

## Decision

[ZA2013-0126]

.ZA ALTERNATE DISPUTE RESOLUTION  
REGULATIONS (GG29405)

### ADJUDICATOR DECISION

CASE NUMBER:	ZA2013-0126
DECISION DATE:	30 April 2013
DOMAIN NAME:	sonnenkraft.co.za
THE DOMAIN NAME REGISTRANT:	Fofang Investments (Pty) Ltd
REGISTRANT'S LEGAL COUNSEL:	Edelstein-Bosman Inc.
THE COMPLAINANT:	VKR Holding A/S
COMPLAINANT'S LEGAL COUNSEL:	Hahn & Hahn Inc.
2 <sup>nd</sup> LEVEL ADMINISTRATOR:	UniForum SA

## 1. Procedural history

- 1.1 The domain in issue is <sonnenkraft.co.za>, which was registered on 1 August 2005.
- 1.2 The Complainant is VKR Holding A/S, hereinafter referred to as “the Complainant”. The Registrant is Fofang Investments (Pty) Ltd, which has (according to its deponent in these proceedings, Mr Werner Sebastian) “ceded its right to utilise the domain name to Sonnenkraft SA (Pty) Ltd, and who consequently acts as the agent for Sonnenkraft SA (Pty) Ltd in respect of the domain name.”
- 1.3 This dispute was filed with the South African Institute of Intellectual Property Law (“SAIPL”), on **6 February 2013**. On **7 February 2013** the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name, and on the same date UniForum SA confirmed the suspension.
- 1.4 In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the dispute on **12 February 2013**. The Registrant submitted its Response on **20 March 2013** 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 Response to the Complainant. The Complainant submitted their Reply to the SAIPL on **11 April 2013**.
- 1.5 The SAIPL appointed **Adv Owen Salmon** as the Adjudicator in this matter on **5 April 2013**. 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 Complainant, VKR Holding A/S, is the holding company of Sonnenkraft Solar Systems GmbH (hereinafter, Sonnenkraft GmbH). The Complainant is a legal global investment house which comprises approximately 150 companies in more than 40 countries, and employs approximately 14 000 people.
- 2.2 The group of companies is referred to as “the VKR Group”, and is involved in four major areas, one of which is solar thermal energy provision. In 2011, the Group’s turnover totalled approximately 17.6 billion Danish Crowns. In 2010, turnover was approximately 16.8 billion Danish Crowns.
- 2.3 The Complainant is the proprietor of the following entries in the South African Trade Marks Register:-

<u>Registration Number</u>	<u>Mark</u>	<u>Class</u>
2007/03410	SONNENKRAFT	9
2007/03411	SONNENKRAFT	11
2007/03412	SONNENKRAFT	37
2008/06652	SONNENKRAFT	9
2008/06653	SONNENKRAFT	11
2008/06654	SONNENKRAFT	37

- 2.4 Sonnenkraft SA (Pty) Ltd, meanwhile was a shelf company, registered on 25 January 2005 under the name Ptytrade 237 (Pty) Ltd. On or about 16 August 2005, the domain having been registered, auditors (on instructions from Mr Sebastian, it is presumed) reserved the name Sonnenkraft SA as a company name. Then, on or about 6 October 2005, Mr Sebastian purchased the shelf company and instructed the auditors to attend to the change of its name to Sonnenkraft SA.

- 2.5 During 2005, Sonnenkraft GmbH entered into an oral agreement with Sonnenkraft SA (Pty) Ltd (hereinafter, "Sonnenkraft SA"), in terms of which the latter was to distribute SONNENKRAFT branded products in South Africa.
- 2.6 In particular, the Complainant alleges, Sonnenkraft SA (Pty) Ltd was granted the right to use the SONNENKRAFT trade mark as part of its company name, and domain name, for as long as the agreement between the parties remained. Further, that upon termination or expiration of the agreement, all rights to use the SONNENKRAFT trade mark would return to Sonnenkraft GmbH and the VKR Group.
- 2.7 This is not entirely accepted by the Registrant. Whilst the conclusion of an oral agreement is admitted, it contends that it was never the intention to relinquish its right to use the name "Sonnenkraft". Particularly is this so, it alleges, after investing financial resources and time in its business, created and branded under the name Sonnenkraft.
- 2.8 In terms of the oral agreement, Mr Sebastian asserts, the Complainant merely agreed to supply certain solar energy products to Sonnenkraft SA (Pty) Ltd, at an agreed price, and Sonnenkraft SA independently imported, marketed, sold and installed the products to users in South Africa at its own cost. Accordingly, Sonnenkraft SA intended to operate as an independent entity in terms of its business dealings with Sonnenkraft GmbH.
- 2.9 It is accordingly denied that it was a term of the oral agreement between the Complainant and Sonnenkraft SA that the latter would waive its rights to utilise the Sonnenkraft name or trade mark in South Africa upon termination of the oral agreement.
- 2.10 It is not in dispute that the 'agreement' between Sonnenkraft GmbH and Sonnenkraft SA was terminated, at least by August 2010. Sonnenkraft SA was requested to cease all use of the trade mark SONNENKRAFT, and its authority to use the trade mark SONNENKRAFT as part of its domain name or company name, was "withdrawn" by Sonnenkraft GmbH.

2.11 As pointed out by the Appeal Panel in [seido.co.za](http://seido.co.za) (Case No. ZA2009-0030) the present proceedings are not for determining trade mark proprietorship and such issues. That said, the subject dispute is capable of resolution without having to decide what is the correct version of the full terms of the admitted oral agreement - what is not in dispute is that (a) Sonnenkraft SA entered into an agreement to distribute (b) SONNENKRAFT branded products produced by Sonnenkraft GmbH, and (c) that agreement has been terminated.

### **3 The Complainant's Contentions**

3.1 The domain name <sonnenkraft.co.za> is identical to the Complainant's trade mark SONNENKRAFT.

3.2 In August 2005, when the domain name was first registered, there was a relationship between Sonnenkraft SA and the Complainant (through Sonnenkraft GmbH) as a result of which the domain name was registered. When this relationship degenerated, the Registrant refused to deregister the domain name. The Registrant and/or Sonnenkraft SA, however, has no right to use the domain name.

3.3 The Complainant's SONNENKRAFT branded products are available in South Africa and the (unauthorised) registration and use of the domain by Sonnenkraft SA, a former distributor, to sell identical products interferes with the Complainant's ability to sell, by itself or through another distributor, the SONNENKRAFT branded products in this country.

3.4 The effect of the (unlawful) registration of the domain name is that the business of the Complainant in South Africa is unfairly disrupted and cannot properly grow. This amounts, it is alleged, to an intentional blockage of the Complainant's business.

3.5 It is also submitted that members of the public wishing to obtain SONNENKRAFT branded products will be misled into believing that the

domain name <sonnenkraft.co.za> is registered to, operated by, authorised by or otherwise connected with the Complainant, which it is not.

3.6 All this means, it is contended, that the domain name is abusive.

#### 4 The Registrant's Contentions

4.1 The dates on which the Complainant's various trade marks were registered range between 21 February 2007 to 26 March 2008. Sonnenkraft SA had already been registered and in existence prior to the registration of the various trade marks by the Complainant.

4.2 The Complainant is an entity established outside South Africa. At the time of establishment of Sonnenkraft SA's business in South Africa (in 2005) and its domain registration, the Complainant had no footprint in the South African market in respect of its products.

4.3 The trade marks subsequently registered by the Complainant, and being utilised in support of the dispute, are accordingly not valid rights in terms of South African Law. In terms of Section 10(7)(12) and (13) of the Trade Marks Act No. 194 of 1993, it is alleged, Sonnenkraft SA intends to make application in the appropriate forum for an order for the expungement of the various trade marks, having regard to the fact that Sonnenkraft SA is the rightful holder of such a name. The trade marks it is said, are inherently deceptive, and likely to cause confusion.

4.4 Moreover, the complaint is tantamount to an attempt of "reverse domain name hijacking" of the domain, intended to unfairly capture Sonnenkraft's SA's South African market to the detriment of its (Sonnenkraft SA's) business. In fact, that some three years after the termination of the oral agreement in 2009, the Complainant has only now sought to lodge the dispute and demonstrates its *mala fides*.

4.5 Sonnenkraft SA has undertaken various projects after termination of the oral agreement. This indicates that Sonnenkraft SA's business was established

independently of the business of the Complainant. Sonnenkraft SA's business continued, after termination, with alternative supplies. Accordingly, it is alleged, Sonnenkraft SA's business was established due to it having independently identified a market in solar energy and thereafter generating the necessary marketing and footprint of its products, through registration of its domain, which is accordingly being legitimately and fairly used and by which it is now commonly identified in the South African market.

- 4.6 The domain name, by virtue of the aforesaid, was not registered and has not been used in a manner that takes unfair advantage or is intended to disrupt the business of the Complainant who did not in the first instance have any footprint in the South African market at the time of the domain registration.
- 4.7 Significantly, at the time of Sonnenkraft SA registering its company name, the Complainant had not been conducting any business in South Africa in respect of its branded products, and Sonnenkraft SA did not require the consent of the Complainant to utilise the Sonnenkraft trade mark in South Africa.
- 4.8 Prior to the domain registration, Sonnenkraft SA had the *bona fide* intention (after having identified a market in solar technology in South Africa) of establishing its business in the solar energy market. Following this, as it had already acquired and registered its business for operation under the name Sonnenkraft SA, it followed that as in the case of normal business practice, Sonnenkraft SA would endeavour to generate awareness of its business and product offering through the registration of the domain name for the establishing of its website thereunder.
- 4.9 The net effect is an absence of an intention to block the registration of the trade marks, which the Complainant claims rights to, as the domain name was *bona fide* registered to facilitate and foster the solar energy business identified by Sonnenkraft SA. Nor, it is contended, is the domain registered

or being used with the intention to unfairly disrupt or take unfair advantage of the Complainant or to be detrimental to its rights.

## 5 Discussion and Findings

5.1 As already noted, I do not intend to resolve in this Complaint any perceived disputes about trade mark proprietorship and registrability.

5.2 The fact remains that the SONNENKRAFT trade mark is registered in the name of the Complainant. On this basis alone, I find that the Complainant has established rights as contemplated by Regulation 3(1)(a) read with Regulation 3(2).

5.3 I further find that the domain name in question is identical to the Complainant's. Accordingly, the onus is on the Registrant to establish that the registration is not abusive.<sup>1</sup>

5.4 An abusive registration means a domain name which either:-

(a) 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

(b) has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.<sup>2</sup>

5.5 In terms of Regulation 4(1)(a), factors which may<sup>3</sup> indicate that the domain name is an abusive registration include circumstances indicating that the registration was primarily to:-

5.5.1 transfer the domain name to a complainant for valuable consideration in excess of the Registrant's reasonable out-of-

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<sup>1</sup> Regulation 5(c).

<sup>2</sup> The definition under (b) is not relevant for present purposes.

<sup>3</sup> The factors listed are not exclusive of other considerations.



pocket expenses directly associated with acquiring the domain name;

5.5.2 block intentionally the registration of a name or mark in which the Complainant has rights;

5.5.3 disrupt unfairly the business of a Complainant;

5.5.4 prevent the Complainant from exercising its rights.

5.6 ‘Abuse’, in terms of the Regulations, is defined (*qua* ‘abusive registration’) but not exhaustively, and nor is Regulation 4 a *numerus clausus*. It is simply a guide as to factors which may indicate abuse. ‘Abuse’, in plain language, needs no definition or authority – it means to misuse, improper use, to apply to a wrong purpose.<sup>4</sup>

5.7 A registration can be abusive “now” although not “then”<sup>5</sup> and this accords with basic principles. So, even if the initial registration was not abusive it became so once its use was put to products, or was in respect of products not branded SONNENKRAFT whilst those very products were/are in the market place.

5.8 In Oki Data<sup>6</sup> and mercedeshop<sup>7</sup> it was accepted by the UDRP panellists that the registrant must be offering the actual goods or services ‘invited’ by the name. Moreover, the site must be used to sell only such goods; the potential for bait and switch was sufficient to constitute “abuse” whether, in practice, this was effected or not.<sup>8</sup> The recent decision of the Australian Panellist in <cameroskiboat.com.au> (auDRP13/02) is to a similar effect - there, the registrant had also been a one-time agent of the complainant, and

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<sup>4</sup> Concise Oxford Dictionary 7<sup>th</sup> Ed.

<sup>5</sup> See [www.nominet.org.uk/disputes/drs/abuse](http://www.nominet.org.uk/disputes/drs/abuse).

<sup>6</sup> WIPO D2001-0903.

<sup>7</sup> WIPO D2008-1712.

<sup>8</sup> Compare the dictum of Corbett CJ in Miele et Cie GmbH v Euro Electrical (Pty) Ltd 1988 (2) SA 583 (A) at 601 G-I : “.....Nothing is static in business...” See also One in a Million Ltd and Others v British Telecommunications PLC and Others [1999] FSR 1 CA. See also [www.nominet.org.uk/disputes/caselaw/index/million/millionjudge](http://www.nominet.org.uk/disputes/caselaw/index/million/millionjudge) where the decision is reproduced.

the Panellist held the “*website to be likely to misleadingly divert customers*”.<sup>9</sup>

5.9 In my view, these principles commend application to the present situation. A not negligible number of the public, in South Africa and particularly internationally, would expect to find SONNENKRAFT products at the domain [www.sonnenkraft.co.za](http://www.sonnenkraft.co.za), and/or that the domain was in some way associated or connected with the Complainant’s business. To those people who know of the Complainant, that is precisely the information the name (erroneously) conveys.

## 6 Decision

For the foregoing reasons the Adjudicator’s conclusion is that the Registrant has not discharged the onus of showing that the domain name is not abusive. In accordance with Regulation 9, the Adjudicator orders that the domain name be transferred to the Complainant.

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**ADV OWEN SALMON**  
SAIIPL SENIOR ADJUDICATOR  
[www.DomainDisputes.co.za](http://www.DomainDisputes.co.za)

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<sup>9</sup> The decision is dated 23 April 2013, accessible at [www.auda.org.au](http://www.auda.org.au), and see para. 6.5.