

Decision

ZA 2011-0092

.ZA ALTERNATE DISPUTE RESOLUTION REGULATIONS
(GG29405)

ADJUDICATOR DECISION

CASE NUMBER:	ZA 2011-0092
DECISION DATE:	20 January 2012
DOMAIN NAME:	nyama-spitbraai.co.za
THE DOMAIN NAME REGISTRANT:	Francois Wessels
REGISTRANT'S LEGAL COUNSEL:	Smit & van Wyk Inc
THE COMPLAINANT:	Nyama Catering Limited
COMPLAINANT'S LEGAL COUNSEL:	Eversheds
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 **24 October 2011**. On **26 October 2011**, the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue. On **31 October 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 **1 November 2011**. In accordance with the Regulations, the due date for the Registrant's Response was 29 November 2011. The Registrant submitted its Response on **29 November 2011**. 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 Response to the Complainant on **29 November 2011**.
- c) In accordance with the Regulations, the due date for the Complainant's Reply was **6 December 2011**. On **5 December 2011**, the Complainant requested an extension until **9 December 2011** to file its Reply. On **5 December 2011**, the Administrator granted an extension until **9 December 2011** for the Complainant to file its Reply. The parties were notified of the extension on the same date. The Complainant submitted its Reply on **9 December 2011**.
- d) The SAIPL appointed **Mr. Chris Job** as the Adjudicator in this matter on **14 December 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.
- e) The Administrator agreed to an extension to render a decision in this matter until **20 January 2012** in light of the festive season.

2 Factual Background

- 2.1 The Dispute is in respect of the domain name *nyama-spitbraai.co.za*. The domain name was registered on 11 February 2009 by the Registrant, Francois Wessels. According to the WHOIS search, the Registrant's contact address is in Pretoria.
- 2.2 The Complainant is Nyama Catering Limited, a company registered in accordance with the company laws of the United Kingdom, having its principal place of business in Reading (not "Roading" as stated in the Complaint), United Kingdom.
- 2.3 The Complainant offers "catering services" in the United Kingdom under the name Nyama Catering. It claims in its Complaint to have commenced business operations in the United Kingdom in 2002. In its Reply, it claims to have commenced business in the United Kingdom in 2003 but nothing turns on this difference.
- 2.4 The Complainant claims that, after it had registered the domain name *nyama-catering.co.uk*, its directors proposed to a former university friend, Erlank van der Merwe, that he operates a franchise of the Complainant's business in South Africa. Van der Merwe allegedly entered into a partnership with the Registrant and they carried on a business named Nyama Catering under a licence from the Complainant. This information only becomes apparent in the Complainant's Reply. The details of that alleged licence arrangement do not appear anywhere in the evidence.
- 2.5 In 2008, following a dispute between Van der Merwe and the Registrant, the Registrant left the Nyama Catering business to start his own competing business, which subsequently failed. The Registrant then purchased the South African Nyama Catering business from Van der Merwe for the sum of R60,000. In August 2008, the Complainant and Nyama Catering CC entered into a written franchise agreement. The Registrant, a member of the corporation, represented it in entering into the franchise agreement.

2.6 In terms of the franchise agreement, the corporation was granted the right to carry on a business using the Complainant's "intellectual property and business method".

2.7 Following an alleged breach of the franchise agreement and the close corporation's failure to remedy the breach, the Complainant cancelled the franchise agreement in a letter dated 10 May 2011, addressed to the corporation's attorneys at the time. On 19 May 2011, the corporation's attorneys acknowledged the cancellation of the franchise agreement.

3 Parties' Contentions

3.1 Complainant

- a) The Complainant does not have any pending trade mark applications or registrations for the marks NYAMA CATERING, NYAMA-SPITBRAAI or NYAMA in South Africa. The Complainant's Complaint is based on purported rights in the mark NYAMA arising from:
 - (i) its alleged use of the mark NYAMA in the United Kingdom since 2003;
 - (ii) its alleged extensive use and marketing of NYAMA CATERING on the website under the domain name nyama-catering.co.uk.
 - (iii) its alleged use in South Africa under its licence arrangement with the Registrant and the franchise agreement that it had entered into with Nyama Catering CC in August 2008.
- b) The Complainant contends that, in terms of clause 2.1 read with clauses 1.6 and 1.10 of the franchise agreement, Nyama Catering CC was authorised to carry on business using certain intellectual property belonging to the Complainant, which included the trade mark and name "NYAMA CATERING".
- c) The relevant clauses of the agreement read:

Clause 1.6

“Franchised Business: commencing and undertaking a business of in accordance with the business method and using the intellectual property”

Clause 1.10

“Intellectual Property: all or any of the following:

- 1.10.1 copyrights held by the franchisor in any written material, plans or other work relating to the franchise products or the business method;*
- 1.10.2 designs whether or not registered, devised or acquired by the franchisor and applied in the manufacture, assembly and sale of the franchise products and the business method;*
- 1.10.3 patents of which the franchisor is a patentee or licensee in the territory and which relate to the franchise products and applications for the grant of any such patents;*
- 1.10.4 trade dress which will include the get-up of the franchised business, franchised products as well as the interior and exterior decoration of the premises;*
- 1.10.5 trade marks “NYAMA CATERING” and “_____” of which the Franchisor is the owner as well as applications pending therefore, together with such future trade marks specified in the addendum to this agreement and signed by both parties;*
- 1.10.6 trade name “NYAMA CATERING”;*
- 1.10.7 software described in the operating manual;*
- 1.10.8 the business method in general.*

Clause 2.1 reads:

“In consideration of the payment of the initial fee, continuing fee and the advertising contribution by the franchisee to the franchisor on the due dates subject to the agreements on the part of the franchisee in this agreement the franchisor grants to the franchisee the right to carry on the franchised business in accordance with the operating manual and subject to the terms and conditions of this agreement”.

- d) Clause 2.15.1 of the Conditions to the franchise agreement provides as follows:

“The Franchisee:

2.15.1 acknowledges that the Franchisor is the owner of all rights of whatever nature in the intellectual property, and that he/she has no claim whatsoever to either the business method or to any element of the intellectual property. The Franchisee shall not at any time attack or challenge the rights of the Franchisor to the intellectual property or include or procure any other person to attack or challenge such rights;”

- e) It is notable that the blank space reproduced in clause 1.10.5 above is reflected thus in the agreement itself. There is also no addendum to the franchise agreement.
- f) The Complainant contends that in terms of clause 2.15.1 of the Conditions to the agreement, the Registrant, by virtue of his representing the corporation in entering into the agreement, acknowledged that the Complainant was the owner of the intellectual property and that the Registrant had no claim to the intellectual property.
- g) The Complainant also stated that:

“In view of the fact that the corporation, and not the Registrant was authorised in terms of the agreement to use the intellectual property, the Registrant at no time acquired the right to use the intellectual property in

his personal capacity and was only permitted to use it for and on behalf of the corporation, and in accordance with the terms of the agreement”.

- h) The Complainant makes various further contentions, including, that:
- i) the corporation, represented *inter alia*, by the Registrant, breached the franchise agreement. It is alleged that the Registrant was concerned with businesses known as “mobile kitchen” and “mobile bar” and used the website at www.nyama-spitbraai.co.za to promote those businesses even though they have no connection with the Complainant’s business under the name NYAMA CATERING. This was one of the reasons which resulted in the cancellation of the franchise agreement on 10 May 2011;
 - ii) on cancellation of the agreement, the corporation was no longer entitled to use the Complainant’s name “NYAMA CATERING”. The corporation or the Registrant is also not entitled to use the domain name nyama-spitbraai.co.za as the site includes the marks “NYAMA CATERING” and “NYAMA”, which constitute part of the intellectual property of the Complainant. The continued use of the Registrant’s website at www.nyama-spitbraai.co.za creates a substantial risk of the Complainant becoming associated in the public mind with the Registrant’s other businesses, over which the Complainant has no control. Further, it contends that the Registrant was never authorised to register the domain name ***nyama-spitbraai.co.za***;
 - iii) the continued use of the name “NYAMA” as part of the domain name by the Registrant, when he or the corporation Nyama Catering CC are no longer associated with the Complainant, is likely to cause confusion in the minds of the public. It states that it intends to expand its business within South Africa but is precluded from doing so by confusion that the Registrant’s and the corporation’s continued use of the Complainant’s intellectual property is causing;
 - iv) the use of any mark, website or business name which incorporates the name “NYAMA” or a name similar to it by any party other than the

Complainant or a party licensed by it, constitutes passing-off and/or unlawful competition;

- v) it has a legitimate interest in the continued operation of its business and the granting of future franchises under the name “NYAMA”. It has an interest in the protection of its reputation by preventing confusion in the minds of the public;
- vi) it has made substantial use of its name Nyama Catering throughout the United Kingdom and the use of the name Nyama Catering in South Africa was at all times under a licence. It therefore enjoys a substantial and extensive reputation and goodwill in its name and logo.
- vii) by reason of its legitimate rights in the “NYAMA” and the current and likely future abuse of the website, the continued registration of the domain name in the name of the Registrant is an abusive registration under Regulation 3(1) (a). By requiring the Registrant contractually to acknowledge the ownership of the intellectual property of the Complainant and to hand same over at the termination of the franchise agreement, the Complainant safeguarded its intellectual property rights, particularly its common law trade mark in respect of the name “NYAMA” and the continued use by the Registrant is in bad faith.

3.2 Registrant

The Registrant defends the Complaint on the following grounds:

- a) The Complainant has never conducted business in South Africa using its name, business style or logo.
- b) The Complainant is not the proprietor of any pending trade mark applications or registrations for “NYAMA CATERING”, “NYAMA SPITBRAAI” or any mark containing the word “NYAMA”.
- c) The Registrant and Nyama Catering CC have made substantial use of the name NYAMA CATERING since 2006 and the name NYAMA SPITBRAAI

since 2009. The South African public do not associate the name NYAMA SPITBRAAI, NYAMA CATERING or NYAMA or the goodwill associated with the marks with the Complainant as opposed to the Registrant.

- d) The Registrant's use of the trade mark NYAMA CATERING has never been deemed to be use by the Complainant and the goodwill in the name and mark that has come into being is the property of the Registrant.
- e) The only possible form of rights which the Complainant may claim is in terms of the franchise agreement. The Registrant states that if the Adjudicator finds that the Complainant does have rights in terms of the franchise agreement (which he denies) its rights are strictly limited to the name NYAMA CATERING and do not include the name NYAMA SPITBRAAI.
- f) The word NYAMA is in common use in the catering and hospitality industry. He refers to a Google search report for the word NYAMA which brought up results for "Nyama Catering" for catering services, "Tshisha Nyama" for an African restaurant – buy-and-braai, "Shisha Nyama" for a buy-and-barbeque spot, "Khaya Nyama" for an African style restaurant in Cape Town and "Nyama Chama" for an African restaurant. The Registrant also provided a listing of trade marks extracted from the Trade Marks Register, showing pending trade mark applications and registrations incorporating the mark NYAMA in the names of third parties. The Registrant contends that no one person can claim exclusive rights to the use of the word NYAMA in the food and hospitality trade.
- g) The Complainant does not have the required rights in NYAMA in order to succeed with this Complaint.
- h) The Complainant is not precluded from expanding its business within South Africa.
- i) The Complainant's Complaint constitutes Reverse Domain Name Hijacking.

4 Discussion and Findings

- a) The WHOIS report indicates that Francois Wessels is the Registrant of the domain name *nyama-spitbraai.co.za*. The Complainant cites the Registrant in the Complaint as “Francois Wessels in his capacity as sole member of Nyama Catering CC...” This is not the correct citation of the Registrant. In the absence of an express indication of a representative capacity of the Registrant on WHOIS, the Registrant must be regarded as an individual who has acted in his personal capacity in registering the domain name in dispute.
- b) The Complainant’s case is based on Regulation 3(1) (a), in that it has alleged 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.
- c) In order to succeed under Regulation 3(1) (a), the Complainant is required to prove on a balance of probabilities, that:
 - (i) the Complainant has rights in respect of a name or mark;
 - (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

- 4.1.1 In terms of Regulation (1), the definition of “rights” and “registered rights” include “intellectual property rights, commercial, cultural, linguistic, under South African law, but is not limited thereto”.
- 4.1.2 The Complainant does not have any pending trade mark applications or registrations in South Africa for the marks NYAMA CATERING, NYAMA or any other mark incorporating the mark NYAMA.
- 4.1.3 The Complainant alleges that it is the owner of the domain name *nyama-catering.co.uk* and relies on the alleged substantial use of its name NYAMA CATERING and logo throughout the United Kingdom. The Complainant also relies on the use of the mark NYAMA CATERING in South Africa, under licence arrangements for a number of years, as a result of which, it claims to

enjoy a “substantial and extensive reputation and goodwill” in its name and logo locally. The Complainant has not, however, provided any evidence to support these claims of a reputation and goodwill in South Africa. None of the usual types of evidence such as sales figures, website visits or advertising efforts have been put forward.

- 4.1.4 The Complainant also relies on the written franchise agreement itself, in terms of which the corporation was granted the right to use the Complainant’s intellectual property, which consisted of the mark NYAMA CATERING, and acknowledged the Complainants ownership..
- 4.1.5 The Complainant claims that the use of any mark, website or business name which incorporates the name “NYAMA” or a name similar to it by any party other than the Complainant or a licensee of the Complainant, would constitute passing-off and/or unlawful competition. In effect, it claims an exclusive right to the word NYAMA, as intellectual property, in the catering field in this country.
- 4.1.6 The Registrant contests the Complainant’s claimed exclusivity in the mark NYAMA and, as already mentioned, has provided a Google listing of other parties who use or incorporate the mark NYAMA in their names or in references. The examples provided include Tshisha Nyama, Shisha Nyama, Khaya Nyama and Nyama Chama. The Registrant has also provides several examples of pending applications and registrations for trade marks with or incorporating the word NYAMA in the names of third parties in relevant classes.
- 4.1.7 In considering the allegations of the existence of a right, the first aspect to recognise is that the word NYAMA is a common Zulu word and means “meat”. In the Zulu language, and no doubt to other South Africans, it is entirely descriptive of the very foodstuff which is subject to spit-braaiing. The Zulu language is one of the most common home languages in this country, spoken by more than 20% of our population. Full recognition must be obviously be given to our multi-ethnic society and cultures in matters concerning domain names and trade marks. The word NYAMA, *per se*,

therefore lacks any distinctiveness or quality to constitute intellectual property.

4.1.8 A name or mark which is inherently lacking in distinctiveness can, however, acquire distinctiveness and “secondary meaning” through extensive use but then that use and its resulting effect must be clearly proven. Mere alleged use does not equate with secondary meaning [see the decision – *mrplastic.co.za*, which relied on Berkelder Bpk v Shoprite Checkers Pty Ltd 2006 (4) SA 275 (SCA), paragraph 18]

4.1.9 In the *mrplastic.co.za* decision it was stated that:

“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”

4.1.10 In the present matter, the Complainant has significantly failed to adduce any evidence of use to support its unsubstantiated claims relating to its right in the mark NYAMA and its alleged goodwill and reputation in the mark. The word NYAMA, being a wholly descriptive word, cannot, on the evidence before the Adjudicator, be considered to have achieved secondary meaning. Ironically, the only facts, as meagre as they are, relating to such use are those put forward by the Registrant itself but his evidence is also insufficient to establish any secondary meaning.

4.1.11 The Adjudicator is mindful that the panel of adjudicators in *Allstates Global Karate Do, Inc / Suids Karate* (APZA 2009 – 0030) held that the threshold in establishing the existence of a right in domain name disputes is “fairly low”, but there is a threshold nevertheless. The height of the bar will be influenced by the nature and meaning (if any) of the word or mark relied on and, if it is descriptive of the goods or services, a higher level is appropriate. It is viewed as important by the Adjudicator that long-established principles of trade mark law governing the question of the acquisition of rights in descriptive words be followed and applied consistently in domain name disputes. A dichotomy in

approaches in adjudicating trade mark and domain name disputes (in this context) should not develop.

4.1.8 The provisions of clause 2.15.1 of the Conditions to the franchise agreement also do not assist the Complainant because, although both parties to it acknowledge that the “intellectual property” is owned by the Complainant:

- a) the agreement cannot itself create any alleged intellectual property. It has been found that none has been shown to exist in this dispute;
- b) it relates to NYAMA CATERING and not NYAMA SPITBRAAI;
- c) the Registrant is not personally bound by its terms; and
- d) as in the *Saids Karate* decision, the licensed mark (NYAMA CATERING) is not the subject of a trade mark registration and any use that may have taken place in South Africa will not have inured to the Complainant in terms of Section 38 of the Trade Marks Act.

4.1.9 In weighing up all the relevant considerations, the Adjudicator holds that the Complainant has failed to discharge the onus on it of showing, on a balance of probabilities, that it has a right in the mark NYAMA that is enforceable against any third party, particularly, in this matter, against the Registrant under Regulation 3(1) (a).

4.2 Abusive Registration

4.2.1. In light of the finding that the Complainant has failed to establish a protectable right in the word NYAMA, it is not strictly necessary for the Adjudicator to consider whether or not the domain name is, in the hands of the Registrant, an abusive registration.

4.2.2. Nevertheless, if the Adjudicator is not correct in his finding of an absence of any protectable right in the hands of the Complainant in this dispute, the next question that would require consideration is whether the Complainant’s name or mark, NYAMA CATERING or NYAMA, is identical or similar to the domain name NYAMA-SPITBRAAI to the extent that confusion is likely.

4.2.3. In this regard, it is indisputable that NYAMA *per se*, is wholly descriptive and any rights that the Complainant could possibly have acquired, would only be in the mark NYAMA CATERING. Such rights, however, would need to be interpreted and applied narrowly in view of the descriptiveness of the name. Given the facts above, the extent to which the word NYAMA is used as part of the names of businesses as demonstrated by the GOOGLE search, and the state of the Trade Marks Register, the Adjudicator holds that NYAMA CATERING and NYAMA-SPITBRAAI are sufficiently differentiable and not sufficiently similar to sustain an objection.

4.2.4 The Adjudicator is alive to the fact that the Registrant, on his website at www.nyama-spitbraai.co.za, has been making use of the name NYAMA CATERING and that there has therefore been some connection created, seemingly, between the two names. That does not, however, *per se* render the domain name nyama-spitbraai.co.za an abusive registration and the Domain Name Alternate Dispute Resolution forum is not the appropriate one to address possible legal issues not within its jurisdiction.

5 Decision

For all the foregoing reasons, the Dispute is refused.

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CHRIS JOB
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za