

APPEAL DECISION

CASE NUMBER:	ZA2019-0378
DECISION DATE:	19 February 2020
DOMAIN NAME:	<i>istore.co.za</i>
THE DOMAIN NAME REGISTRANT:	PMDVOIP (Pty) Ltd
REGISTRANT'S LEGAL COUNSEL:	Malan Muller, Willemse, Muller & Babinszky Attorneys
THE COMPLAINANT:	Computer Core Business (Pty) Ltd
COMPLAINANT'S LEGAL COUNSEL:	ENS Inc
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	ZA Central Registry (ZACR)

Contents

1) Procedural History, Factual Background and Parties' Contentions	2
2) Decision under Appeal	3
3) Parties' Submissions on Appeal.....	4
a. Appellant.....	4
b. Complainant	6
4) Discussion and Findings.....	10
a. Substantive Aspects	11
b. Rights in Respect of Name and Mark	11
c. Does the Complainant have Rights?.....	12
d. Is the Name and mark Identical or Similar to the disputed domain name?.....	12
e. Is the Disputed Domain Name an Abusive Registration?.....	12
1. Appeal Decision.....	16

1) Procedural History, Factual Background and Parties' Contentions

- a. This Appeal is against the Decision of the single Adjudicator, **Mike du Toit**, dated **15 November 2019**, in which the initial complaint was upheld (the "Decision").
- b. The procedural history, factual background and parties' contentions leading up to the Decision are set out sufficiently in the Decision and, for the sake of brevity, shall not be repeated herein.
- c. In accordance with the .ZA Alternate Dispute Resolution Regulations (the "Regulations"), the due date for the Appellant to lodge a Statement of Intention to Appeal was **22 November 2019**. The Appellant (Registrant in the first instance) lodged a Statement of Intention to Appeal with the South African Institute of Intellectual Property Law (the "SAIPL") on **22 November 2019**. On **13 December 2019** the Appellant lodged its Appeal Notice containing its Grounds of Appeal. The SAIPL verified that the Appeal Notice satisfied the formal requirements of the Regulations and the SAIPL's Supplementary Procedure. The SAIPL forwarded a copy of the Appeal Notice to the Complainant on **13 December 2020**.
- d. In accordance with the Regulations, the due date for the Complainant to lodge its Appeal Notice Response was **2 January 2020**. On **31 December 2019** the Complainant submitted its Appeal Notice Response. The SAIPL verified that the Appeal Notice satisfied the formal requirements of the Regulations and the SAIPL's Supplementary Procedure. The SAIPL acknowledged that a copy of the Appeal Notice Response was sent to the Appellant by the Complainant on **31 December 2019**.
- e. The SAIPL appointed an Appeal Panel consisting of **Owen Salmon SC**, **Victor Williams** and **Christiaan J Steyn** (the "Panel") in this matter on **13 January 2020**. Each member of the Panel has submitted a Statement of Acceptance and Declaration of Impartiality and Independence, as required by the SAIPL to ensure compliance with the Regulations and Supplementary Procedure.

2) Decision under Appeal

- i. The Adjudicator, in the Decision, held that the disputed domain name **istore.co.za** incorporates the name and mark **ISTORE** (in which the Complainant has rights) in its entirety, and thus found that the disputed domain name is identical to the Complainant's name and mark **ISTORE**.
- ii. The Adjudicator held that the Appellant did not explain why the disputed domain name, which was registered in 2004, and on all accounts dormant, and which was the subject of a potential purchase, suddenly featured in a so-called "*iStore business*" and based on the Appellant's response, the earliest at which it allegedly started making preparations to use the domain name, was in 2007. Based on the date of the copyright notice of the documents supplied by the Appellant, it probably only started trading in 2018. At the time when this online business started trading under the **ISTORE** name and utilising the disputed domain name, the rights of the Complainant in its name and mark **ISTORE** was already established in 2006. Given the nature of the online store, it is highly unlikely that the Appellant was unaware of the business of the Complainant and its trade mark
- iii. The Adjudicator further held that the Appellant's attempt in providing evidence to dispel the notion of an abusive domain name in its hands did little to support its bare denial thereto. On the contrary it supported the Complainant's contention that the use of the disputed domain name by the Appellant lead to deception or confusion.
- iv. The Adjudicator further held that the Appellant failed to deal with the reason for its adoption of the identical domain name at the time of registration of the disputed domain name, the attempts to sell it at exorbitant prices or the adoption of the use of the disputed domain name in a near identical on-line business after the Complainant established its rights. In fact, the Appellant embarked on a campaign that set about to use the domain name

in such a manner to take unfair advantage of the established rights of the Complainant and in a manner that is unfairly detrimental to the Complainant's rights.

- v. The Adjudicator further held that the Appellant started using the disputed domain name in a way that lead people or businesses to believe that the disputed domain name is registered to, operated or authorised by or otherwise connected with the Complainant. This is against the background of and at a time when the Complainant had well established rights in the **ISTORE** trade mark.
- vi. The Adjudicator thus held that the disputed domain name is, in the hands of the Appellant, an abusive registration that has been used in a manner that takes unfair advantage of or is unfairly detrimental to the Complainant's (established) rights. Accordingly, the Adjudicator ordered that the domain name, **istore.co.za** be transferred to the Complainant in accordance with Regulation 9.

3) Parties' Submissions on Appeal

a. Appellant

The Appellant submits that the Adjudicator erred in various instances, set out as follows:

- i. Submitting a Statement of Impartiality and Independence as required by the Regulations and Supplementary Procedure in circumstances where the adjudicator is not impartial and independent and has an affiliation with the Complainant and/or its Legal Representative.
- ii. Not taking into account the fact that the Appellant has already registered the domain name in 2004 in reaching a decision that such registration was *mala fide*.

- iii. Not considering the evidence attached to the Appellant's reply in making a factual finding that the Appellant only commenced using the disputed domain name in 2018.
- iv. In finding that the registration of the disputed domain name is an abusive registration in circumstances where same was made years prior to the Complainant commencing with business in South Africa.
- v. In making a factual finding that the Appellant must have been aware of the Complainant's "*concept*" when it registered the disputed domain name in 2004.
- vi. In making a finding that the Appellant lacked *bona fides* when registering the disputed domain name in 2004.
- vii. In making a factual finding that the Appellant is deliberately misleading internet users in believing the disputed domain name is registered to, operated or authorised by the Complainant.
- viii. In disregarding the evidence presented by the Appellant and finding that there was no explanation of it having commenced with preparations to use the disputed domain name in good faith.
- ix. In finding that internet users will in all likelihood be misled when visiting the disputed domain name.
- x. In finding that the Appellant only started using the disputed domain name in 2018.
- xi. In finding that it is highly unlikely that the Appellant was unaware of the business of the Complainant when it commenced with the use of the disputed domain name.
- xii. In finding that the use of the disputed domain name leads to deception or confusion.
- xiii. In finding that the evidence supplied by the Appellant did not support the defences advanced.

-
- xiv. In finding that the Appellant's use of the disputed domain name commenced after the Complainant established any right which it may have therein.
 - xv. In finding that the Appellant used the disputed domain name in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.
 - xvi. In finding that the Appellant has a positive intention to abuse the rights of the Complainant.
 - xvii. In finding that the disputed domain name was dormant from inception to 2018.
 - xviii. In finding that the disputed domain name should be transferred to the Complainant.

b. Complainant

- i. The Complainant submits that the Appeal essentially comprises a bald rejection of the Adjudicator's findings as specified therein, on the basis that the Adjudicator allegedly erred in reaching those findings, while the Appeal glaringly fails to explain, in any detail, why the Appellant believes that the Adjudicator erred, and without reference to the allegations and evidence put forward by it in its response to the Complainant.
- ii. The Complainant further submits that this failure is due thereto that the facts and evidence submitted by the Appellant do not support its case and the defence it advances. The Complainant subsequently submits that the appeal is, in the circumstances, frivolous, failing to advance any cogent and credible basis for the Appeal, and ultimately submits that the Appeal must be dismissed.
- iii. The Complainant further submits that although the Appeal purportedly comprises of some 18 (eighteen) grounds, only 7 (seven) main grounds of appeal in fact exist, namely:

1. Questioning the impartiality of the Adjudicator, which the Complainant denies;
 2. Insufficient consideration of the fact that the disputed domain name was registered in 2004, before the Complainant commenced business in South Africa;
 3. Insufficient consideration of the evidence advanced by the Appellant in finding that the Appellant only started use of the disputed domain name in 2018 (after the Complainant's rights in the name and mark **ISTORE** was established, until which time the disputed domain name was dormant). In fact, the evidence was in fact considered and the findings herein was borne out of the Appellant's provided evidence;
 4. Disregarding the evidence advanced by the Appellant in support of its defence;
 5. Finding that the Appellant must have been aware of the "*Complainant's concept*" when it registered the disputed domain name in 200, and lack of *bona fides* when registering such;
 6. Finding that the Appellant deliberately mislead internet users into believing that the disputed domain name is registered to, operated and authorised by the Complainant and it leading to deception or confusion;
 7. Finding that the Appellant has a positive intention to abuse the rights of the Complainant.
- iv. The Complainant further submits that it is noteworthy that the Appellant does not deny the confusing similarity of the disputed domain name and the **ISTORE** name and mark (in which the Complainant has rights), nor the overlap between the respective parties' goods and services, not does the Appellant deny that it wanted to sell the domain at a price well in excess of its out of pocket expenses.

-
- v. The Complainant submits that the Adjudicator did not conclude, in its Decision, that the registration of the disputed domain name was *mala fides*, but rather that it constituted an abusive registration.
 - vi. The Complainant further submits that the Adjudicator did recognise the 2004 registration of the disputed domain name. However, the Complainant further submits that the relevant date for it to establish its rights is at the date of the Complaint, as opposed to the date of registration of the disputed domain name (the Panel's emphasis). Subsequently the Complainant submits that it has statutory and common law rights in the name and mark **ISTORE** by virtue of its registered **ISTORE** trade marks in South Africa from 2010, as well as its widespread and extensive use of the name and mark **ISTORE** in South Africa since 2006 (all predating the date of the Complaint).
 - vii. The Complainant further submits that the Appellant failed to advance any reasons (or provide any evidence) to show preparations for use or use of the disputed domain name prior to the Complainant's first use of its name and mark **ISTORE** (in which it has rights) in 2006 – which date remains undisputed by the Appellant. It further submits that the mere registration of the disputed domain name does not afford the Appellant any proprietary rights therein.
 - viii. The Complainant submits that the Appellant advances no cogent evidence of use of the disputed domain name or preparations to use such before 2018.
 - ix. The Complainant further denies that the Adjudicator disregarded the evidence presented by the Appellant, and that the Adjudicator subsequently erred in finding that there was no explanation of having commenced with preparations to use the disputed domain name. The Complainant submits further that the Appellant failed to provide any cogent evidence to support that it made demonstrable

preparations to use the disputed domain name in good faith, offering goods and services. In fact, the Adjudicator acknowledges in its Decision that the earliest at which the Appellant allegedly started making preparations to use the disputed domain name was in 2007 (which is after the Complainant's undisputed first use of its name and mark **ISTORE** in South Africa in 2006). Further, the Complainant submits, the Appellant's evidence of actual use only dates from 2018.

- x. The Complainant further concurs with the Adjudicator's findings in its Decision that the evidence supplied by the Appellant does not support its defence, as no evidence was advanced to show that the Appellant was commonly known by the name "*istore*" or had any legitimate connection therewith. The evidence in fact establishes that the use of the disputed domain name was not fair, especially as the evidence of use occurred well after the Complainant's first use of its name and mark **ISTORE** in 2006, and well after it had acquired rights in such name and mark. This, accompanied by the Complainant's reputation in its name and mark **ISTORE**, and after the Appellant's affirmation to the Complainant that it received offers to purchase the disputed domain name regularly and admitted that it is waiting for the "*highest bidder*".
- xi. The Complainant further submits that the Adjudicator did not make a factual finding that the Appellant is deliberately misleading internet users into believing that the disputed domain name is registered to, operated or otherwise authorised by the Complainant, but rather held that the Appellant started using the disputed domain name in a way that leads people or businesses to believe that the disputed domain name is registered, operated or authorised by or otherwise connected with the Complainant.
- xii. The Complainant further submits that the Appellant, in its answer to the Complaint, provided evidence of actual customer confusion that has arisen between the Complainant's and Appellant's

respective websites (Annexure N to Appellant's answer to Complaint).

- xiii. The Complainant submits that despite the evidence of actual confusion, the Registrant failed to dispute the confusing similarity between the disputed domain name and the name and mark **ISTORE** (in which the Complainant has rights). As such, the Complainant submits that it cannot be alleged that the Adjudicator erred in finding that the disputed domain name leads internet users to believe that the disputed domain name is registered, operated or authorised by or otherwise connected with the Complainant.
- xiv. The Complainant further submits that the facts in this matter clearly indicate the Appellant's positive intention to abuse the Complainant's rights, taking the communications between the parties in 2015 and 2018 into account. The Appellant further does not dismiss its attempts to sell the disputed domain name at an excessive price, nor explains why it commenced use of the disputed domain name for a nearly identical business to that of the Complainant subsequent to the Complainant acquiring rights in the name in mark **ISTORE**.
- xv. The Complainant therefore submits that the appeal is ill-conceived and without cogent and valid grounds. Accordingly the Complainant requests that the appeal be dismissed.

4) Discussion and Findings

- i. In order to make a finding that the disputed domain name is an abusive registration, the Panel is required to find that the Complainant has proven, on a balance of probabilities, in terms of Regulation 3(2), that the required elements in terms of Regulation 3(1)(a) are present:
 1. that the Complainant has rights in respect of a name and mark;

2. that is identical or similar to the disputed domain name;
and
 3. that, in the hands of the Appellant, the disputed domain name is an abusive registration.
- ii. An abusive registration is defined in the definitions of Regulation 1, to mean a domain name which either:
1. 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
 2. has been used in a manner that takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights.

a. Substantive Aspects

- i. Turning to the substantive aspects of this Appeal, in terms of Regulation 11(8) an Appeal proceeds on the basis of a full review of the matter. The Panel is thus obliged to consider this matter afresh.
- ii. As such, the Panel has carefully perused the Appeal documents, as well as all the original evidence submitted herein, and has fully considered the facts and contentions set out therein.
- iii. The Panel is further *ad idem* in its Decision.

b. Rights in Respect of Name and Mark

- i. In terms of Regulation 1, the term "rights" is widely defined and includes intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law - but are not limited thereto.
- ii. As has been decided in the South African appeal decisions of ZA2009-0030 (*seido.co.za*) and ZA2011-0077 (*xnets.co.za*), the notion of "rights" for the purposes of Regulation 3(1)(a) is not

trammelled by trade mark jurisprudence. The threshold in this regard should be fairly low. See also ZA2012-0115 (*konftel.co.za*), ZA2014-0168 (*heliocol.co.za*) and ZA2019-0357 (*gameready.co.za*).

c. Does the Complainant have Rights?

- i. The Complainant has registered rights in its name and mark **ISTORE** in South Africa in the form of various 2010 trade mark registrations, and enjoys common law rights in its name and mark **ISTORE** which it has used since 2006.
- ii. It is not required that these rights pre-date the 2004 registration of the disputed domain name. The Complainant's rights only need to exist on the date of the Complaint. See ZA2008-0020 (*mixit.co.za*) and ZA2016-0245 (*kfclistsens.co.za*). Whether the disputed name is abusive is another enquiry.
- iii. The Panel finds that the Complainant has proven, on a balance of probabilities, that it has rights in respect of the name and (trade) mark **ISTORE**.
- iv. The existence of the said rights is not put in dispute by the Appellant in its initial Response. The rights must be taken to be admitted, at least, and to the extent that the Appellant made this issue a Ground of Appeal, it must be rejected out of hand.

d. Is the Name and mark Identical or Similar to the disputed domain name?

- i. The mark **ISTORE** in which the Complainant has rights is identical to the disputed domain name and the Panel finds so.

e. Is the Disputed Domain Name an Abusive Registration?

- i. Firstly, we deal with the question of the reverse onus. Regulation 5(c) states:

-
- ii. *"The burden of proof shifts to the Registrant [being the Appellant herein] to show that the domain name is not an abusive registration if the domain name (not including first and second level suffixes) is identical to the mark in which the Complainant asserts rights, without any addition."* The effect of this is a rebuttable presumption that the domain name is abusive. Were it necessary to decide this matter on the basis of the presumption, the Panel would find that the Appellant has not discharged the onus. As it turns out, the Panel dismisses the Appeal because there is no basis, in its unanimous view, for overturning the decision of the initial Adjudicator; and, moreover, its view is that the name is abusive. This is addressed further below. For a registration to be abusive one of the two potential types of abuse need be established. According to the definition of abuse, as confirmed in various Nominet decisions, there are two potential abuses (or two types of abuse), being:
1. Registration with an abusive intent; and/or
 2. Use in an abusive manner.
- iii. The nature of "abusiveness" as contemplated in the Regulations does not require a positive intention to abuse the Complainant's rights but that such abuse can be the result, effect or consequence of the registration and/or use of the disputed domain name. See: DRS02464 (Aldershot Car spares v Gordon), DRS00658 (Chivas Brothers Ltd v David William Plenderleith), and ZA2007-0007 (*fifa.co.za*). Further, a registration can be abusive "now" although not "then". See also ZA2013-0126 (*sonnenkraft.co.za*) and ZA2019-0376 (*fidelityadt.co.za*).
- iv. Regulation 4 further lists various factors (or circumstances) which indicate that registration of a disputed domain name may be abusive. In the Panel's view it is not necessary to consider every ground of appeal raised by the Appellant nor every response submitted by the Complainant. There is a simple basis upon which to decide the matter, and this is dealt with next.

-
- v. The domain was registered in 2004. At that point in time, the Complainant did not exist and had not made any use of the mark ISTORE. Assessed then, ie *tunc*, there could not have been abuse (at least, *vis à vis* the Complainant) in the domain.
 - vi. What then happened, however, changed this; in summary, it is as follows.
 - vii. Actually, from the Appellant's side nothing happened. It did not use the domain – and did not do so for the next 14 years. The Complainant, on the other hand, established its iStore business in 2006. From then on, it expanded that business into one known nationwide as a retailer and repairer of APPLE computer and related products, with more than 20 outlets in major retail shopping malls.
 - viii. It was only when – or shortly thereafter - the Complainant engaged with the Appellant about the domain name that the Appellant commenced its use, with an ecommerce offering from a website at that domain. Notably, its field of business is not fast-food delivery or on-line cosmetics and personal care products, to cite some rudimentary examples, but consumer electronic goods – including PC's and laptops, peripherals, PC accessories and the like.
 - ix. The potential for confusion amongst customers is fairly obvious. Indeed, the Appellant annexed to its Response papers an email from an iStore customer who (palpably mislead) wrote to info@istore.co.za enquiring about warranty claims for her broken/cracked Apple Watch screen. This email was responded to by the Appellant advising the customer that the business behind the email is not www.myistore.co.za – the domain of the Complainant – but that nevertheless assistance could be given by way of an assessment on "PC/laptops" for purposes of insurance claims. This email had been sent to the Appellant's attorneys stating "If any istore clients contact us this is how we respond."

-
- x. This email is revealing, because it is a template response to customers. It must be, not only because the Appellant's attorney was advised so, but because the customer in question had not enquired at all about any PC or laptop, but her Apple Watch. This indicates that she is and has been not alone.
 - xi. This user of the mark 'ISTORE' in a domain name is an obvious source of prejudice to the Complainant. The potential or the (reasonable) likelihood of confusion is sufficient in determining abuse. See WIPO/D2000-0777, WIPO/D2000-0878, NAF/FA95033 and NAF/FA95402, as well as the South African decisions ZA2007-0003 (*telkommedia.co.za*), ZA2016-0254 (*kfclists.co.za*), ZA2017-0265 (*reedexpo.co.za*), ZA2017-0272 (*heraldonline.co.za*), ZA2017-0285 (*capitech.co.za*) and ZA2017-0286 (*absa-barclays.co.za*).
 - xii. Whether the Appellant had any motive back in 2004 which could underpin an objection is not the point. The use to which it has put the domain has taken it across the line from what may have been an unobjectionable registration into abusiveness, as contemplated by the Regulations.
 - xiii. Given this finding, as mentioned, it is not necessary to consider whether the Appellant's claim in 2015 for reimbursement of more than R1 million for the domain brought it under the spectre of abuse within the meaning of Regulation 4(1)(a)(i); or whether the domain unfairly prevents the Complainant from legitimately exercising its rights as contemplated by Regulation 4(1)(a)(iv).
 - xiv. The Panel finds that the domain is abusive within the meaning of the Regulations. It also finds that, in any event, the Appellant has not discharged the onus of showing that the name is not abusive.

1. Appeal Decision

- a. For all the foregoing reasons, the Panel concurs with the findings of the Adjudicator. The Appeal herein is therefore dismissed.
- b. Therefore, in accordance with Regulation 9, the Panel confirms the order that the disputed domain name *istore.co.za* be transferred to the Complainant.

.....
OWEN SALMON SC
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za

.....
VICTOR WILLIAMS
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za

.....
CHRISTIAAN J STEYN
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za