:
- “In essence and in effect the Complainant is relying on the common law cause of action of passing off as the grounds of its objection. Indeed, the Complainant categorises its objection as being passing off. A claim of passing off by the Registrant, if sustained, would render the domain name in dispute and its use by the Registrant an abusive registration.”
- e) In *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd & another 1998 3 SA 938 SCA Harms JA* identified the elements of the wrong of passing off to be “the “classical trinity” of reputation (or goodwill), misrepresentation and damage”. The Registrant 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 the Registrant registered



xnetz.co.za, namely 10 May 2005 (see Alliance Property Group v Alliance Group (252/10) [2011] ZASCA 14 par 20.)

- f) 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. In the Mr Plastic case the Adjudicator stated:

“The dubious distinctive nature of the name or mark MR PLASTIC is compounded by its inherent descriptive qualities. It is trite that the more descriptive a name or mark is the less it is inherently adapted to distinguish the goods or services of a particular trader from those of another (See Reddaway v Banham (1886) RPC 218 at 224). 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 does not equate with distinctiveness (See Bergelder Bpk v Shoprite Checkers (Pty) Ltd 2006 (4) SA 275 (SCA), paragraph 18). 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.”

- g) While the trade mark XNET is not as descriptive as MR PLASTIC, the suffix net is clearly derived from the word Internet. The South African Concise Oxford Dictionary 2005 defines “net” to include a “network of interconnected computers” and “the Net” as “the Internet”.
- h) The facts establish that the Complainant adopted the trade mark XNET in 1997 with the registration of the domain name xnets.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 xnets.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 “The Complainant has had more than 4000 subscribers since 1997 ...”. It is not clear what is meant by “has had”. Does this mean that the Complainant had 4000 subscribers in 1997 and that number has remained unchanged? Does it mean that over the period 1997 – 23 May 2011 (the date the Complaint was signed) the Complainant has had 4000 subscribers in total, but not necessarily all at the same time? Does it mean that, over the approximate 14 years, the Complaint acquired approximately 285 subscribers a year to get to a total of 4000 subscribers by 2011? Logic suggests that the business started slowly with the result that more subscribers would have joined in the last 6 years than in the first 6 years since 1997. What the Complainant has failed to establish is how many subscribers it had with effect from 10 May 2005 and what the nature of the exposure of the XNET trade mark was in the Internet service provider market at that time.

- i) In *Turbek Trading CC v A & D Spitz Ltd* [2010] 2 All SA 284 SCA par 19, having analysed the evidence, Harms DP stated:

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

- j) The Adjudicator accordingly concludes that the Complainant has failed to establish that it had rights in respect of the name xnet at the relevant time, namely 10 May 2005.

#### 4.2 The Name of Mark is Identical to the Domain Name

- a) In *Century City Apartments Property Services CC and another v Century City Property Owners Association* (2010) 3SA 1 SCA the

Supreme Court of Appeal, following the European Court of Justice found that the criterion of identity must be interpreted strictly, stating:

“The next issue is whether the marks “CENTURY CITY” and “CENTURY CITY APARTMENTS” are in the wording of s34(1)(a) “identical”. I think not. As the European Court of Justice indicated,

“The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects”.

(LTJ Diffusion SA v Sadas Vertbaudets SA 2003 ETMR 83 (European Trade Marks Reports) (par 50). This is, however, subject to the proviso that minute and wholly insignificant differences are not taken into account (Read Executive PLC v Reed Business Information Ltd 2004 EW CA siv 159; [2004] RPC 40 par 29). In other words the de minimis principle applies”.

The Adjudicator makes the observation that according to Annex X2, being a printout of the website [www.xnet.co.za](http://www.xnet.co.za) made on 4 March 2011, there is reference to xnet’s for example in the context “search xnet’s website”. Had the Complainant succeeded in establishing a reputation in xnet arising out of its use it would appear that such reputation would also cover the form xnet’s and, in this context, the difference between xnet’s and xnets would appear to fall under the de minimis principle referred to.

#### **4.3 The Domain Name in the Hands of the Registrant an Abusive Registration**

- a) It follows that as a result of the Complainant’s failure to establish its right in the name Xnet, the Complaint’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.

- b) The Complainant makes the following allegation in paragraph 11.1.20 of the Complaint:

“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 other than to benefit from the Complainant’s reputation. It uses the name only to attract trade to its site www.xpress.co.za. It is submitted that the Registrant’s registration of the domain name and Xpress Network Solutions’ use of the website www.xnets.co.za is male fide. The Registrant and Xpress Network Solutions seek to acquire benefits from the Complainant’s mark without entitlement to it”.

The main thrust of this Complaint is premised on the supposed benefit from the Complainant’s reputation. Having found that the Complainant has not established the requisite reputation, the inferences which the Complainant seeks to draw from the Registrant’s conduct also largely fall away. However, the Adjudicator is mindful of the fact that the Registrant had the opportunity to explain why it chose to use the domain name xnets.co.za to direct web browsers to its website www.xpress.co.za. While no formal response in terms of Regulation 18 has been lodged, the Registrant’s version of the initial adoption of the name appears in the email dated 4 June 2009 forming Annex X4 to the Complaint, the relevant portion of which reads:

“It was by no means intentional to register a domain similar to yours and we are in no way attempting to pass our selves 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, Mpumulanga 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..."

- c) The Adjudicator finds that the Complainant has failed to prove, on a balance of probabilities, that the Registrant's conduct was male fide.
- d) For the reasons advanced above, the Adjudicator holds as follows:
  - i) The Complainant has failed to show that it has established rights in respect of a name or mark which is identical or similar to the domain name in dispute.
  - ii) The domain name in dispute;
    - \* Was not 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;
    - \* Has not been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

## 5. Decision

- a) For all the foregoing reasons, the dispute is refused.

.....  
**CHARLES WEBSTER**

SAIPL SENIOR ADJUDICATOR

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

.....  
**HERMAN BLIGNAUT**

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