

Decision

[ZA2011-0078]

.ZA ALTERNATE DISPUTE RESOLUTION
REGULATIONS (GG29405)

APPEAL DECISION

CASE NUMBER:	ZA2011-0078
DECISION DATE:	25 October 2011
DOMAIN NAME	foodnetwork.co.za
THE DOMAIN NAME REGISTRANT:	My Guys Family Trust/Mr Graham Johnson
REGISTRANT'S LEGAL COUNSEL:	Rademeyer (Attorneys)
THE COMPLAINANT:	Television Food Network, G.P. d/b/a "Food Network"
COMPLAINANT'S LEGAL COUNSEL:	Cliffe Decker Hofmeyr Inc
2 nd LEVEL ADMINISTRATOR:	UniForum SA (CO.ZA)

1 Procedural History

- a) This is an Appeal against the Decision a quo under the above Case Number. The aforementioned Decision was notified to both parties on **1 August 2011**. The Appellant (the Complainant in the first instance) filed a Notice of Intention to Appeal with the South African Institute of Intellectual Property Law (the "SAIPL") on **8 August 2011**. On **30 August 2011** the Appellant filed its Appeal Notice in terms of Regulation 32(1) with the SAIPL. The SAIPL verified that the Appeal 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 Appeal on **09 August 2011** and forwarded a copy of the Appellant's Appeal Notice to the Registrant on **31 August 2011**. In accordance with the Regulations the due date for the Registrant's Appeal Notice Response was **14 September 2011**. The Registrant submitted its Response on **13 September 2011**, and the SAIPL verified that the Response satisfied the formal requirements of the Regulations and the SAIPL's Supplementary Procedure. The SAIPL forwarded a copy of the Registrant's Appeal Notice Response to the Appellant on **16 September 2011**.
- c) In accordance with the Regulations no documents other than the above may be submitted in an Appeal, and accordingly no further documents were submitted by either of the parties.
- d) The SAIPL appointed an Appeal Panel consisting of Mr Derek Momberg, Mr Deon Bouwer and Mr Andre van der Merwe as the Appeal Adjudicator Panel in this matter on 23 September 2011. The Adjudicators have each 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.

- e) An issue that needs to be dealt with at the outset is that the Appellant had filed, together with its Appeal Notice, new evidence that introduces new facts that had not been filed as part of, or in, its original Complaint nor in its Reply nor in its Supplementary Statement. The Registrant has, understandably, objected to such new evidence being admitted or considered in this Appeal. It is therefore necessary for the Panel to deal with this procedural aspect before dealing with its substantive aspects.

The relevant Regulation viz Regulation 32(9) reads as follows:

"The Appeal Panel will not take into consideration any new evidence presented in an Appeal Notice or Appeal Notice Response, unless they believe that it is in the interests of justice to do so."

The wording of this Regulation is straightforward, and it is a matter of deciding what is meant by the proviso to the general rule not to admit new evidence that is presented in an Appeal.

Briefly put, the Complainant had in the dispute *a quo* (now the Appellant) submitted evidence of its business activities, trade mark registrations and reputation in foreign jurisdictions but not in South Africa. Such evidence was admitted and had been persuasive in an earlier WIPO dispute in respect of a .com domain name registration (case no. D2010-0472) that was decided in favour of the Complainant. However, unless its trade mark FOOD NETWORK was well-known in South Africa (-and this was alleged but not proven - and no actual use in South Africa had been shown until 2010), such foreign reputation could not assist the Complainant in its earlier complaint against the disputed domain name foodnetwork.co.za registration. Hence its complaint was refused by the Adjudicator. In its Appeal Notice, however, the Appellant has introduced new evidence showing actual and earlier use of its name and trade mark FOOD NETWORK in South Africa.

The Appeal Panel is not aware of authority in decided South African domain name cases regarding the admittance of new evidence in appeal matters. Accordingly the Appeal Panel can follow its own course based on its discretion and based on sound legal reasoning. In foreign domain name

decisions, although not binding, WIPO case no. D2008-0193 provides a guide-line in respect of admitting new evidence. In that case the panellist states:

“In order to justify the exercise of that discretion the party seeking to file further submissions must show some exceptional circumstances as to why the subject matter of the further filing was not included in the Complaint or Response, as the case may be. Among the exceptional circumstances recognized by panellists in the past are the existence of facts that the party could not have known or ascertained at the time of filing of the Complaint”

Of course the other party should then have an opportunity to respond to such new submissions. This certainly was the case in the present Appeal.

Against the broad background of the Electronic Communications and Transactions Act (“the ECT Act”), the Appeal Panel confirms that the Objects of the ECT Act (and its Regulations) are set out in Section 2 of this Act. These objects and purposes include - to promote legal certainty and confidence in respect of electronic communications and transactions; to ensure that electronic transactions in the Republic conform to the highest international standards; to develop a safe, secure and effective environment for the consumer, business and the Government to conduct and use electronic transactions; and to ensure efficient use and management of the .za domain name space.

Although there do not appear to be so-called exceptional circumstances in the present Appeal, and the frustration of the Registrant is understood, to ignore the new evidence presented in this Appeal would prejudice the broad process of adjudication, which is to ascertain the facts and make a decision on such facts according to the law. In support of this approach see ZA2009-0030 in respect of the domain name seido.co.za (in which case the Response was submitted out of time).

Two factors have been considered relevant in the present Appeal in this

regard. Firstly, the Complainant had not considered that such evidence was necessary in submitting its Complaint in the first instance.

“The Appellant had been of the view that it was not necessary to provide such evidence in its Complaint, , on the basis of internationally subsisting rights of which extensive reference had been made in the Appellant’s Complaint.”

See paragraph 5 of Ms Cynthia Gibson’s affidavit forming an important part of the Appellant’s Grounds of Appeal. There was clearly a lack of knowledge and understanding of South African law and its requirements on the part of the Complainant in respect of a complaint relating to a co.za domain. It appears further that this was likewise not understood by the Complainant’s legal representative(s). The Appeal Panel is of the view that the Appellant should not be prejudiced nor punished for this oversight.

A second factor in this Appeal is that, as in any domain name dispute, there are not merely two parties to such a dispute. There is in fact a third and larger party involved viz the broad public which is exposed to the domain name in issue. The intention of the legislator in establishing a domain name ADR system provided in terms of the ECT Act and its Regulations is clearly to prevent a party from being deprived of its legitimate rights in and to a name or trade mark; and following from that to prevent or avoid the public from being deceived and/or confused by such a name or trade mark being used by an unauthorized party. This latter aspect viz to protect an unsuspecting public from deception and/or confusion is a golden thread that runs through our Trade Mark and cognate law and the relevant part of our common law of unlawful competition. South African decided High Court cases have confirmed this over the years. See *Sheffield Electro-Plating and Enamelling Works Ltd v Metal Signs & Name Plates (Pty) Ltd* 1949 (1) SA 1034 (W) in which Ramsbottom, J held that the Merchandize Marks Act was passed for the protection of merchants and manufacturers *as well as the public*. See also *Tobler v Durban Confectionery Works (Pty) Ltd* 1965 (4)

SA 497 (C); and *Monis Wineries Ltd v Mouton* 1966 (2) SA 89 (SWA).

An examination of this aspect of our Trade Mark law shows that the classical or primary infringement section 34(1) of the Trade Marks Act, no 194 of 1993, defines trade mark infringement as follows:

*" The rights acquired by registration of a trade mark shall be infringed by -
(a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion."*

Such deception or confusion is of course that which is likely to occur amongst the consumer public. Although the Act does not say this expressly, it is trite law, and has been explained consistently by the High Court through the decades.

In the classical infringement case, *Plascon Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A), the Appellate Division (as it was then known) summarised the test for determining deception or confusion, as follows:

"In an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customers) in the class of goods would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited ; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection."

The persons referred to in this quotation are clearly members of the purchasing or consumer public.

More particularly, under the common law of passing off, in the leading case viz *Capital Estate & General Agencies (Pty) Ltd v Holiday Inns Inc* 1977 2

SA 916 (A), the Appellate Division (as it was then known) defined passing off as follows:

“The wrong known as passing off consists in a representation by one person that his business (or merchandize, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.”

Authorities such as the Sheffield case (*supra*) that deal with contraventions of legislation dealing with trade descriptions and trade marks, have established the principle that such legislation is passed for the benefit of traders *as well as the public*. In the result, in matters such as the present, the Appeal Panel is obliged to consider, in addition to the interests of the Parties hereto, the public interest. Against this background, a finding premised on the exclusion of material evidence on the basis of an evidentiary technicality, the effect of which is to legitimize on-going confusion of the public, is clearly not desirable and is unwarranted.

Accordingly, in terms of the powers granted by the proviso to Regulation 32(9), the Appeal Panel believes it is in the interests of justice to exercise its discretion in favour of admitting the new evidence introduced by the Appellant in its Appeal Notice.

2 Factual Background

- a) On the part of the Registrant, its basic non-contested facts remain unchanged viz that it registered the disputed domain name during 2006; and that it has used the disputed domain name from that time to point or redirect users to its other sites.
- b) However, following the above decision by the Appeal Panel, the Appellant

has been allowed to submit new evidence for consideration. This new evidence shows that it had used its name and trademark FOOD NETWORK in South Africa from about February 2004 to June 2007 by way of various television programmes that were broadcast in Africa and South Africa (indicating its aforementioned name and trade mark) by the BBC Worldwide and BBC Africa channels on the DSTV satellite network. In addition to the aforementioned evidence, the Appellant has also submitted new evidence to show that during 2006 there were almost 45 000 unique users from South Africa visiting its www.foodnetwork.com website. In that year in total this site was visited about 67 000 times by South Africans, and about 235 000 pages of that site were viewed from South Africa.

- c) The remaining facts submitted by each party *a quo* effectively remain unchanged.

3 Parties' Contentions

3.1 Complainant

- a) Appellant's Rights:

The Appellant contends in its Appeal Notice that it has provided proof that it had used its name and trade mark FOOD NETWORK in South Africa prior to the date of registration of the disputed domain name viz prior to 12 September 2006; and hence flowing from this prior use that it has rights in respect of its name and trade mark as from that date in South Africa.

- b) Onus:

The Appellant contends that the disputed domain is identical, or virtually identical, to the name and trade mark of the Appellant in which it has established rights in South Africa; and this shifts or transfers the onus from the Appellant and places such onus on the Registrant to show that its disputed registration is not abusive.

c) Legitimate Interests:

The Appellant contends that the Registrant's assertions that its registration of the disputed domain name to create and link with a "network" of food-related sites (which compete with the Appellant's services) is insufficient to establish superior rights or a legitimate interest in the name of mark; that its use of the disputed domain name is abusive vis-a-vis the Appellant's chosen name and trade mark; and that the concept of "first come, first served" does not apply when the appropriation of another's identical trade mark is in question.

d) Sale for Reasonable Expenses:

The Appellant contends that the Registrant's demand of a sum of money in excess of its out-of-pocket expenses is a sufficient factor to indicate bad faith.

e) Blocking:

The Appellant contends that registration of the disputed domain name blocks the Appellant from the legitimate exercise of its rights (-ostensibly in South Africa).

f) Mr Johnson's alleged unawareness of the Appellant:

The Appellant contends that the statements by the Registrant, via Mr Johnson, that it was not aware of the Appellant and its name and trademark (and its services) prior to or at the date of the registration of the disputed domain name, are unlikely and are challenged by the Appellant.

3.2 Registrant

a) Appellant's Rights:

As indicated above, the Registrant objects to the admission of new evidence by the Appellant and denies that the Appellant had any rights in South Africa in or before 2006 viz at the time of registration of the disputed domain name.

b) Onus:

The Registrant contends that it had acted *bona fide* in 2006 and thereafter in adopting and using the disputed domain name; and hence that its registration did not amount to an abusive registration.

c) Legitimate interests:

The Registrant contends that its actions have been based on its business plan to create a network of various websites that Mr Johnson had registered at the same time as the disputed domain name. It contends that it did not have the intent to deceive or confuse and neither has the manner in which he has used the disputed domain name given any indication that it is affiliated with or endorsed by the Appellant. Hence the Registrant contends that it has a legitimate interest in the disputed domain name.

d) Sale for reasonable expenses:

The Registrant contends that that the amount demanded is a reasonable value for the disputed domain name; and has argued that it is entitled to offer the disputed domain name for any price it deems fitting (sic!).

e) Blocking:

The Registrant contends that the respective websites www.cookbook.co.za and www.foodnetwork.com are not directly competing websites (although the Registrant admits there is an overlap in respect of cooking recipes); and there is no indication of passing off by the Registrant and hence no blocking is taking place.

f) Mr Johnson's alleged unawareness of the Appellant:

Mr Johnson denies that he was aware of the Appellant or its services at or prior to the date of registration of the disputed domain name (in 2006).

4 Discussion and Findings

a) The Appeal Panel has carefully perused the Appeal documents as well as all the original evidence submitted herein, and sets out hereunder its discussions and findings in respect thereof.

i) Appellant's rights:

The Appeal Panel has decided, as set out above, to admit and consider the new evidence submitted by the Appellant. Such new evidence shows clearly that the Appellant had used its name and trade mark FOOD NETWORK in South Africa prior to the date of registration of the disputed domain name in 2006. See above analysis of the factual evidence provided by the Appellant for example DSTV films showing its name and trade mark in South Africa from 2004 to 2007 and use of its website by South Africans during 2006. Accordingly, based on these facts, the Appeal Panel finds, on a balance of probabilities, that the Appellant has rights in respect of its name and trade mark FOOD NETWORK as at the relevant date.

In terms of Regulation 3(1), the Appellant is required to prove the following three elements, each on a balance of probabilities, viz:

- That it has rights in respect of a name or mark;
- That the name or mark is identical or similar to the (disputed) domain name; and
- That, in the hands of the Registrant, the (disputed) domain name is an abusive registration.

An "abusive registration" is defined in Regulation 1, and this aspect of the dispute will be dealt with in greater detail hereunder. Based on the above discussion, the Appeal Panel is satisfied that the Appellant has, on a balance of probabilities, proven element a) above. In respect of the second element b) above, the Appellant needs to prove that the name or trade mark is identical or similar to the (disputed) domain name. A comparison of the Appellant's

name or trade mark FOOD NETWORK with the disputed domain name viz foodnetwork.co.za shows clearly that these two terms are identical, or virtually identical. The only small differences are that the Appellant uses the words FOOD and NETWORK separately while the Registrant uses these two words together and has added the .co.za domain which is in any event generic.

These differences are insignificant and can for all practical purposes be ignored. There is a wealth of domain name authority, both local and foreign, for this type of situation and the conclusions that can be drawn from such identity or similarity of names or marks. See for example NAF/NA141825 in which it was held: “[It] is also well established under the Policy that a domain name composed of a trademark coupled with a generic term still is confusingly similar to the trademark”. In the national domain name decision ZA2007-0003 TELKOM was found to be similar to the disputed domain name telkommedia.co.za; and in ZA2007-0004 TELKOM was likewise found (by a different Adjudicator) to be similar to the disputed domain name telkombusiness.co.za. Accordingly the Appeal Panel finds, on a balance of probabilities, that the name or mark FOOD NETWORK is identical, or substantially identical, to the disputed domain name foodnetwork.co.za. The third element c) above requires the Appellant to prove that the disputed domain name, in the hands of the Registrant, is, on a balance of probabilities, an abusive registration. Regulation 1 defines “Abusive registration” 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."

ii) Onus:

Because the Appellant has proven that it has rights in a name or mark that is identical to the disputed domain name, the onus shifts to the Registrant to show that its disputed domain name is not an abusive registration [-see Regulation 5 and in particular Regulation 5(c)]. This Regulation provides a non-exhaustive list of factors which the Registrant may raise to indicate that the disputed domain name is not an abusive registration.

Regulation 5(a)(i) provides that the Registrant may show that it has, before being aware of the Appellant's cause for complaint, used the domain name in connection with a good faith offering of goods or services. As to whether the Registrant was in good faith, it has submitted various statements to explain its adoption of the disputed domain name. Although its explanation may be plausible, the Appeal Panel considers that it is unlikely that a person in the position of Mr Johnson, an enthusiast cook, intending to commence an internet business in this field, would not have heard of or seen the Appellant or its services on television, or considered consulting the internet, before seriously venturing into such a business. In addition to the above, the Appeal Panel considers that the question of good faith does not apply to a situation where the Registrant has registered a domain name that is identical or similar to a name or mark in which the Appellant has shown that it has prior rights. Accordingly, the Appeal Panel is obliged to reject the submissions made in this regard by Mr Johnson on behalf of the Registrant.

Regulation 5(a)(ii) provides that the Registrant may show that it has, before being aware of the Appellant's cause for complaint, been commonly known by the name or legitimately connected with a mark which is identical or similar to the disputed domain name. This factor

does not apply in the present matter.

Regulation 5(a)(iii) provides that the Registrant may show that it has, before being aware of the Appellant's cause for complaint, made legitimate non-commercial or fair use of the domain name. Fair use, if the Registrant can be said to have used the disputed domain name at all in its redirect practice, is considered to include descriptive use. The name and trade mark FOOD NETWORK is not *prima facie* descriptive of the relevant services offered by the Appellant, and this factor therefore does not apply in the present matter.

Regulation 5(b) provides that the Registrant may show that the domain name is used generically or in a descriptive manner and the Registrant is making fair use of it. These factors do not apply in the present matter.

Regulation 5(c) provides that the Registrant may show that it has demonstrated fair use, which use may include websites operated solely in tribute to or fair criticism of a person or business. This is likewise not applicable in the present matter.

Regulation 5(d) does not apply at all to the present matter.

Considered overall, the Registrant has not shown any factors in terms of Regulation 5 that, in the opinion of the Appeal Panel, may indicate that the disputed domain name is not an abusive registration.

Finally, returning to the definition of an abusive registration, the Registrant needs to prove overall, and on a balance of probabilities, that the disputed domain name is not an abusive registration viz that, at the time that the disputed registration was registered, it did not take unfair advantage of or was not unfairly detrimental to the Complainant's rights; or has not been used in a manner that takes unfair advantage of, or is not unfairly detrimental to the Complainant's rights. The Appeal Panel is satisfied that, taking the relevant factors into account, the Registrant has not been able to discharge this onus

or burden of proof, as confirmed by what is set out further hereunder.

iii) Legitimate Interests:

The Appeal Panel accepts Mr Johnson's submissions regarding the establishment of a network of cooking in respect of recipes for various types of cuisine but cannot accept that he found it necessary in good faith to register or use the disputed domain name for this purpose, more particularly to redirect enquiries from the disputed domain site to the Registrant's other sites.

The Appeal Panel dismisses the submission by the Registrant that the concept of "first come, first served" applies across the board in the selection and registration of domain names. This concept can apply only in the absence of rights based on, or arising from, use by either party (or possibly by both parties) in respect of the domain name in question (as it does with the registration of trade marks).

iv) Sale for reasonable expenses:

Regulation 4 lists various factors which may indicate that a domain name is an abusive registration. This includes circumstances indicating that a Registrant has registered a domain name primarily to sell the domain name to a Complainant (the Appellant) for valuable consideration in excess of the Registrant's reasonable out-of-pocket expenses directly associated with acquiring or using the (disputed) domain name. Although the Registrant has attempted to sell the (disputed) domain name to the Appellant for an amount of US\$150 000 which is an exorbitant sum compared to its expenses in registering and maintaining the domain name, the Registrant's attempt to sell the disputed domain name came as a result of being approached by, or on behalf of, the Appellant.

The Appeal Panel is not satisfied that the circumstances hereof support a finding that the Registrant had registered the disputed

domain name primarily to sell the domain name to the Appellant. However, this factor is not necessarily a determining factor.

v) Blocking:

Regulation 4 also includes a factor viz primarily blocking intentionally the registration of a name or trade mark in which a Complainant (the Appellant) has rights. It is clear that the disputed domain name acts to block the Appellant from registering its name and trade mark as a domain name in South Africa.

In addition to so-called blocking, the Appeal Panel points out that Regulation 4 also refers to primarily disrupting unfairly the business of the Complainant (Appellant); and to primarily preventing the Complainant (Appellant) from exercising its rights.

There is no clear indication that the Registrant had the primary intention to achieve the aforementioned results, and the Appeal Panel therefore can make no finding in regard to these issues.

vi) Mr Johnson's unawareness of the Appellant:

The appeal Panel finds that Mr Johnson's submissions in this regard are unlikely, as set out above.

vii) A further factor:

The Appeal Panel, as a further consideration, points out that Regulation 4 provides [in Regulation 4(1)(b)] a factor that may indicate that the domain name is an abusive registration, viz certain 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 (Appellant). Where (as the new evidence shows) the disputed domain name was clearly known to a substantial sector of the interested public

in South Africa as the name or trade mark of the Appellant, prior to its adoption by the Registrant, usage of any kind by the Registrant requires careful scrutiny. The reason for this is that any usage of the Registrant's disputed domain name registration, may in fact be, or may be likely, to mislead at least some users of the disputed domain name in the above manner.

The Appeal Panel has also considered that the Registrant has used the disputed domain name to redirect enquiries to its other (cooking recipe) domain sites. This combination in these circumstances provides a strong factor that militates against the Registrant's *bona fide* adoption and usage of the disputed domain registration. The Appeal Panel finds that this factor has been established and that there is a likelihood of confusion flowing from this factor. This factor indicates that the disputed domain name may be an abusive registration. In further consideration hereof, this Regulation requires either use or registration. Various foreign decisions have confirmed that actual use is not a hard and fast requirement and have found that for example sites "under construction" or "coming soon" create a likelihood of confusion, or have found that it would create confusion. See for example the decisions in the foreign cases WIPO/D2000-0545, NAF/FA95319, NAF/FA95464, and NAF/FA95498. In addition, various foreign decisions have found that confusion may be inferred where the Registrant registered a domain name containing the Complainant's name plus a generic term. See for example the foreign decisions in WIPO/D2000-0777, WIPO/2000-878, NAF/FA95033, and NAF/FA95402.

Accordingly the Appeal Panel finds that this factor is likely to lead to confusion amongst members of the public, and hence is in breach of this Regulation, indicating a factor which may indicate an abusive registration.

4.1 Abusive Registration

- a) By reason of the above, the Appeal Panel finds, on a balance of probabilities, that the disputed domain name registration is an abusive registration.

5. Decision

- a) For all the foregoing reasons, in accordance with Regulation 9, the Adjudicator Appeal Panel orders that the domain name, “foodnetwork.co.za”, be transferred to the Appellant.

.....
ANDRE VAN DER MERWE
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za

.....
DEREK MOMBERG
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za

.....
DEON BOUWER
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za