

## ADJUDICATOR DECISION

CASE NUMBER:	<b>ZA2014-0161</b>
DECISION DATE:	<b>10 June 2014</b>
DOMAIN NAME	<b>kalula.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Olis Baptiste</b>
REGISTRANT' S LEGAL COUNSEL:	<b>Unrepresented</b>
THE COMPLAINANT:	<b>Comair Limited</b>
COMPLAINANT'S LEGAL COUNSEL:	<b>Adams &amp; Adams</b>
THE 2 <sup>nd</sup> LEVEL DOMAIN NAME ADMINISTRATOR:	<b>ZACR (CO.ZA Administrators)</b>

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## 1) Procedural History

- a. The Dispute was filed with the South African Institute of Intellectual Property Law (the “SAIPL” ) on **8 April 2014**. However, based on an earlier and incorrectly commissioned affidavit (see comments in paragraph d) below), on **21 February 2014** the SAIPL had transmitted by email to ZA Central Registry (ZACR) a request for the registry to suspend the domain name at issue, and on **21 February 2014** ZACR had confirmed that the domain name had indeed been suspended. The SAIPL verified that the later-filed 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 **9 April 2014**. In accordance with the Regulations the due date for the Registrant’ s Response was **13 May 2014**. The Registrant did not submit any response by the due date, and the SAIPL notified the Registrant of its default on **15 May 2014**. The Registrant still did not submit a Response.
- c. The SAIPL appointed **Mr Andre van der Merwe** as the Senior Adjudicator and **Christine Kalibbala** as the trainee adjudicator in this matter on **19 May 2014**. The Adjudicators have 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.
- d. The (earlier filed) Dispute viz filed on **19 February 2014** was based on an incorrectly commissioned affidavit. When this deficiency came to the attention of the Adjudicator, the Dispute procedure was re-commenced on **8 April 2014**, based on a correctly commissioned affidavit that was subsequently filed herein.

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## 2) Factual Background

- a. The Complainant's history as an aviation company commenced shortly after the Second World War in 1946. The Complainant is a public company listed on the Johannesburg Stock Exchange. Since 1996 it has been operating local and regional flights under licence from British Airways Plc, and in 2001 it launched the first low-cost airline in South Africa viz kulula.com that it operates to the present time.
- b. The Complainant is the proprietor of a considerable number viz 32 South African trademark registrations for the name and trademark KULULA, or including KULULA. These trademark registrations date variously from 14 June 2001, 2 May and 28 November 2002, 28 June 2006, and 4 April 2008, respectively.
- c. The Complainant is also the proprietor of various domain name registrations including KULULA.COM; kulula.co.za (both dating from 2001); flykulula.co.za (dating from 2005); kulula-airlines.co.za (dating from 2013); and (-what it refers to as its alternative domain names) flykalula.co.za; kallula.co.za (both dating from 2008); kalulawarehouse.co.za; kalulamart.co.za; kalulamall.co.za; kalula-air.co.za (dating from 2009); and kalulaflights.co.za (dating from 2010). Its kulula.co.za domain resolves to the same website as the domain name KULULA.COM.
- d. The Complainant has promoted and made extensive use of its name and trademark KULULA for more than 12 years. It operates more than 600 flights per month within South Africa. In addition the Complainant operates various international flights within southern Africa viz to and from Zimbabwe, Zambia, Namibia, Mozambique and Mauritius. Literally thousands of passengers fly on KULULA flights per day; and the great majority of such flight reservations are made through the Complainant's

website and by using its domain name kulula.co.za. In 2008 the Complainant was placed second in the annual Markinor Sunday Times “Top Brands” survey in the domestic airlines category.

- e. The Complainant has used its KULULA name and trademark in rendering a variety of (other) services to its customers. These services include car hire services, accommodation services, and financial services such as its KULULA credit card service supported by one of its trading partners (-viz a South African bank) with a loyalty and rewards programme.
- f. The disputed domain name viz kalula.co.za was registered by the Registrant on 16 February 2013. The disputed domain name resolves, or is redirected, to a website [www.binary500.com](http://www.binary500.com) that promotes and facilitates investment in, and on-line trading of, binary options via registration through the website.
- g. On 18 November 2013, the Complainant’s attorneys sent a letter of demand to the Registrant, pointing out the aforementioned trademark registrations, and the well-known status of its registered trademark KULULA, as well as the extensive reputation and goodwill that the Complainant enjoyed in South Africa through use of its name and trademark in terms of the common law. The letter alleged that the disputed domain name is confusingly similar to the Complainant’s KULULA trademark, and required the Registrant to transfer the disputed domain name to the Complainant. No response was received from the Registrant to this letter of demand.

### **3) Parties’ Contentions**

#### **a. Complainant**

- i. The Complainant has shown that it is the proprietor of various South African trademark registrations for, and that include, the name and trademark KULULA. On this basis, it contends that it has registered rights in and to the name and trademark KULULA, that clearly predate the date of registration of the disputed domain name.
- ii. It also contends that it has, through promotion and extensive use of its name and trademark KULULA, as set out above, developed a reputation and goodwill therein under the common law viz that it enjoys so-called common law rights. These common law rights also pre-date the date of registration of the disputed domain name.
- iii. Flowing from such promotion and extensive use, the Complainant contends that its trademark KULULA qualifies as a well-known trademark in terms of the Trademarks Act No 194 of 1993.
- iv. It further contends that it has registered various domain names for, or including KULULA, as set out above, prior to the date of registration of the dispute domain name, and that the disputed domain is phonetically identical to its kulula.co.za domain name and to its alternative domain name kallula.co.za. In addition, the Complainant contends that it has registered “alternative” domain names including KALULA and KALLULA, also as set out above, to which the disputed domain name is visually and conceptually virtually identical.
- v. The Complainant contends that the disputed domain name is confusingly similar to the Complainant’s registered and common law trademark KULULA; and that internet users visiting the Registrant’s website will be confused or deceived into believing that the website is somehow connected or associated with the

Complainant, when this is not the case. The implication of this is clearly that the Complainant has rights that will, at least potentially, be infringed.

- vi. More particularly, the Complainant contends that, because it is the proprietor of trademark registration no. 22002/18882 KULULA in class 36 in respect of inter alia “financial and monetary affairs” , use of the disputed domain name amounts to trademark infringement in terms of Section 34(1)(a) the Trademarks Act. Alternatively, such use amounts to trademark infringement in terms of Section 34(1)(b) - in respect of similar services - and Section 34(1)(c) - based on the trademark being a well-known mark.
- vii. Because of the similarity of the respective domain names of the two parties, the Complainant contends that the Registrant’ s intention in registering the disputed domain name is to take unfair advantage of the substantial reputation and goodwill in the Complainant’ s trademark. The Complainant’ s reasoning for this is that the Registrant resides in the United States of America and there is no apparent reason for him to require a domain name in the co.za space when it appears that he is not trading in South Africa - unless he wishes to attract, for commercial gain, internet users to his, or a nominated, website. This could happen when internet users incorrectly type the Complainant’ s KULULA name or trademark as KALULA. Hence the Registrant appears to be engaged in cyber-squatting.
- viii. Finally the Complainant contends that the disputed domain name in the hands of the Registrant is an abusive registration. This contention is based on the following factors set out and provided in Regulation 4 viz that the Registrant has no rights or legitimate

claim in respect of the domain name or the mark KULULA; that the use of the disputed domain name would lead people and/or business to believe that the disputed domain name is registered to, operated or authorised by, or otherwise connected to the Complainant; that use by the Registrant of the disputed domain name will mislead and deceive consumers; and that the Registrant has registered the disputed domain name primarily to disrupt unfairly the business of the Complainant.

**b. Registrant**

- i. The Registrant did not file a Response to the Complainant's contentions.

**4) Discussion and Findings**

In order to make a finding that the disputed domain name is an abusive registration, the Adjudicator is required to find that the Complainant has proved, on a balance of probabilities, in terms of Regulation 3(2), that the required elements in terms of Regulation 3(1)(a) are present viz:

- i) the Complainant has rights in respect of a name or mark
- ii) which is identical or similar to the (disputed) domain name; and
- iii) in the hands of the Registrant the (disputed) domain name is an abusive registration.

An abusive registration is defined in the definition section viz in Regulation 1, to mean 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.

Turning to the substantive aspects of this Dispute, the Adjudicator has carefully perused the Dispute filed herein and fully considered the facts and contentions set out therein.

## **RIGHTS IN RESPECT OF A NAME OR MARK**

In terms of Regulation 1 the term "rights" is widely defined. The regulation states that "rights" and "registered rights" include intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law but is not limited thereto.

As has been decided by the appeal decisions in [www.seido.co.za](http://www.seido.co.za) (ZA2009-0030) and [www.xnets.co.za](http://www.xnets.co.za) (ZA2011-0077), the notion of "rights" for the purposes of Regulation 3(1)(a) is not trammelled by trade mark jurisprudence. It is a matter of *locus standi* in order to make sure that the person who complains is someone with a proper interest in the complaint. The threshold in this regard should be fairly low.

In the first place, the Adjudicator needs to determine whether, as set out above, in terms of Regulation 3(1)(a), the Complainant has rights in respect of the name or mark KULULA. The Complainant claims that it enjoys such rights in this name or mark.

### **A NAME OR MARK?**

The first part of the present enquiry is to determine whether the Complainant has *locus standi* in the sense of being the proprietor of a name or mark that is unique or distinctive of it and its activities (and that is not merely descriptive, general or generic, for example).

### **DOES THE COMPLAINANT HAVE RIGHTS?**



Accordingly, the first element that the Adjudicator needs to establish is whether, on a balance of probabilities, the Complainant has rights in respect of the name or mark KULULA. The Complainant asserts that it has rights in and to the name and mark KULULA.

Under statute law, the Complainant has shown that it is the proprietor of registered rights in respect of the name and trademark KULULA in South Africa that date back to 2001. The trademark KULULA was clearly registered prior to the disputed domain name, and such registrations, as set out above, are *prima facie* valid and enforceable. This clearly provides the Complainant with rights in terms of section 34 of the (South African) Trade Marks Act no 194 of 1993. Infringement would take place in terms of that section if a person used a mark which is identical or similar to the registered trademark KULULA in respect of the various services for which the trademark is registered, such as financial or monetary affairs, for example. The applicable sections would be section 34(1)(a) and/or 34(1)(b), respectively.

The Complainant has also submitted that its registered trademark KULULA has become a well-known trademark in South Africa, and it has submitted evidence to support this submission. Accepting this submission, infringement would take place if a person used a mark which is identical or similar to the registered trademark KULULA in respect of any services, in terms of section 34(1)(c).

Hence the Complainant *prima facie* has the aforementioned registered trademark rights in South Africa, and accordingly it has the necessary *locus standi* to bring this Dispute.

See the textbook Webster and Page: South African Law of Trade Marks, Fourth Edition, paragraphs 12.5 and 12.6, and the South African and foreign decided cases cited there.

Under (South African) common law, the Complainant asserts that, by virtue of promotion and extensive use of its name and trademark KULULA, it has developed a considerable repute or reputation therein, and hence goodwill as an asset of its business in South Africa. In fact it goes further and claims that its name and trademark is well-known (to use the term recognized in the Trade Marks Act). Such goodwill, or more particularly reputation, in terms of the common law could be damaged by means of unlawful competition or specifically passing off under the common law by another party wrongly representing that it is, or is associated with, the Complainant. It was pointed out in ZA2007-0003 that the registration and adoption of a domain name being a name or mark that enjoys a reputation, of another person, could readily amount to passing off under the common law.

The Complainant therefore claims to have justifiable and justiciable rights under the common law in respect of its name and trademark KULULA viz rights that can be enforced against others who infringe such rights. This also provides the Complainant with the necessary *locus standi* to bring this Dispute.

See ZA2007-0003 at page 9; and the textbook Webster and Page op cit, at paragraphs 15.5 and 15.7 and the South African and foreign decided cases cited there.

Before making a finding in this particular regard, the Adjudicator wishes to make the following brief comments regarding the Complainant's (earlier) domain name registrations. Although it may be thought that these registrations provide the Complainant with rights of some kind, this is unfortunately not the case. Such registrations can at best provide some form of "defensive" protection for the Complainant, for example, to prevent another party from registering an identical domain name. Such registrations can also indicate factors such as good faith in adoption of a name or mark on the part of the Complainant, and an early date linked to its claim for adoption (and possible use) of the relevant

name and trademark. Such an early date can of course lead to rights only when coupled to *bona fide* use and promotion of a (name and) trademark, such as KULULA, that is extensive and develops into a measurable reputation and goodwill, in terms of the common law, as set out above.

The Adjudicator therefore finds that the Complainant has proved, on a balance of probabilities, that it has both registered trademark rights for KULULA, and unregistered rights (viz common law rights in its reputation and goodwill) in the name and trademark KULULA.

### **NAME OR MARK IDENTICAL OR SIMILAR TO DOMAIN NAME**

The second element that the Adjudicator needs to establish is whether, on a balance of probabilities, the Complainant has proved that its name or mark, in which it has rights as set out above, is identical or similar to the (disputed) domain name. The Complainant asserts that the disputed domain name is confusingly similar to its name and mark KULULA.

The Complainant's name or mark (in which it has rights) is KULULA, while the disputed domain name is kalula.co.za. Ignoring the first and second level suffixes, in terms of Regulation 5(c), the comparison becomes kalula v KULULA.

The two words have a very similar structure and are spelt similarly with only one letter being different viz the first letter "a" in kalula as compared to the first letter "U" in KULULA. Phonetically the disputed domain name is identical, depending on a person's pronunciation, or it is, at least, very similar to the Complainant's name and trademark KULULA. The disputed domain name is also visually and conceptually virtually identical, or it is, at least, very similar to the Complainant's alternative domain name kallula.co.za and to its domain name kulula.co.za, and hence to its name and trademark KULULA.

In addition to the aforementioned reasoning, it is clear that the Registrant has, whether unintentionally or intentionally, misspelt the word KULULA. The lack of

motive or motive of the Registrant will become more apparent as the contentions and arguments of the Complainant are examined in further detail hereunder.

However, it appears to the Adjudicator that the Registrant cannot escape the inevitable conclusion that the Complainant's name and mark KULULA is virtually identical - viz for all intents and purposes - identical, or at least similar, to the disputed domain name.

Where a registrant has registered a domain name which is virtually identical to a name or mark in which a complainant has rights, this amounts to what has been recognised in various WIPO and foreign panel decisions as so-called "cyber-squatting" (which can be distinguished from so-called "typo-squatting" as another particular form thereof). Examples of WIPO decisions based on cyber-squatting that were decided against the cyber-squatter include D2003-0417 - arifrance/airfrance.com; D2004-0446 - airgrance.com/airfrance.com; D2005-0927 - simens.com/siemens.com; and D2011-0003 - allsatate.com/allstate.com; and the various decisions cited therein. Examples of Nominet decisions based on cyber-squatting include DRS 1770 - yahho.co.uk/yahoo.co.uk; D00004672 - diagio.co.uk/diageo.co.uk; DRS 6524 - expediaa.co.uk(et al)/expedia.co.uk; and DRS 02959 - morganstaniey.co.uk v morganstanley.co.uk; and the various decisions cited therein. Examples of NAF decisions based on cyber-squatting include FA095695 - amaricanairlines.com/americanairlines.com; FA0293737 - aamazon.com (et al)/amazon.com; and FA0339598 - shereton.com/sheraton.com; and the various cited decisions therein.

South African decided cases of cyber-squatting include ZA2007-2006 Standard Bank of South Africa Limited v Daniel Cox (standerdbank.co.za et al); ZA2012-0107 Primedia (Pty) Ltd v DMF Industries (sterkinikor.co.za); and ZA2013-0140 Enterprise Holdings Inc v Chen Boxin (enterprize.co.za).

Accordingly the Adjudicator finds that the Complainant has proved, on a balance of probabilities, that its name and mark KULULA is similar to the disputed domain name.

### **IS THE DOMAIN NAME AN ABUSIVE REGISTRATION?**

The third element that the Adjudicator needs to establish is whether, on a balance of probabilities, the domain name, in the hands of the Registrant, is an abusive registration. The Complainant asserts that the disputed domain name is an abusive registration.

This means that the Adjudicator needs to determine whether the disputed domain name is an abusive registration as defined in the definition section of the Regulations viz in Regulation 1, and as set out above. According to the definition, and to various Nominet decisions, there are two potential abuses (or two types of abuse) viz:

- a) Registration with an abusive intent; and/or
- b) Use in an abusive manner.

The Adjudicator refers to DRS 02464 (Aldershot Car spares v Gordon); and to DRS 00658 (Chivas Brothers Ltd v David William Plenderleith) in which the Expert found that:

*“Where a Respondent registered a domain name*

- 1) which is identical to a name in which the complainant has rights;*
- 2) where that name is exclusively referable to the complainant;*
- 3) Where there is no obvious justification for the Respondent having that name for the domain name;*
- 4) Where the Respondent has come forward with no (reasonable) explanation for having selected the domain name; it will ordinarily be reasonable for an expert to infer first that the Respondent registered the*

*domain name for a purpose and secondly that such purpose was abusive.”*

Although the above reasoning, that deals with an “identical” domain name, has been accepted in various decisions, both South African and foreign, the Adjudicator believes that this reasoning can also apply to a domain name that is virtually identical, such as in the present Dispute that deals with a case of cyber-squatting.

See also ZA2007-007 (FIFA v X Yin) in this regard. The Adjudicator concurs with the view that the nature of “abusive” in the Regulations does not necessarily require a positive intention to abuse the Complainant’s rights but that such abuse is the effect of the registration or use of the disputed domain name.

Regulations 4 and 5 provide a list of (non-exhaustive) factors which may indicate that the disputed domain name is, or is not, an abusive registration, respectively. The Complainant has asserted some of these factors that will be discussed below viz:

**a) That the Registrant has registered the disputed domain name primarily to disrupt unfairly the business of the Complainant**

The Complainant discovered that the domain name was pointing to the website [www.binary500.com](http://www.binary500.com) that deals with investments and trading in binary options. Accordingly, it appears that the Registrant is attempting to take unfair advantage of the KULULA trademark of the Complainant by diverting on-line traffic to the business of the aforementioned website. The disputed domain name is kalula.co.za, and it is likely that members of the public will be confused and/or can incorrectly type the Complainant’s domain name as KALULA, more particularly because the Complainant’s business includes financial and monetary affairs. Such persons will likely think that the above website and its

business are somehow connected with, or related to, the Complainant. This will of course provide an unfair advantage to the Registrant, and use, as set out above, of the domain name will take away business from the Complainant, which should legitimately have come to the Complainant.

In addition, it is known that the above practice in the industry provides a consideration for the Registrant for referrals or so-called “click-throughs”, and this could also be the intention of the Registrant.

The aforementioned reasoning is all the more relevant when it is remembered that the Registrant is resident in the United States of America and that he does not have any business in South Africa or for that matter any reason to have registered the disputed domain name. To the extent that the disputed domain name and the Registrant’s website are diverting internet traffic from the Complainant that is intended for the Complainant, this is prejudicial to the Complainant and its functions. This will clearly disrupt unfairly the business activities of the Complainant.

In support of the aforementioned, the Adjudicator points out that various UDRP decisions have found that disruption of a business may be inferred if the Registrant has registered a variant of the Complainant’s mark by adding a generic word; and also that the abovementioned foreign and South African decisions confirm that the conduct of the Registrant viz typo-squatting in the present Dispute is evidence that the registration and use of the disputed domain name have been made in bad faith.

Accordingly the Adjudicator comes to the conclusion that this factor applies in the present Dispute, and that this factor indicates that the domain name is an abusive registration.

**b) That there are circumstances indicating that the Registrant is using, or has registered, the domain name in a way that**

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**leads people and/or businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected to the Complainant**

The Complainant asserts that, because of the extensive reputation of the name and trademark KULULA, it is highly likely that people and/or business will be confused and will believe that the disputed domain name is somehow associated or linked with the Complainant.

Such unauthorized use of the (similar) disputed domain name by the Registrant, in view of the statutory and common law rights of the Complainant, amounts respectively to trademark infringement and to passing off (under the common law) by the Registrant. In this regard, it should also be mentioned that a plaintiff in infringement and passing off proceedings does not have to show actual damages suffered but it will be sufficient to show a likelihood of confusion or deception, and hence likely damages, or prejudice to its reputation or goodwill. See *Webster* and *Page supra*.

The Complainant has contended, and this is accepted in the circumstances of this Dispute by the Adjudicator, as set out in the discussion dealing with passing off above, that use by the Registrant of the disputed domain name will mislead and deceive consumers in to believing or thinking that there is some connection or association between the disputed domain name and the Complainant and its business, which is not the case.

This likelihood is increased in the case of cyber-squatting which applies to the present Dispute, and as found in the above cited foreign and South African decisions.

Hence the Adjudicator comes to the conclusion that this is a real and present factor in the present dispute, and that this factor indicates that the domain name is an abusive registration.



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## **Abusive Registration**

Accordingly the Adjudicator finds, on a balance of probabilities, that the disputed domain name 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; and

The Adjudicator likewise finds, on a balance of probabilities, that the disputed domain name has been used in a manner that takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights.

Taking all the above factors into account, the Adjudicator finds, on a balance of probabilities, that the disputed domain name is an abusive registration.

### **5) Decision**

- a. For all the foregoing reasons, in accordance with Regulation 9, the Adjudicator orders that the domain name, kalula.co.za, be transferred to the Complainant.

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