

ADJUDICATOR DECISION

CASE NUMBER:	ZA2008-0015
DECISION DATE:	25 June 2008
DOMAIN NAME	sunglasshut.co.za
THE DOMAIN NAME REGISTRANT:	Preshal Iyar
REGISTRANT'S LEGAL COUNSEL:	Peter Viljoen Deneys Reitz
THE COMPLAINANT:	Luxtotta U.S. Holding Corp.
COMPLAINANT'S LEGAL COUNSEL:	Warren Weertman Bowman Gilfillan
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	UniForum SA (CO.ZA Administrators)

1. Procedural History

The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on 28 March 2008. On 2 April 2008, the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue, and on 2 April 2008, 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.

In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on 2 April 2008. In accordance with the Regulations, the

due date for the Registrant's Response was 1 May 2008. On 30 April 2008, the Registrant's legal representative requested an extension of time for the submission of the Registrant's Response. The Case Administrator agreed to extend the deadline for the Response until 11 May 2008. On 10 May 2008, the Registrant's legal representative requested yet another extension of time to file a Response. The Case Administrator agreed to extend the deadline for the Response one last time until 19 May 2008. The Registrant's legal representatives indicated in letters dated 16 and 19 May 2008 that they needed more time to prepare a Response, but this request was denied by the Case Administrator. The Registrant remained in default and failed to submit a Response. The effect of this default will be discussed *infra* under 3.2, 4.4, and 4.5.8.

The Case Administrator proceeded with the appointment of an Adjudicator. The SAIPL appointed Tana Pistorius as the Adjudicator in this matter on 25 May 2008. 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 is Luxottica US Holdings Corporation, a United States entity incorporated in Delaware. The Complainant is a subsidiary of Luxottica Group SpA, which manages numerous retail brands globally, including the SUNGLASS HUT brand. Sunglass Hut International Incorporated merged with the Complainant on 29 December 2007.
- 2.2.** The trade mark SUNGLASS HUT has been used in connection with retail sunglass stores since 1971. It has over 1 818 stores worldwide and the Complainant's sunglasshut.com website has been operational since 1995.
- 2.3.** Complainant has an extensive trade-mark portfolio. It registered its first trade mark in South Africa in 1995. The SUNGLASS HUT trade-mark was registered in class 42 on 22 November 1995 (No 95/15582) and a trade mark application (No 2003/06098) in class 9 was lodged on 9 April 2003.

(Although the Complainant notes that this mark is registered, the Adjudicator must regard this trade-mark application as pending, as the trade mark registration certificate was not attached as evidence.) Certificates of three US trade-mark registrations in class 42 (Reg. No. 1,475,511 dated 2 February 1988; Reg. No. 1,703,977 dated 28 July 1992; and Reg. No. 1,800,295 dated 19 October 1993) were also attached.

- 2.4. Complainant states that it owns 140 trade-mark registrations comprising of "SUNGLASS HUT", "SUNGLASS HUT INTERNATIONAL", "SG SUNGLASS HUT" and "SPORT SUNGLASS HUT". In support of this contention, Complainant submitted a list of its registered marks in numerous countries (see Annexure F on pages 6-13 of the Annexure to the Complaint). The Adjudicator does not regard this listing as adequate evidence of Complainant's international trade-mark rights. Indeed, it has no official value, as Complainant or its legal representative prepared it. As a rule, only copies of official certificates of registration issued by registration authorities are apt to demonstrate trade mark rights (see D2001-0709 Red Bull GmbH v Ian Andrew).
- 2.5. On 9 January 2007, the domain name sunglasshut.co.za was registered by Preshal Iyar, of 4206 Chester Avenue Apartment #5, Philadelphia, US.
- 2.6. The Complainant became aware of this domain name registration in January 2007 and instructed its domain name management service provider to endeavor to obtain a transfer of the domain name from the Registrant on an anonymous basis. On 19 January 2007, the third party, Sam Stockwell (sam@mirmaco.com), sent an e-mail message to the Registrant wherein he requested the Registrant to sell the domain name to him (without disclosing his affiliation). The Registrant declined the offer in e-mail messages. Further e-mail communication followed, and on 5 February 2007 the Registrant indicated in an e-mail message sent to Sam

Stockwell that she would be willing to sell the domain name for US \$15 500.00. Sam Stockwell made a counter offer of US \$10 000.00.

- 2.7. On 9 February 2007, the Registrant sent an e-mail message to Luxottica Srl, an Italian subsidiary of the Luxottica Group, wherein she enquired if the Marketing Manager was interested in the "registry rights of the Sunlasshut.co.za".
- 2.8. The Complainant and the Registrant resumed e-mail communications in February 2008 and the Registrant indicated that as she had renewed the domain name registration, she was not interested in selling it. After the commencement of the Dispute, in a letter dated 5 May 2008, the Registrant's legal representative offered to transfer the domain name to the Complainant for a consideration of US \$15 500.00. On 7 May 2008, the settlement proposal was rejected by the Complainant's legal representative.
- 2.9. On 13 May 2008, the Registrant's legal representative addressed a written offer to the Complainant's legal representatives for the transfer of the disputed domain name to the Complainant for a consideration of US \$10 000.00. (This offer was identical to that made by the Complainant on 2 September 2007 and 14 March 2007.) The Complainant's legal representative rejected this offer on 16 May 2008, as he was unable to contact the Complainant.

3. Parties' Contentions

3.1. Complainant

3.1.1. The Complainants' case is as follows:

- 3.1.1.1. The Complainant has rights in respect of the trade mark SUNGLASS HUT. The Complainant has registered and

common law rights in respect of the well known SUNGLASS HUT trade mark in connection with retail services. The Complainant has established considerable goodwill and consumer recognition in the SUNGLASS HUT trade mark.

- 3.1.1.2. The trade mark is identical to the domain name in dispute, i.e. sunglasshut.co.za. In the hands of the Registrant, the domain name is an abusive registration
- 3.1.1.3. The Registrant was not commonly known by the name "Sunglass Hut" at the date of the domain name registration. The Registrant has not used or made demonstrable preparations to use the domain name in connection with a bona fide offering of goods or services before any notice of the Dispute.
- 3.1.1.4. The Registrant offered to sell the domain name to Luxottica Srl, a subsidiary company of the Luxottica Group. The Registrant made this offer within a month after registering the domain name. The Registrant thus registered the domain name with the purpose of selling it.
- 3.1.1.5. In view of the international reputation of the Complainant's trademark, the Registrant could not have ignored the existence of the trade-mark registrations, which are identical or at least confusingly similar to the domain name. The Registrant's registration of the domain name prevents the Complainant from reflecting its trade mark in a corresponding domain name. The Registrant registered the domain name with the knowledge of the Complainant's rights, with the

intention to block the registration of the mark the Complainant owns, with the intention of selling the domain name to the Complainant for a sum in excess of her out-of-pocket expenses directly associated with acquiring or using the domain name.

3.1.1.6. The Registrant registered the domain name in bad faith and with the intent to disrupt unfairly the business of the Complainant. Factors that point to this conclusion are first, the Registrant's lack of legitimate interest in the SUNGLASS HUT name, secondly her failure to use the domain name in any manner, thirdly her offer to sell the domain name to the Complainant and lastly her failure to respond to the Complainant's initial offer to settle the Dispute.

3.1.1.7. The domain name is thus an abusive registration.

3.1.2. The Complainant requests that the Adjudicator issue a decision for the transfer of the domain name to the Complainant.

3.2. Registrant

3.2.1. 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.

3.2.2. The Supplementary Procedure of the SAIPL provides in clause 11 for limited extensions upon good cause being shown. Clause 11 also provides that the Case Administrator shall act strictly in granting any extensions, mindful that the Regulations are intended

to provide an efficient and expeditious means to resolve domain name disputes. The Case Administrator allowed two extensions.

- 3.2.3.** The Adjudicator finds that there are no exceptional circumstances for the Registrant's failure to submit a Response.
- 3.2.4.** The Adjudicator finds that the Case Administrator was correct in refusing any further extensions as the ADR proceedings must remain an expeditious means to resolve domain name Disputes.
- 3.2.5.** Because the Registrant failed to submit a Response, the Adjudicator must decide the matter on the Dispute (see Regulation 18(3)).
- 3.2.6.** 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.
- 3.2.7.** 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.
- 3.2.8.** 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. Regulation 3 provides that a Complainant is required to prove, on a balance of probabilities, that the following three elements are present in order to succeed in a domain name Dispute based on an alleged abusive registration:

- a) That the Complainant has rights in respect of a name or mark;
- b) that the name or mark is identical or similar to the domain name; and
- c) That the domain name, in the hands of the Registrant, is an abusive registration.

4.2. Does the Complainant have rights in respect of a name or mark?

4.2.1. The cornerstone of the Complainants' case is proof on a balance of probabilities that it had rights in the trade mark SUNGLASS HUT at the time of the registration of the domain name, and that this trade mark is identical to the domain name.

4.2.2. The Complainant has registered rights in respect of the trade mark SUNGLASS HUT that date back to 1988. Prima facie, the Complainant is the proprietor of validly registered trade marks that comprise of, or incorporate, the trade mark SUNGLASS HUT.

4.2.3. The Registrant does not dispute the evidence submitted by the Complainant and the Adjudicator finds on such evidence that SUNGLASS HUT is indeed a well-known trade mark within the meaning of Section 34(1)(c) of the Trade Marks Act.

4.3. Is the mark identical or similar to the domain name?

4.3.1. The domain name at issue is <sunglasshut.co.za>. The Adjudicator finds that the suffix .co.za does not influence on the

consideration of similarity (see D2002-0810 Benetton Group SpA v Azra Khan).

4.3.2. The Adjudicator finds that the domain name sunglasshut.co.za is identical to the Complainant's trademark.

4.3.3. The Complainant has thus established that it has rights in respect of the trade mark SUNGLASS HUT, which is identical to the disputed domain name.

4.4. **Burden of proof of abusive registration**

4.4.1. The proviso to Section 5 provides that: "The burden of proof shifts to the Registrant to show that the domain name is not an abusive registration if the domain name is identical to the mark in which the Complainant asserts rights, without an addition."

4.4.2. The disputed domain name sunglasshut.co.za is identical to the mark in which the Complainant has registered and common-law rights.

4.4.3. This shifting of the burden of proof disposes of the matter, in that the Registrant has not responded to the Complaint.

4.4.4. Nevertheless, the Adjudicator proceeds to consider the matter on the merits, and notwithstanding this incidence of the onus.

4.5. **Is the domain name, in the hands of the Registrant, an abusive registration?**

4.5.1. An abusive registration is defined as a domain name, which either:
(a) when the Registrant registered the domain name took unfair advantage of or was unfairly detrimental to the Complainant's

rights; or (b) a domain name that is being used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

4.5.2. The Registrant has not used the disputed domain name, and the consideration therefore falls to be mainly determined under sub paragraph (a) of the definition of an abusive registration, save for a discussion of bad faith relating to passive use *infra*. Evidence of an abusive registration, which is deemed relevant to the Dispute, is described in Regulation 4(1)(a)-(b).

4.5.3. The disputed domain was registered primarily to sell the domain name to the Complainant for valuable consideration in excess of the Registrant's reasonable out of pocket expenses (Regulation 4(1)(a)(i)):

4.5.3.1. The Complainant's registered trade mark is long established and widely known and so, in the absence of evidence or even an assertion by the Registrant to the contrary, knowledge of the Complainant's rights in the trade mark can be imputed to the Registrant at the time she registered the domain name.

4.5.3.2. Actual knowledge of the rights of the Complainant and bad faith on the part of the Registrant may also be imputed from the fact that, the Registrant e-mailed the Italian branch of the Complainant and enquired if the Marketing Manager was interested in the "registry rights of the Sunglasshut.co.za", within one month of registering the disputed domain name.

4.5.3.3. The Registrant has not actively used the domain name and thus have not had any expenses directly associated

with the use of the domain name. The Registrant has steadfastly demanded US \$15 500.00 for the transfer of the domain name from the first offer to purchase that was made on behalf of the Complainant. The Registrant rejected Complainant's offer of US \$10 000.00 (excluding the offer made by her legal representative on 13 May 2008). The amount of US \$15 500.00 which the Registrant demanded is in excess of the Registrant's reasonable out-of-pocket expenses directly associated with registering the domain name.

4.5.3.4. The Adjudicator finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to sell the domain name to the Complainant for an amount in excess of her out of pocket expenses.

4.5.4. (ii) The disputed domain was registered primarily to intentionally block the registration of a name/mark in which the Complainant has rights (Regulation 4(1)(a)(ii)):

4.5.4.1. 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.

4.5.4.2. The Registrant was aware of the Complainant's rights at the time of the domain name registration and her registration of the domain name prevents the

Complainant from reflecting its trade mark in a corresponding domain name in the .co.za registry.

4.5.4.3. 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.

4.5.5. (iii) The disputed domain was registered primarily to disrupt unfairly the business of the Complainant (Regulation 4(1)(a)(iii)):

4.5.5.1. 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.

4.5.5.2. The disputed domain name sunglasshut.co.za is obviously connected with the Complainant and its optical retail outlets. The exact trade mark of the Complainant has been registered as a domain name and this unfairly disrupts the Complainant's business.

4.5.5.3. 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.

4.5.6. (iv) The disputed domain was registered primarily to prevent the Complainant from exercising its rights (Regulation 4(1)(a)(iv)):

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- 4.5.6.1. The Complainant asserts that the Registrant registered the disputed domain primarily to prevent the Complainant from exercising its rights, more particularly from registering the name SUNGLASS HUT (in which it has substantial rights) as a domain name.
- 4.5.6.2. Two issues must be considered here. First, whether the disputed domain name prevents the Complainant from exercising its rights i.e. registering SUNGLASS HUT 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)).
- 4.5.6.3. The first issue was dealt with under 4.5.4.2 *supra*.
- 4.5.6.4. 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".

4.5.6.5. It appears to be undeniable that the Registrant knew of the Complainant's trade mark SUNGLASS HUT when she registered the domain name, as the trade mark is well known. The Registrant's actions on 9 February 2007 also support this conclusion. 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.

4.5.6.6. 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.

4.5.7. (v) 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)):

4.5.7.1. The domain name sunglasshut.co.za creates an impression of association between the Registrant, the Complainant and its trade mark SUNGLASS HUT (see D2002-0810 Benetton Group SpA v Azra Khan). As the domain name sunglasshut.co.za is identical to the trade mark SUNGLASS HUT, 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).

4.5.7.2. 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.

4.5.8. Factors that may indicate that the disputed domain name is not an abusive registration.

4.5.8.1. Regulation 5 sets out various non-exhaustive factors that may indicate that the disputed domain name is not an abusive registration.

4.5.8.2. By not submitting a Response, Registrant has failed to rely on any of these factors to demonstrate that she did not register and use the domain name in bad faith (see D2002-0810 Benetton Group SpA v Azra Khan).

4.5.8.3. The Registrant did not provide any evidence of her use of, or demonstrable preparations to use, the disputed domain name sunglasshut.co.za in connection with a bona fide offering of goods or services before being aware of the Dispute.

4.5.8.4. Passive use could amount to use in bad faith. Many foreign decisions have held that the "use" requirement includes both positive action and inaction (D2000-0059 Barney's Inc v BNY Bulletin Board; D2000-0400 CBS Broadcasting Inc v Dennis Toeppen). The Adjudicator

must examine all the circumstances of the case to determine whether Registrant's non-use amounts to bad faith. Other panels have held non-use amounted to bad faith where a Complainant had rights in a well-known trade mark, where the Registrant failed to respond to the Complaint and where it was impossible to conceive a good faith use of the domain name (see D2000-0574 Jupiters Limited v Aaron Hall; D2002-0131 Ladbroke Group Plc v Sonoma International LDC).

- 4.5.8.5. The Complainant has rights in a well-known trade mark, SUNGLASS HUT. The Registrant failed to respond to the Complaint. It is also impossible to conceive a good faith use of the domain name sunglasshut.co.za by the Registrant. Adjudicator finds, on a balance of probabilities that the Registrant's passive use of the disputed domain name amounts to use in bad faith.
- 4.5.8.6. There is no evidence that the Registrant is or has been commonly known by the domain name.
- 4.5.8.7. The Registrant registered the domain name sunglass.co.za, which is identical to the Complainant's well-known trade mark, SUNGLASS HUT. There is no obvious justification why the Registrant adopted SUNGLASS HUT, the exclusive trade mark of the Complainant, as her domain name. The Registrant has also not come forward with any explanation for having selected the domain name (see ZA2007-0007 FIFA v X Yin and ZA2007-0004 Telkom SA Ltd v Customer Care Solutions (Pty) Ltd).

4.5.8.8. The Adjudicator finds that none of the non-exhaustive factors set out in Regulation 5 may be invoked to indicate that the disputed domain name is not an abusive registration.

4.5.9. By way of summary, the Adjudicator finds that the above factors indicate, on a balance of probabilities, that the disputed domain name is an abusive registration.

4.5.10. Based on the reasons and findings set out above, the Adjudicator makes the overall finding that, in the hands of the Registrant, the domain name `sunglasshut.co.za` is an abusive registration. It was registered in a manner, which, at the time when the registration took place, took unfair advantage of the Complainant's rights, and it was unfairly detrimental to the Complainant's rights. The disputed domain name has also been used in a manner that takes unfair advantage of the Complainant's rights, and it is unfairly detrimental to the Complainant's rights.

5. Decision

For all the foregoing reasons, in accordance with Regulation 9, the Adjudicator orders that the domain name "`sunglasshut.co.za`" be transferred to the Complainant.

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PROFESSOR TANA PISTORIUS
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za