

## **ADJUDICATOR DECISION**

CASE NUMBER:	<b>ZA2008-0016</b>
DECISION DATE:	<b>23 June 2008</b>
DOMAIN NAMES:	<b>Mares.co.za Dacor.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Divetek (Pty) Ltd</b>
REGISTRANT'S LEGAL COUNSEL:	<b>N/A</b>
THE COMPLAINANT:	<b>Aqua Divers International (Pty) Ltd</b>
COMPLAINANT'S LEGAL COUNSEL:	<b>N/A</b>
THE 2 <sup>nd</sup> LEVEL DOMAIN NAME ADMINISTRATOR:	<b>UniForum SA</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 4 April 2008. On 7 April 2008 the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain names at issue, and on 7 April 2008 UniForum SA confirmed that the domain names had indeed been suspended. The SAIPL verified that the Dispute together with the amendment to the Dispute satisfied the formal requirements of the .ZA Alternate Dispute Resolution Regulations (the "Regulations"), and the SAIPL's Supplementary Procedure.
- b. In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on 9 April 2008. In accordance with the Regulations the due date for the Registrant's Response was 12 May 2008. The Registrant submitted its Response on 12 May 2008, 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 on 12 May 2008.
- c. In accordance with the Regulations the due date for the Complainant's Reply was 19 May 2008. The Complainant submitted its Reply on 19 May 2008.
- d. The SAIPL appointed Gavin Edwin Morley SC as the Adjudicator in this matter on 22 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. Mr. Steven Yeats was appointed as the junior adjudicator and carried out certain preliminary work on the adjudication. As a result of a conflict that arose subsequent to his appointment, he withdrew from the adjudication.

- e. In accordance with Regulation 26 (chapter 3) the administrator requested further information from the parties on 9 June 2008 and the parties were given until 20 June 2008 to respond to the adjudicators queries. Both parties responded to the adjudicator's request.
- f. The adjudicator was in a position to deliver the adjudication on 23 June 2008.

## 2) Factual Background

- a. The complainant alleges that trade mark registration numbers 82/7411 MARES in class 9, 82/7412 MARES in class 28 and 2001/09949 DACOR in class 9 are registered in the name of Mares S.p.A. From the annexures to the complaint, it appeared that trade mark registration numbers 82/4711 and 82/4712 MARES were, in fact, registered in the name of AMF Incorporated, a corporation of the State of New Jersey of 777 Westchester Avenue, White Plains, New York. No registration certificate was attached in respect of registration number 2001/09949 DACOR. This evidence was unsatisfactory to the Adjudicator, who in order to render a fair and just decision called for updated registered sheets from the Trade Marks register. These were furnished and disclosed that HTM S.p.A. was recorded as the proprietor of the trade marks in question. The complainant furnished a letter dated the 19<sup>th</sup> June 2008 from Mares S.p.A, which disclosed that HTM S.p.A. was the previous name of Mares S.p.A. and that HTM S.p.A changed its name to Mares S.p.A. with effect from the 1<sup>st</sup> January 2006.
- b. The Domain name <mares.co.za> was registered on 12 January 2001. According to the information supplied by the registrant to the adjudicator in response to the request for information the registrant was responsible for the registration of the domain name and that it registered the domain with the full knowledge and permission of the manufacturer. The Registrant also stated that no restrictions or conditions were imposed in respect of such registration.

- c. The Domain name <dacor.co.za> was first registered on 15 December 2005 and in response to information requested by the adjudicator the Registrant stated that this registration also was at its instance and with the full knowledge and permission of the manufacturer. According to the registrant, no restrictions or conditions for registration were imposed.
- d. Despite the difference in the names of the respective registrants, ie: Divetek.co.za and Divetek (Pty) Ltd, it is common cause between the parties that both the domain names <dacor.co.za> and <mares.co.za> are under the control of Divetek (Pty) Ltd. The reference to Divetek.co.za as the registrant of the <dacor.co.za> domain name appears to be a misnomer. I therefore refer to the registrant of both domain names as being Divetek (Pty) Ltd.
- e. Both the domain names <dacor.co.za> and <mares.co.za> redirect the inquirer to the website of Divetek (Pty) Ltd, which can be found at [www.divetek.co.za](http://www.divetek.co.za). The website promotes the sale of scuba-diving equipment, including equipment bearing the trade marks MARES and DACOR. It is to be noted that other brands of such equipment are advertised on the web-site.
- f. It is common cause that, until September 2006, the registrant was the official distributor of MARES and DACOR scuba-diving equipment in South Africa. It had acted in this capacity for some twenty years in respect of MARES products and subsequently acted as the distributor of DACOR products when MARES acquired DACOR.
- g. During September 2006 the complainant was appointed as the distributor in South Africa for MARES and DACOR scuba-diving equipment. It is to be noted that this appointment took place after the registration of the domain names in issue in these proceedings. It appears that such appointment was at the instance of Mares S.p.A, an Italian company. A

written distribution agreement was subsequently entered into with Mares S.p.A with effect from 1 September 2007. In terms of this agreement, the complainant was appointed as the exclusive distributor of, inter alia, MARES and DACOR branded goods. There was an initial hiatus in the chain of title to the trade marks in issue, but it was clarified through the furnishing of additional information and I am prepared to accept for the purposes of this adjudication that the complainant's appointment was at the instance of the owner of the registered trade marks.

h. Clause 12 of the written distribution agreement provides as follows:

"12. Right to use brand names

*During the validity of the agreement, Distributor (the complainant) shall have the right and obligation to use the company (that is Mares S.p.A) brand name and Trademarks, whichever the case may be, on all Products sold or distributed, but Distributor shall have the right also to use its own name in promoting the Products. Unless Distributor obtains the advance consent in writing of Company (sic) it has not any power or right to register any trademarks or similar rights of Company in its own name."*

It would thus appear that the complainant acquired the right to use the trade marks, but does not enjoy any proprietary interest in these marks.

- i. In terms of a letter addressed to the complainant dated 23 January 2007, Mares S.p.A gave its authority to the complainant to "use our website extensions for South Africa for the time being".
- j. Although its distributorship was terminated, the registrant has retained the domain names <dacor.co.za> and <mares.co.za> and continues to sell and promote diving equipment more particularly DACOR and MARES scuba-diving equipment via its website. As mentioned above, the

registrant's website is also accessed via the domain names <dacor.co.za> and <mares.co.za>.

- k. In an effort to acquire the domain names <dacor.co.za> and <mares.co.za>, the complainant and registrant entered into negotiations. The negotiations were unsuccessful, resulting in the domain names not being transferred to the complainant.
- l. Despite the fact that its distribution agreement was terminated with effect from September 2006, the registrant claims still to have stocks of MARES and DACOR products on hand, which it wishes to sell. It refuses to relinquish the <dacor.co.za> and <mares.co.za> domain names, claiming that it was responsible for introducing and building the MARES and DACOR brands in South Africa.

### **3) Parties' Contentions**

#### **a. Complainant Summary**

- i. The complainant contends that it was appointed as the distributor of MARES and DACOR scuba-diving equipment with effect from September 2006 and was granted a three year exclusive distributor's contract from Mares S.p.A with effect from 1 September 2007.
- ii. In its reply, the complainant alleged, that Mares S.p.A is the proprietor of the common law rights which vest in the MARES trade mark. It follows that Mares S.p.A also acquired common law rights in the DACOR trade mark.
- iii. The complainant alleges that the use by the registrant of the domain names <dacor.co.za> and <mares.co.za> takes unfair

advantage of, and is unfairly detrimental to, the complainant's rights.

- iv. In this regard it refers to a statement on the registrant's website which provides "please note that the range in South Africa is limited to the products shown in this website....". The complainant contends that the aforesaid statement is untrue as it, the complainant, imports a complete range of equipment. It is to be noted that the statement appeared below the statement "GO TO THE MARES MAIN SITE." The website, as it then was, stated that it was under construction. In its reply the complainant referred to the fact that the web-site had changed and this fact is borne out by a consideration of the web-site as it exists presently. The statement complained of no longer appears and the MARES and DACOR brands are mentioned along with the other brands of equipment sold by the registrant. The pages dealing with products and prices indicate that the site is still under construction and there is no longer a list of products and prices. The web-site, as presently constituted proclaims the registrant's new business model, allegedly adopted in 2007, in terms of which it is now selling directly to the public.
- v. The complainant is concerned that its customers and prospective customers will be diverted to the registrant's website when typing in the domain names <mares.co.za> or >dacor.co.za> in a search for websites in South Africa. The complainant contends that this will cause confusion amongst such customers and prospective customers. It is to be noted that it is not contended that in searching under the trade marks MARES or DACOR the searches will only be directed to the registrant's web-site.

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**b. Registrant (summary)**

- i. The registrant was the official distributor of MARES equipment in Southern Africa for twenty years, terminating in September 2006. According to the registrant is also distributed the DACOR range of products from the time when MARES took over the DACOR company. The date of such take over was not stated.
- ii. The registrant contends that it was responsible for growing the MARES and DACOR brands in South Africa and claims that it is responsible for making MARES one of the leading brands of diving gear in this country. It furthermore claims to have been linked to MARES in the minds of retailers for the duration of its distributorship of MARES and DACOR products.
- iii. The registrant claims to have suffered a loss by the resignation of Mr Andre Botha, previously a director of the registrant, who is now employed by the complainant. According to the registrant, it was almost forced to close its doors but has rather decided to sell off its remaining stock in order to pay creditors. The registrant claims that its distribution business was ruined by the appointment of a new distributor, ie: the complainant, and was thus forced to commence sales direct to the public. It is alleged that due to undue influence by the complainant, the registrant is only able to market its products via the internet.
- iv. The complainant denies that the registrant was forced to start selling directly to the public by virtue of its actions and points out that such sales, directly to the public, took place already prior to the date on which the complainant was appointed as the distributor of Mares S.p.A. In my view nothing turns on the correctness or otherwise of the party's contentions in this regard. The material fact is that the registrant's web-site was in use prior to the termination of the registrant's distribution agreement.

- v. The registrant contends that it has "*every right to use the MARES and DACOR names in marketing these products*" by virtue of the fact that it legitimately purchased original MARES and DACOR products for resale. It maintains that the aforesaid right remains in place while it still has such products and therefore relies on the fact that it is in possession of authorised MARES and DACOR products in the course of trade, for purposes of defending its position.
- vi. In response to the adjudicator's request for further information, the registrant stated that it was not able to produce a copy of its written distribution agreement in the time available as it was archived following the registrant's move from Port Elizabeth. It was stated, however, that the distribution rights were granted in the mid 1980's. According to the registrant no mention was made in the contract regarding the use of trade marks and quite obviously no mention was made of the Internet. From time to time the principal tried to implement policies regarding the use of their name on the Internet, but were never consistent in applying these policies and nothing was agreed to or signed by the registrant. The signed distribution agreement was never amended and did not stipulate a time period within which stock purchased was to be sold (after the termination of the agreement).
- vii. The registrant contends that the complainant has furnished the adjudicator with no evidence that the DACOR trade mark is registered in South Africa. This difficulty has been dealt with above and it turns out that the registrant is mistaken in this regard.
- viii. The registrant states that the complainant is a wholesaler and does not sell directly to the public. It points out that the diving industry in South Africa is very small and that all retailers are

aware of the fact that MARES and DACOR products are now being distributed by the complainant. As a result, the registrant claims that there is no confusion stemming from its use of the domain names <dacor.co.za> and <mares.co.za>. In reply the complainant submitted an argument that a South African person interested in MARES and DACOR products will look for that information on the domain names [www.mares.co.za](http://www.mares.co.za) and [www.dacor.co.za](http://www.dacor.co.za) and will be misled by being directed to the registrants web-site, which reflects a limited range of old, obsolete products. This would cause confusion amongst the prospective purchasers of MARES and DACOR products. The ordinary consumer who does not know dive shops may, so it was contended, reach the wrong conclusion about the available MARES and DACOR products and where they may be purchased. I pause to reiterate that the current web-site for [dive-tek.co.za](http://dive-tek.co.za) does not specify the products for sale by the registrant.

- ix. The registrant claims that it uses the domain names <dacor.co.za> and <mares.co.za> in the legitimate good faith offering of genuine products that it purchased for re-sale.

### **c. Reply**

I have dealt with the essence of the reply in what I have stated above.

## **4) Discussion and Findings**

In terms of Regulation 29(1) read with Regulation 27, I must decide this dispute in accordance with principles of law, on the basis of the dispute, response, and reply, if any, and further statements or documents submitted in accordance with these Regulations, in particular in the present case Regulation 26 (chapter iii).

### **a. Complainant's Rights**

i. In terms of Regulation 3(1):

*"A registrant must submit to proceedings under the rules if a complainant asserts, in accordance with the procedure that:*

(a) *The complainant has rights in respect of a name or mark which is identical or similar to the domain name and, in the hands of the registrant the domain name is an abusive registration;*

[Emphasis Added]

*or*

(b) .....

ii. In terms of Regulation 3(2):

*"The complainant is required to prove on a balance of probabilities to the adjudicator that the required elements in sub-regulation (1) are present."*

iii. In the present case the onus rests upon the complainant to establish the nature and the scope of the rights its relies upon and thus its *locus standi* to make this complaint. This is the effect of such decisions as, *Mr Plastic* (case ZA2007-0001) at par [4].

iv. It is to be noted that a registrant does not have to prove that it has proprietary rights in a name or mark. Regulation 3(1)(a) provides that the complainant must have rights *"in respect of a name or mark"*. In my judgment, the phraseology *"rights in respect of"* conceptually broader than *"rights to"* a mark and this interpretation is supported by the definition of *"rights"* and *"registered rights"* in Regulation 1. In Regulation 1:

*"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."*

[Emphasis Added]

See also <private-sale.co.za> decision ZA2007-0008 at par 4.1.12

- v. In essence the present complainant cannot claim proprietary rights to the marks in issue, but in my view can claim commercial rights in respect of the marks MARES and DACOR, pursuant to the distribution agreement upon which it bases its claim.
- vi. In my judgment, it is to the complainant's rights that reference must be had and these rights cannot be equated to the rights of the proprietor of the trade mark itself. I pause to refer to *Nominet UK* case DRS0024, *Seiko UK Limited v Designer Time/Wanderweb*, where both the Independent Expert and the Appeal Panel appeared to equate the rights of the complainant, which was the distribution of Seiko goods in the United Kingdom, with the right of its parent company which was the trade mark owner. I respectfully disagree with this approach, which, as will appear hereafter, is in any event is inconsistent with the principles applicable in South African law.
- vii. In the preamble to the distribution agreement the complainant is described as the "exclusive distributor" in the territory [defined as including South Africa] for the sale of certain sport equipment marketed under the trade marks of MARES S.p.A or other companies of the HEAD M.V. Group.
- viii. Typically, despite the distributor's use of a trade mark, the distributor enjoys no claim of proprietorship thereto. I am mindful that a distributor may, under appropriate circumstances, claim that it, and not the manufacturer, is the proprietor of a trade mark and that this usually occurs in a situation in which the distributor, in carrying out the distribution function, uses the trade mark in question in such a way that the public comes to identify the goods with it rather than with the manufacturer. See: *Scandecor Development AB v Scandecor Marketing AB* [2002] FSR 122 (HL)

at para 65. The present case is not, in my judgment, a case of that sort. The complainant does not rely on any rights of proprietorship in the marks in question and indeed relies on a letter from Mares S.p.A dated 23 January 2007 (SIC) in which Mares S.p.A states:

*"We confirm we are the legal owner of the trade marks MARES #827411 in class 9 and #82/7412 in class 28 and DACOR #2001/09949 in class 9 (copies enclosed).*

*As legal owners of these brands we authorise your company AQUA DIVERS to use our website extensions for South Africa for the time being. Please note that MARES is entitled to withdraw this authorisation at any time for whatever reason."*

[Emphasis Added]

The important aspect to note is that it is common cause that the rights of the complainant are limited to the commercial rights enjoyed by an exclusive distributor.

- ix. It is trite that an exclusive distribution does not have the requisite *locus standi* to enforce the registered rights of a trade mark proprietor, nor does it have the *locus* to enforce the rights at common law of the person whose goodwill or reputation is symbolised by the marks in question. It may, however, protect its own goodwill against unlawful competition (see in this regard *Prok Africa (Pty) Ltd v NTH (Pty) Ltd* 1980(3) 687(W); *U-Drive Franchise Systems (Pty) Ltd v Drive Yourself (Pty) Ltd* 1976(1) SA 137 (D) 142.
- x. It is clear from the authorities that the commercial rights of an exclusive distributor are limited in their scope. The situation is trenchantly set out in *Taylor & Horne (Pty) Ltd v Dentall (Pty) Ltd*

1991(1) SA 412 (AD) in particular at 422 H-423 D in which Van Heerden JA stated the following:

*"In the result it seems clear that the appellant must stand or fall by the contention that because of the existence of the exclusive supply agreement between it and ESPE, nobody may lawfully market Impregum in the Republic in competition with the appellant. Acceptance of this contention would certainly lead to startling consequences. It would mean that for as long as the sole agency endures the appellant would enjoy a monopoly, akin to that derived from a patent, in regard to the commercial distribution of Impregum in this country. It would also mean that the agreement which created purely contractual rights between the parties thereto would in effect bind would-be competitors no matter from what source or however honestly they obtained supplies of Impregum. A further result would be to impose an unwarranted restriction on the right of ownership of a person who legitimately acquired supplies of Impregum (cf Consumers Distributing Co. Ltd v Seiko Time Canada Ltd 10 DLR (4<sup>th</sup>) 161 at 174). It is therefore not surprising that Callman (op cit vol 2 chap 9 at 6-7) remarks:*

*"if a dealer purchases the manufacturer's goods from a seller who is under no contractual obligation and then sells in the exclusive area without misleading the public, there is little likelihood that action against the dealer, either by the manufacturer or his exclusive distributor, would succeed. Such an interference with the manufacturers contractual arrangement with his exclusive distributor would be incidental to and the normal consequence of, competition."*

*In Schultz's (at 679) this court held that fairness and honesty are relevant criteria in deciding whether competition is unlawful, and that in judging of fairness and honesty regard is had to boni mores and the general sense of justice of the community. Applying these criteria in the light of the above considerations I do not think that the respondent's intrusion into the market for Impregum albeit created by the appellant's efforts as the*

*sole local distributor of ESPE – would be condemned by the community as unfair or unjust in a legal sense.”*

[emphasis added]

- xi. Thus in my judgment, the rights of the complainant in this case do not extend to the prevention of a competitor, including the registrant, from marketing and selling MARES and DACOR products, provided that the manner in which it set about such marketing and selling is not calculated to mislead the public and the registrant does not overstep the bounds of fairness and honesty in competition *vis a vis* the complainant; i.e. the registrant does not engage in leading in unlawful competition within the meaning of such leading cases as *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd* 1981(2) SA 173 (T) 186-189 and *Butt v Schulz* 1986(3) SA 667 (A) 678-679.

- xii. I am also mindful of the fact that Section 34(2)(d) of the Trade Marks Act provides that:

*"A registered mark is not infringed by the importation into or the distribution, sale or offering for sale in the Republic of goods to which the trade mark has been applied by or with the consent of the proprietor thereof."*

There is no suggestion that the registrant is selling anything but genuine goods.

#### **b. Abusive Registration**

- i. The term "abusive registration" is defined in the Regulations 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 rights."*

[emphasis added]

The terms "unfair advantage" and "unfair detriment" have been discussed at length in the FIFA decision ZA2007-0007 at paras [4.17] – [4.23] and I respectfully associate myself with the remarks made there. There are two factors to be considered, namely the advantage or detriment must be to the complainant's rights in the present case (which are not the same as the rights to the trade mark owner). Thus taking advantage of the reputation of the MARES and DACOR marks by promoting the sale of genuine MARES and DACOR equipment would not be unfair or detrimental to the complainant's rights in terms of its distribution agreement within the meaning of the definition. As indicated in the *Taylor & Horne* decision (supra), that would simply be engaging in legitimate competition. Any advantage gained would not be as a result of taking advantage of the complainant's rights as opposed to taking advantage of the reputation attaching to the marks.

- ii. Regulation 4(1) provides for specific conduct (which is not exhaustive), that indicates that a registration is abusive. It provides that:

*"factors, which may indicate that the domain name is an abusive registration include:*

*(a) Circumstances indicating that the registrant has registered or otherwise acquired the domain name primarily to:*

- 
- (i) *sell, rent or otherwise transfer the domain name to a complainant or to a competitor of the complainant, or any third party, for valuable consideration in excess of the registrant's reasonable out-of-pocket expenses directly associated with acquiring or using the domain name;*
- (ii) *block intentionally the registration of a name or mark in which the complainant has rights;*
- (iii) *disrupt unfairly the business of the complainant; or*
- (iv) *prevent the complainant from exercising his, her or its rights;*
- (b) *Circumstances indicating that the registrant is using, or has registered the domain name in a way that leads people or businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the complainant.*  
(Emphasis Added)
- iii. I reiterate that the above factors are not exhaustive and the overriding consideration is whether the registration falls within the definition of "abusive registration" in the context of the nature and scope of the complainant's rights. As I have foreshadowed above the complainant cannot be protected from competition from the registrant. The key question is whether the registrant is acting contrary to the *boni mores* insofar as the complainant is concerned.
- iv. The relevant provisions of Regulation 5 provides that factors, which may indicate that the domain name is not an abusive registration, include:
- (a) *Before being aware of the complainant's cause for complaint, the registrant has:*

- (i) *used or made demonstrable preparations to use the domain name in connection with a good faith offering of goods or services;*
- (ii) *Been commonly known by the name or legitimately connected with a mark which is identical or similar to the domain name; or*

Similarly those factors are not exhaustive and it is incumbent upon me to have regard to all the relevant evidence in considering whether the registration or use is "abusive".

Regulation 4(a)(i)-(iv)

- v. It is not the complainant's case that the registration of the domain names gave rise to an abusive registration. Indeed it cannot make that case as the domain names were registered prior to the complainant becoming the authorised distributor.
- vi. I cannot find that the registration of the domain names took advantage of or was detrimental to the rights of the complainant.

Regulation 4(b)

- vii. The essence of the complainant's case is set out in paragraph 11.1.2 of its complaint in which it states:

*"In general, the domain name in dispute has been used by the Registrant in a manner that take unfair advantages (sic) and is unfairly detrimental to Aqua Divers International (Pty) Ltd's rights. One example of the abovementioned practice would be the fact that Divetek (Pty) Ltd states on the website:*

*"Please note that the range in South Africa is limited to the products shown on this website....." (annex 6)".*

*This is clearly untrue as Aqua Divers International (Pty) Ltd imports the complete ranges (sic) of equipment. When typing the brands MARES and DACOR in a search for websites in South Africa, one is diverted the Divetek (Pty) Ltd website. This causes confusion amongst customers and prospective customers of Aqua Divers International (Pty) Ltd and the brands Mares & Dacor in South Africa."*

The statement in the last paragraph is not strictly true as it is when <mares.co.za> or <dacor.co.za> are typed in that the diversion takes place.

- viii. In essence the complaint is that circumstances exist which indicate that the registrant is using the domain names in ways that lead people or businesses to believe that the domain names are registered to, operated or authorised by, or otherwise connected with the complainant so that they are used in a manner that takes unfair advantage of, or is unfairly detrimental to the complainant's rights. It relies on sub-paragraph (b) of the definition of "abusive registration." This is a difficult case for the complainant to make in view of the registrant's use of the domain names prior to the termination of the distribution agreement.
- ix. It is the essence of the complainant's complaint that the registrants rights to the use of the domain names <mares.co.za> and <dacor.co.za> ceased when its rights of distribution ceased. The difficulty that I have with the above submission is that there is no evidence before me to indicate that the registrant was required to cease using the website or transfer the domain name once it's authorised distributorship ceased. The complainant has most certainly not made out that case and the onus rested upon it to do so. The registrant for its part has stated that the distribution agreement made no mention of the cessation of use of the trade marks and that the distribution agreement, which made no mention of the Internet was never varied thereafter. The basic

foundation of the domain name registration system is that it is a “first come, first served” system. Unless a principle of law or a contractual obligation obliged the registrant to give up the domain names it is entitled to retain them. I am not aware of any such principle of law and no contractual obligation has been shown. In my judgment the onus rested upon the complainant to demonstrate this fact.

- x. The termination of the distribution agreement did not of its own accord preclude the registrant from competing with the complainant and insofar as the complainant was concerned continuing to use the domain name and website for this purpose. I do not find that the registrant’s conduct in this regard to be dishonest or unfair or misleading insofar as the complainant is concerned. It can only enforce its own rights as circumscribed by the principles set out in the *Taylor & Horne* (supra). I am not concerned with any rights the trade mark owner might have and I refrain from making any comment in this regard.
- xi. Although the complainant made the general assertion that the domain name had been used by the registrant in a manner that took unfair advantage of and was unfairly detrimental to its rights, this allegation in itself was somewhat vague and generally unsupported. The complainant simply repeated the words of the definition and that did not suffice.
- xii. The first specific allegation is that when the respective domain names are searched, the user was diverted to the Registrant’s website. In my judgment this is neither unfair nor dishonest, particularly as the Registrant is using the website in order to promote and sell MARES and DACOR products. It is alleged that this diversion causes confusion amongst customers and prospective customers of Aqua Divers International (Pty) Ltd and

the brands MARES and DACOR in South Africa. No evidence of any such confusion was led by the Registrant and I cannot find that the Registrant has acted unfairly or dishonestly in causing the re-direction to its divetek.co.za website. If the Registrant was entitled to operate a website under the respective domain names, it would in my view be entitled to re-direct users from those domain names to its Divetek website advertising and promoting MARES and DACOR products..

- xiii. It was also alleged that the registrant took unfair advantage of and was unfairly detrimental to the rights of the complainant by stating on its website:

*"Please note that the range in South Africa is limited to the products shown in this website....."*

This statement is alleged to be clearly untrue. This statement must be seen in the context of the website clearly being the website of the registrant and the statement inviting the browser to go to the MARES main site. The particular statement in question appeared in the finest print below the aforementioned statement which was in bold print. The website also indicated that it was in the course of construction and it is common cause between the parties that the website has been changed and the allegedly offending statement no longer appears on that website. I cannot find that the registrant gained any substantial advantage from this statement or caused any substantial detriment to the complainant, which would warrant me finding that the registrant was taking unfair advantage of the complainant's rights or was acting in a manner detrimental to such rights.

- xiv. In my judgment the domain names have not been used in a manner that takes unfair advantage of, or is unfairly detrimental to the complainant's rights. More particularly, I do not find that the

domain name has been used in a way that leads people or businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the complainant. I also bear in mind that the evidence discloses that the registrant has been legitimately connected with the MARES and DACOR trade marks for a substantial period of time prior to becoming aware of the complainant's cause for complaint. In my judgment, the registrant has used the domain names in connection with a good faith offering of goods or services.

[emphasis added]

- xv. As was the situation in the *Nominet UK* case DRS00285, *Sparco s.r.l v Steven Bennett* (at page 5) it seems to me to be fairly crucial to the analysis that the respondent has an existing business in the MARES and DACOR goods. If the business of the registrant was, for all practical purposes, that of a competitor selling diving equipment of another make, one might surmise that the continued use of the domain names was for the purposes of causing confusion. It is true that the registrant's website advertises and promotes other brands of diving equipment but it is not suggested that this of itself would cause confusion. The facts in the present case are distinguishable from the situation postulated in the *Sparco* (supra) where the independent expert considered that a deliberate "cross-over" of products from one site to another could well amount to using a domain name in a manner which took unfair advantage of, or was unfairly detrimental to, the rights of the complainant in that case.
- xvi. In the event that I reach the conclusion that the complainant has failed to make out a case that the domain names constitute abusive registrations.

## 5) Decision

For all the foregoing reasons, the dispute is refused.

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**ADVOCATE G.E. MORLEY SC**  
SAIPL SENIOR ADJUDICATOR  
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