

Decision

[ZA2012-0117]

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

ADJUDICATOR DECISION

CASE NUMBER:	ZA2012-0117
DECISION DATE:	5 November 2012
DOMAIN NAME	sarstax.co.za
THE DOMAIN NAME REGISTRANT:	Antonie Goosen
REGISTRANT'S LEGAL COUNSEL:	None
THE COMPLAINANT:	South African Revenue Services
COMPLAINANT'S LEGAL COUNSEL:	Adams & Adams
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 **31 August 2012**. On **07 September 2012** the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name(s) at issue, and on the same date 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 **10 September 2012**. In accordance with the Regulations the due date for the Registrant's Response was **08 October 2012**. The Registrant did not submit any response, and accordingly, the SAIPL notified the Registrant of its default on **09 October 2012**.
- c) The SAIPL appointed **Tana Pistorius** as the Adjudicator in this matter on **15 October 2012**. 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

- 2.1 The disputed domain name, sarstax.co.za, wholly incorporates the name SARS which the Complainant alleges is protected by the South African Revenue Act of 1997, the Trade Marks Act and the common law.

2.2 The Complainant alleges that the disputed domain name signifies or implies that it is connected or authorised by the Complainant in contravention of section 30(1) of the South African Revenue Service Act 34 of 1997. The Complainant asserts that the disputed domain name is therefore contrary to law and an offensive registration within the meaning of Regulation 3(1)(b).

2.3 The Complainant alleges that the disputed domain name was registered and has been used in a manner which takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights and is accordingly an abusive registration in accordance with the Regulations.

3 Parties' Contentions

3.1 Complainant

- a) The Complainant is the South African Revenue Service, an administratively autonomous organ of State which trades and is commonly known by the abbreviation "SARS". Its main functions are the collection of revenue and facilitating local and international trade on behalf of the state.
- b) The Complainant is the proprietor (currently at common law) of the SARS trade mark and it has filed two trade mark applications in South Africa in respect of services falling within classes 35 and 36. The SARS trade mark has also been recognised and affirmed by the South African Revenue Service Act of 1997.
- c) The Complainant has not authorised the Registrant to use the SARS trade mark in the course of his trade. The Complainant sent two letters of demand to the Registrant but no response was forthcoming from the Registrant.

- d) The registration of the domain name has the effect that the Complainant is barred from registering and using the identical domain name incorporating the SARS trade mark, in which the Complainant has significant rights.
- e) The domain name was registered to block intentionally the Complainant from registering a name/mark in which the Complainant has rights.
- f) The Complainant alleges that there is no legitimate reason for the Registrant to have registered the disputed domain name. The Complainant submits that the Registrant attempted to attract, for commercial gain, internet users to its own website by using the Complainant's SARS trade mark and registering the disputed domain name.
- g) This conduct also disrupts unfairly the business of the Complainant.
- h) The registration of the disputed domain name is also likely to mislead members of the public seeking the Complainant's services to believe that the domain name is authorised or operated by, or otherwise connected to the Complainant.
- i) The Registrant concludes that the disputed domain name was therefore registered and has been used in a manner which takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights and is accordingly an abusive registration in accordance with the Regulations. The Complainant accordingly requests the transfer of the disputed domain name to it in terms of Regulation 9(a).

- j) In terms of section 30(1) the South African Revenue Service Act 34 of 1997 no person may apply to any company, body, firm, business or undertaking a name or description signifying or implying some connection between the company, body, firm, business or undertaking and SARS. Section 30(2) provides that any person who contravenes subsection (1) is guilty of an offence and on conviction liable to a fine or to imprisonment not exceeding 10 years or to a fine and imprisonment.
- k) The Complainant submits that the registration and use of the domain name sarstax.co.za by the Respondent contravenes section 30 of the South African Revenue Service Act and that it is accordingly contrary to the law. The Complainant submits that for this reason the disputed domain name in the hands of the Registrant, is an offensive registration within the meaning of Regulation 3(1)(b).

The Complainant requests the deletion and prohibition of the domain name from future registration in terms of Regulation 9(b).

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 has not responded to the complaint.
- 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 it considers appropriate, from the failure of a party to comply with a provision or requirement of the Regulations. The Adjudicator draws the following two inferences: (i) the Registrant does not deny the facts that the Complainant asserts, and (ii) the Registrant does not deny the conclusions that the Complainant draws from these facts.

- e) Notwithstanding these inferences, the Adjudicator has analyzed Complainant's version in order to satisfy herself that the allegations contained in its Complaint are acceptable and probably true (see ZA2007-0010 (Multichoice Subscriber Management v JP Botha)).

4 Discussion and Findings

4.1 Complainant's Rights

4.1.1 The trade mark applications confer no enforceable rights and will therefore be ignored for purposes of this decision.

4.1.2 On the issue of whether or not the Complainant has established a right in a mark is whether or not the Complainant has established a protectable goodwill or reputation and, therefore, common law rights, in the SARS trade mark in relation to financial and advisory services. The Complainant points out that there were 10.3 million tax payers in the 2011 tax year. There can hardly be any individual in South Africa that is unfamiliar with SARS.

4.1.3 The adjudicator is of the opinion that the Complainant has acquired a significant goodwill and reputation (common law rights) in this trade mark. The adjudicator finds that the SARS trade mark has, through

use, become exclusively associated with the Complainant.

4.1.4 The Complainant's statutory rights in the SARS name have also been recognised and affirmed by the South African Revenue Service Act (see South African Post Office v ZADomain Register (ZA2011-0079 page 5)).

4.2 Abusive Registration

4.2.1 The adjudicator finds that the domain name sarstax.co.za is similar to the Complainant's mark as contemplated by Regulation 3(1)(a). The question is whether the domain name, in the hands of the Registrant, is abusive vis a vis the Complainant.

4.2.2 An abusive registration means a domain name which either:

(i) 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

(ii) Has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights

4.2.3 Evidence of an abusive registration, which is deemed relevant to the Dispute, is described in Regulation 4(1)(a)-(b). Was the disputed domain name registered primarily to intentionally block the registration of a name/mark in which the Complainant has rights (Regulation 4(1)(a)(ii))?

The Adjudicator in ZA2007-0003 (Telkom SA Limited v Cool Ideas 1290 CC) held that a blocking registration has two critical features.

The first is that it must act against a name or mark in which the Complainant has rights. The second feature relates to an intent or motivation in registering the domain name in order to prevent a Complainant from doing so.

The Registrant was an employee of the Complainant for 17 years. He was aware of the Complainant's rights at the time of the domain name registration and his registration of the domain name prevents the Complainant from reflecting its trade mark in a corresponding domain name in the .co.za registry.

The Adjudicator finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to block intentionally the registration of a name in which the Complainant has rights.

4.2.4 Was the disputed domain registered primarily to disrupt unfairly the business of the Complainant (Regulation 4(1)(a)(iii))?

ZA2007-0003 (Telkom Sa Limited v Cool Ideas 1290 CC) confirmed that the disruption of the business of a Complainant may be inferred if the registrant has registered a variation of the Complainant's mark by merely adding a generic word. The Registrant registered the Complainant's mark and added the generic term "tax". The disputed domain name resolves to a web site at www.tax-advisory-service.com where the Registrant offers tax assistance and advisory services. The Complainant correctly points out that Internet traffic that should reach the Complainant's website is being diverted to the Registrant's, and is prejudicial to the Complainant.

Accordingly, the Adjudicator finds, on a balance of probabilities, that

the Registrant registered the disputed domain name primarily to disrupt unfairly the business of the Complainant.

4.2.5 Was the disputed domain was registered primarily to prevent the Complainant from exercising its rights (Regulation 4(1)(a)(iv))? Two issues must be considered here. First, whether the disputed domain name prevents the Complainant from exercising its rights i.e. registering sarstax as its own domain name in the .co.za registry. Secondly, the question arises whether the Registrant had acted in good faith or otherwise in registering the disputed domain name (see ZA2007-0003 (Telkom Sa Limited v Cool Ideas 1290 CC)).

The domain name registration prevents the Complainant from exercising its rights i.e. registering sarstax.co.ca as its own domain name in the .co.za registry. Was the disputed domain name registered in good or in bad faith? The Registrant warranted, in terms of the UniForum SA terms and conditions (clause 5.1), that when registering the disputed domain name:

" it has the right without restriction to use and register the Domain Name”

“the use or registration of the Domain name by (the Registrant) does not or will not interfere with, nor infringe the right of any third party in any jurisdiction with respect to trade mark, service mark, trade name, company name, close corporation name, copyright or any other intellectual property right” .

It appears to be undeniable that the Registrant knew that the domain name registration was prohibited by section 30(1) of the South African Revenue Service Act. Furthermore, the Registrant's failure to

submit a Response is particularly relevant to the issue of whether the Registrant registered the domain name in bad faith (see D2000-0325 Kabushiki Kaisha Toshiba v Shan Computers par 6.4). The Adjudicator concludes that the disputed domain registration was made in bad faith.

The Adjudicator accordingly finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to prevent the Complainant from exercising its rights.

- 4.2.6 Are there circumstances indicating the Registrant is using or has registered the disputed domain in a way that leads people to believe that the domain name is registered to, operated to or authorised by, or otherwise connected with the Complainant (Regulation 4(1)(b))?

As the domain name sarstax.co.za is closely associated with the Complainant's statutory duty, it leads people or businesses to believe that the domain name is registered to, operated or authorized by, or otherwise connected with the Complainant. This may be characterised as opportunistic bad faith (see Case No. D2003-0985 Société des Bains de Mer et du Cercle des Etrangers à Monaco v Internet Billions Domains Inc). Furthermore, on the web site where the Complainant advertises his advisory services relating to taxation, a logo with the words "SARS Audit Secrets" is boldly displayed and several links such as "What's New at SARS"; and "SARS Application Forms & other Info" appear (see "S4" and S5" (pages 28- 29) of the evidence submitted by the Complainant).

Accordingly, the Adjudicator finds, on a balance of probabilities that the Registrant has registered the domain name in a way that leads, or will lead, people and businesses to believe that the domain name

is registered to, operated or authorised by, or otherwise connected with the Complainant.

4.3 Offensive Registration

4.3.1 The last issue to decide is whether the domain name is an offensive registration. The Complainant submits that the registration of the domain name sarstax.co.za by the Respondent contravenes section 30 of the South African Revenue Service Act and that it is therefore contrary to law. The Complainant submits that for this reason the disputed domain name is an offensive registration within the meaning of Regulation 3(1)(b).

4.3.2 Regulation 1 defines an offensive registration as a domain name in which the complainant cannot necessarily establish rights but of which the registration is:

- i) contrary to law;
- ii) *contra bonos mores*; or
- iii) likely to give offence to any class of persons.

The Regulations only makes provision for the registration of offensive names (and not for offensive use).

4.3.3 Regulation 4(2) provides that an offensive registration may be indicated if the domain name:

- i) advocates hatred that is based on:
 - a. race,
 - b. ethnicity,
 - c. gender or
 - d. religion and/or
- ii) that constitutes incitement to cause harm.

The Regulations do not list factors which the Registrant may rely on to prove that the registration is not offensive.

- 4.3.4 The factors listed in Regulation 4(1) are applied above to determine if sarstax.co.za is an abusive domain name. Similarly, the factors listed in Regulation 4(2) must be applied to determine if the domain name sarstax.co.za is an offensive registration.

It follows that the phrase “contrary to law” in the definition of an offensive name should be interpreted purposively (with reference to Regulation 4(2)) and not literally. Regulation 4(2) mirrors the constitutional limitations that are placed on the right to freedom of expression (specifically hate speech and the incitement of violence). A domain name is not an offensive name if it was registered contrary to tax legislation, or for that matter, intellectual property legislation.

Accordingly, the Adjudicator finds, on a balance of probabilities that the domain name is not an offensive registration.

5. Decision

- 5.1 For all the foregoing reasons, in accordance with Regulation 9, the Adjudicator orders that the domain name, sarstax.co.za be transferred to the Complainant.
- 5.2 For the foregoing reasons, the registration is not an Offensive Registration and the Complainant’s requests for the deletion and prohibition of the domain name from future registration in terms of Regulation 9(b) is denied.

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TANA PISTORIUS

SAIPL SENIOR ADJUDICATOR

www.DomainDisputes.co.za