

ADJUDICATOR DECISION

CASE NUMBER:	ZA2009-0035
DECISION DATE:	21 October 2009
DOMAIN NAME	netconnect.co.za
THE DOMAIN NAME REGISTRANT:	Millennium Desktop Services (Pty) Ltd t/a Millennium Computer Services
REGISTRANT'S LEGAL COUNSEL:	Von Seidels Attorneys
THE COMPLAINANT:	Netconnect CC
COMPLAINANT'S LEGAL COUNSEL:	Bowman Gilfillan Inc. (Attorneys)
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	UniForum SA (CO.ZA Administrators)

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1) Procedural History

- a. The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on 20 August 2009. On 21 August 2009 the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue, and on 21 August 2009 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.
- b. In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on 28 August 2009. In accordance with the Regulations the due date for the Registrant's Response was 28 September 2009. The Registrant submitted its Response on 21 September 2009, 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 25 September 2009.
- c. In accordance with the Regulations the due date for the Complainant's Reply was 2 October 2009. The Complainant submitted its Reply on 2 October 2009.
- d. The SAIPL appointed Mr. Andre van der Merwe as the Senior Adjudicator in this matter on 14 October 2009. 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.
- e. The Registrant had initially been identified as Millennium Computer Services - based on the information contained in the Whois facility of UniForum SA. In this regard see Annexure "NC1" to the Complainant's Dispute. However, in its Response the Registrant has clarified its status

and name as being Millennium Desktop Services CC trading as Millennium Computer Services. In this regard see Annexure "MSD1" to the Registrant's Response.

2) Factual Background

- a. The Complainant has submitted that it had commenced business in Port Elizabeth during 1994 using the trading name and trade mark NETCONNECT after it was incorporated as NETCONNECT CC (registration number 1994/012900/23). In its business, the Complainant has offered a variety of IT services and products since 1994, and more particularly since 1995 has conducted business as an ISP ("internet service provider"). It appears that the Complainant has used, and promoted, the name and trade mark NETCONNECT in respect of such goods and services.
- b. The Complainant's business grew over the years and expanded to other centres in South Africa. Today the Complainant has offices in Port Elizabeth, Johannesburg, Witbank, Cape Town and Durban.
- c. In 2002 the Complainant had filed trade mark applications for NETconnect & a square Device *inter alia* in classes 35 and 42 iro various services including those relating to IT and Internet services. These applications proceeded to grant and registration in 2008.
- d. The Registrant has submitted that it was incorporated as Millennium Desktop Services CC in 1997, and from that time it has traded as Millennium Computer Services, offering a wide range of IT goods and services including ISP services.
- e. It had registered the disputed domain name on 17 January 2000, and had commenced using the disputed domain name (and accordingly the trade mark NETCONNECT) from that date in its business.
- f. In 2004 the Registrant had applied to register as a trade mark NETCONNECT & an Arrow & Ball Device in class 38. Its application was refused by the Registrar of Trade Marks, and was subsequently withdrawn by the Registrant.

3. Parties' Contentions

a. Complainant

The Complainant has made the following contentions:

- i. It had adopted the name or trading style and trade mark NETCONNECT in 1994 and had used and promoted this in its business so that it had gained a repute or reputation, and hence goodwill therein in South Africa, under the common law, by January 2000 viz when the Registrant had registered the disputed domain name.
- ii. The name and trade mark NETCONNECT is an "invented" word and this combined word is inherently capable of distinguishing its goods and services. The Complainant contends that registration of its mark NETCONNECT (& a square Device) supports this contention.
- iii. Its name and trade mark NETCONNECT is identical to the disputed domain name; and the goods/services of the respective businesses overlap for example in respect of ISP services.
- iv. The critical date in respect of this Dispute is the date of registration of the disputed domain name viz 17 January 2000. Therefore events subsequent to that date are irrelevant for purposes of the Dispute.
- v. Accordingly the disputed domain name registration, in the hands of the Registrant, is an abusive registration.

b. Registrant

The Registrant has made the following contentions:

- i. The Complainant did not enjoy a repute or reputation in Cape Town as at 17 January 2000 under the common law because its business activities were limited to Port Elizabeth where it was located; and the Registrant was unaware of the Complainant or its business at that time.
- ii. The term NETCONNECT is a descriptive term and is generic of internet and internet-type services. Hence the Complainant could

in any event not claim exclusivity nor acquire any common law rights therein.

- iii. The Registrant had selected NETCONNECT for its domain name in good faith, and is making fair use of the domain name in dispute in its business.
- iv. It has used the domain name in dispute for a period of nine years and has just as much claim to NETCONNECT as the Complainant.

4. Discussion and Findings

By way of background, Sub-Regulation 3(2) states that a complainant is required to prove on a balance of probabilities to the Adjudicator that all the required elements in Sub-Regulation 3(1) are present. This latter Sub-Regulation requires that the following has to be shown in accordance with this Dispute procedure –

- (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; or
- (b) the domain name, in the hands of the registrant, is an offensive registration.

In the Definitions Regulation 1, “abusive registration” is defined 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.

Based on the above, the Complainant, in order to succeed, has to prove, on a balance of probabilities, the following three elements, viz that –

- (a) it has rights in respect of the name or mark NETCONNECT; and
- (b) NETCONNECT is identical or similar to the disputed domain name viz netconnect.co.za; and

- (c) in the hands of the Registrant, the domain name is an abusive registration.

a. Complainant's Rights

- i. The first element is an enquiry as to whether the Complainant had rights in respect of the relevant name or mark viz NETCONNECT (and at the relevant time). The Complainant did not enjoy any registered rights at that time so the enquiry shifts to possible rights in terms of the common law. The Complainant claims earlier rights of use and common law rights in its business in respect of the name and trade mark NETCONNECT (which *pro tempore* is assumed to be distinctive of the Complainant's goods and services - see further discussion below) at the time that the disputed domain name was registered. The Registrant has challenged such rights and denied that the Complainant had enjoyed such rights in Cape Town because it was based in Port Elizabeth and its business was restricted to that locality.

Firstly, it is clear in terms of the definition of an abusive registration cited above that the *moment critique* in this Dispute is the date of registration of the disputed domain name viz 17 January 2000. Accordingly, events after that date can be considered irrelevant for purposes of this Dispute. However, it is instructive that the above-mentioned definition also provides that the disputed domain name could have been used (-viz after its registration) in a manner that takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights.

Secondly, between 2004 and 17 January 2000, when the Complainant was located solely in Port Elizabeth, it appears that the Complainant had from its office in Port Elizabeth sold its goods and services to customers located throughout the Republic of South Africa. See Annexure "NC50" to the Complainant's Dispute.

See also in the Complainant's Reply para 2.2 and 13 read together with Annexures "NC 58" to "NC71" proving that goods and services were provided and sold to customers in Johannesburg and Sandton; see Annexures "NC72" to "NC86" in respect of customers in Cape Town and in the Western Cape Province; see Annexure "NC87" in respect of customer work in Durban; and see Annexures "NC88" to "NC95" in respect of customers located in Port Elizabeth.

Even if the Registrant was unaware of the Complainant and of its business name and trade mark NETCONNECT during or about January 2000, this does not detract from the earlier rights of use that the Complainant had established and enjoyed at that time essentially throughout South Africa, including in Cape Town. The Adjudicator refers to the old Roman law maxim *Qui prior in tempore, fortior in jure est* – "Whoever is earlier in time, is stronger in law". Clearly the Complainant was earlier in time to adopt and use the name and trade mark NETCONNECT, and in terms of this rule of law, the Complainant should in principle enjoy stronger rights in and to NETCONNECT than the Registrant.

As to how strong or extensive the Complainant's reputation was during January 2000 in Cape Town (and elsewhere as compared to its reputation for example in Port Elizabeth, Johannesburg or Sandton), this must be judged on the facts of this case and the evidence provided by the Complainant. Although on the facts before the Adjudicator the extent of the relevant repute is somewhat difficult to determine with accuracy, it can clearly be inferred that the Complainant's business, including its name and trade mark NETCONNECT, was known to all its customers in Cape Town (-and not only to the few shown in the above-mentioned Annexures "NC72" TO "NC86"), and also to a further circle of potential customers in Cape Town. To this extent, the

Complainant's business appeared to enjoy a meaningful repute or reputation, and hence goodwill, among those businesses at that time, namely sufficient for it to claim rights under the common law.

The Registrant has attempted to nullify such repute in Cape Town largely because it did not know of the Complainant or its business being active in Cape Town. See in regard to goodwill and the basis of passing off generally – paragraph 15.7 of Webster and Page: South African Law of Trade Marks (Fourth Edition) and the decided cases cited. See also paragraph 15.16.1 of Webster and Page *supra* where the learned authors state: "In Pockets (Holdings) Ltd v Oak Holdings Ltd, 1953 2 SA 659 (SR) 661, it was stated that where the reputation of a business is established beyond the limits of a trader's immediate operations, he or it 'must be entitled to protection from the use by others of its good name, provided there is a reasonable prospect that such use may interfere with its trade, present or future.' This implies that the court may take into account possible future territorial extensions of the business." The learned authors continue: "As Page (later Justice Page) states in his contribution entitled The Territorial Limitations of Repute in Passing Off etc in the textbook by Neethling (ed): Onregmatige Mededinging/Unlawful Competition: "The general approach was that, if once the defendant's conduct would lead people to conclude that his goods or business were those of, or connected to, the plaintiff, it will be likely to damage the goodwill of the plaintiff even if such goodwill is confined to a different area. The matter cannot be decided on a mere allocation of goodwill by areas. Although distance might in some cases reduce, or even remove, the likelihood of deception, that must remain a question of fact in each case. In deciding it, not only must reasonable scope be allowed for the expansion of the plaintiff's business by the opening of new branches, but the possibility of expansion by the

defendant must also be taken into account. Moreover, regard must be had to the modern propensity of people to move about all parts of the country, whether for living, business or holiday; and to the fact that labelled goods can readily move with their owners in the same way." It can be assumed in the modern world that goods and services can readily be supplied remotely, and especially in respect of IT services and by means of the internet.

By way of contrast, this dispute and its facts can be clearly distinguished from the so-called Diggers Grill case viz Sidewalk Cafes (Pty) Ltd t/a Diggers Grill v Diggers Steakhouse (Pty) Ltd, 1990 1 SA192 T. In that case, it was decided that the reputation of a restaurant located on the East Rand did not extend to the Durban area (essentially because restaurant services cannot be provided remotely and hence would generally enjoy only a local repute as opposed to a national repute).

In support of the above reasoning, reference is made to the bikeandleisure.co.za decision (ZA2008-0018) in which the complainant's BIKE AND LEISURE magazine had been published a mere 5 (five) days before the date of the registration of the disputed domain name. Nevertheless, the Adjudicator found that the use that the complainant had made of the trade mark in that short time warranted the conclusion that the complainant had established rights in the trade mark. Reference is also made to foreign domain name decisions such as the PowerTV case (WIPO D2001-0831) and in the Leading Hotels case (WIPO D2002-0241). In these cases the issue of whether the complainant had established rights in names or marks which could serve as the basis for objections to domain names was considered. In each case it was found that the complainants had established such rights in the names or marks in question although the principle

that relief could be refused, if the complainant fails to establish such rights, was recognized.

Accordingly, the Adjudicator concludes that the Complainant has proved, on a balance of probabilities, that it had enjoyed a repute, and hence common law rights, that had extended to Cape Town as at 17 January 2000.

- ii. As to whether the Complainant's name or mark NETCONNECT is identical or similar to the Registrant's disputed domain name netconnect.co.za, there can be no doubt. The Registrant has argued the converse in its Response viz that the Complainant's trade mark includes a square Device and that its own trade mark includes an arrow and ball Device.

However, these submissions are without merit because the Complainant's name is NETCONNECT CC and initially, and more particularly prior to January 2000 it would have used the name and trade mark NETCONNECT in its business. Presumably in or about 2002 when it applied to register the trade mark NETCONNECT & square Device, it would have commenced using the composite trade mark although its name remains NETCONNECT CC. The Registrant has argued that the composite trade mark used by it is different to the Complainant's composite registered trade mark because of the respective devices. However, the critical analysis in this Dispute is not between the respective composite marks as used in trade but correctly is between the Complainant's name and mark NETCONNECT (as used by it up to 17 January 2000) and the disputed domain name netconnect.co.za.

It was stated in the Rovos Rail case (WIPO D2001-1299): "Essential or virtual identity is sufficient for purposes of the Policy." See also in this regard the Stanley Works case (WIPO D2000-

0113); the Toyota case (WIPO D2000-0802); the Nokia case (WIPO D2000-0102); and the Blue Sky case (WIPO D2000-0165). In such analysis and according to the conclusion of the Adjudicator, the Complainant has proved, on a clear balance of probabilities, that these respective words are identical. In simple terms both of these amount to NETCONNECT.

- iii. Reverting to the Adjudicator's reservation indicated in paragraph i) above viz that it was assumed *pro tempore* (and purely for purposes of the reasoning in that paragraph) that the name and trade mark NETCONNECT is distinctive of the Complainant's goods and services. In its Response the Registrant has denied that the Complainant could in any event have developed any common law rights in the name and trade mark NETCONNECT because this is a descriptive term and is generic of the services offered by both parties.

Firstly, in the Adjudicator's analysis and view, the word NETCONNECT appears to be an invented word consisting firstly of the prefix NET that is derived from, and is part of the word, INTERNET or the word NETWORK. The suffix CONNECT is the verb derived from the noun CONNECTION. While both of these two elements are descriptive, or somewhat descriptive, of the IT industry, their overall combination is unique in that it presents an invented word. Such an invented word invariably provides a trade mark that is strongly capable of distinguishing the goods and/or services of one trader from those of other traders. This appears to be confirmed by the Registrar of Trade Marks having accepted and registered the Complainant's trade mark NETCONNECT and square Device - notably without any disclaimer or endorsement.

Secondly the Registrant has submitted that the Complainant cannot claim exclusivity regarding NETCONNECT because it is

generic in respect of the goods and services provided by the parties and by other parties. While it may be that in other countries various parties may be using this term, and such use may of course be in respect of other goods and services, in South Africa there appears in the Registrant's Response to be minimal use by other parties of NETCONNECT. The Close Corporation NETCONNECT DISTRIBUTION CC appears to be the single case in point but the Complainant has indicated that it has taken legal advice and that this business does not appear to offer ISP services. Hence it is of little importance to the business of the Complainant.

To be considered "generic" of the goods or services of both parties, as alleged by the Registrant, NETCONNECT must be universally accepted and be the generally recognized term by the public as being to be the only practicable name or description for such goods or services. Marks that have become generic are ESCALATOR in South Africa, for example; and KLEENEX and XEROX in the United States of America, for example. This is decidedly not the case with NETCONNECT, and the Registrant's submissions in this regard must be rejected.

In support hereof, see paragraph 13.17.4 of Webster and Page *supra*. Accordingly, the Adjudicator rejects the Registrant's various submissions in this regard, and concludes that the Complainant's name and trademark NETCONNECT is, on a balance of probabilities, capable of distinguishing the goods and services of the Complainant from those of other traders. Hence it will have enjoyed, and presumably today enjoys to a greater extent, the common law rights referred to above.

b. Abusive Registration

- i. Sub-Regulation 4 provides a list of non-exhaustive factors which may indicate that a domain name is an abusive registration. The Complainant has submitted that three of these factors apply in this Dispute. Firstly, the Complainant has submitted that the disputed domain name was registered primarily to disrupt the business of the Complainant unfairly. The Complainant has pointed out that the disputed domain name registration not only prevents the Complainant from registering NETCONNECT as its own domain name but also prevents the Complainant from operating a website from such domain name. This has the effect of disrupting the business of the Complainant unfairly *inter alia* because the Complainant is prevented from using its name and trademark NETCONNECT as a domain name to attract customers and to promote its business.

Various UDRP decisions have found that disruption of a complainant's business may be inferred if the registrant has registered the identical name or mark, or a variation thereof by adding a generic word. See for example the foreign decisions in WIPO/D2000-0777, NAF/FA94942, NAF/FA94963 and NAF/FA95402 and ZA2007-0003. In these decisions, the adjudicators had found that disruption of a business may be inferred if the Registrant has registered a variation of the Complainants mark by adding a descriptive term. In the present Dispute, this inference is even more strongly applicable when the disputed domain name is identical to the name and trade mark of the Complainant.

Accordingly, the Adjudicator finds, on a balance of probabilities, that by registering the disputed domain name, the Registrant has unfairly disrupted the business of the Complainant.

- ii. The second submission by the Complainant is that the Registrant has registered the disputed domain name primarily to prevent the Complainant from exercising its rights viz to register and use NETCONNECT as its own domain name.

The Registrant had warranted when it had registered the disputed domain name, according to the UniForum terms and conditions included in (clause 5.1) that: "I. It has the right without restriction to use and register the Domain Name." and "II. 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."

In addition to the afore-mentioned, the inability of the Complainant to register and use its name and trademark NETCONNECT as a domain name prevents it from using the name to attract customers and to expand its business. Accordingly, the Adjudicator finds, on a balance of probabilities, that the Registrant has, by registering the disputed domain name, prevented the Complainant from exercising its rights.

- iii. The third submission by the Complainant is that the Registrant is using, or has registered, the disputed 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. The relevant Sub-Regulation clearly refers to either registration or use. In this Dispute both registration and use are applicable.

The disputed domain name, because it is identical to the Complainant's name and trade mark NETCONNECT, can lead to a

likelihood of confusion. However, the Complainant has experienced more than this viz various actual cases of confusion. See para 14.9 of the Complainant's Dispute read together with Annexure "NC55" thereto. By registering and using the identical name and trade mark NETCONNECT for its domain name, the Registrant appears to have intended to attract internet users to its website, and thereby away from the Complainant. This would of course take unfair advantage of, and be unfairly detrimental to, the Complainant's rights in respect of its name and trade mark NETCONNECT. In the bikeandleisure.co.za case (ZA2008/0018) the Adjudicator confirmed that, if a domain name incorporates a complainant's name and trade mark in its entirety, this is sufficient to establish identical or confusing similarity. Reference is also made to the standardbank.co.za case (ZA2009/0076). Foreign domain decisions confirm this position viz WIPO D2000-0545; NAF/FA95319; NAF/FA95464; and NAF/FA95498.

Furthermore, in Webster and Page *supra* at paragraph 6.10, the learned authors note that the existence of a likelihood of deception or confusion is not a requirement for infringement when the identical mark is used in respect of identical goods or services.

Accordingly the Adjudicator finds, on a balance of probabilities, that the Registrant had registered, and has been using, the disputed domain name in the manner set out above and as contended by the Complainant.

- iv. Lastly, the Registrant has submitted that the disputed domain name is not an abusive registration *inter alia* because it is used generically or in a descriptive manner; that the Registrant is making fair use of it; and that it has a legitimate interest in the name NETCONNECT. Although not indicated expressly as such, these "defences" are based on Regulation 5 that indicates factors

that may indicate that a domain name is not an abusive registration.

The alleged generic and descriptive nature of NETCONNECT has been dealt with above and rejected essentially because the name and trade mark NETCONNECT is an invented word and had first been adopted by the Complainant in South Africa in respect of its particular goods and services. The Registrant's alleged fair use of the disputed domain name is also rejected for the various reasons set out above.

- v. The Adjudicator therefore concludes that the Registrant had registered the disputed domain name in a manner which, at the time when the registration took place, took unfair advantage of, or was unfairly detrimental to, the Complainant's rights; and that the disputed domain name has been used by the Registrant in a manner that takes unfair advantage of, or is unfairly detrimental to, the Complainant's rights.
- vi. Accordingly, the Adjudicator finds that the Complainant has proved, on a balance of probabilities, that the disputed domain name registration netconnect.co.za is an abusive registration in the hands of the Registrant, in terms of Regulations 3(1)(a) and 3(2).

5. Decision

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

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Andre van der Merwe
SAIIPL SENIOR ADJUDICATOR

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Shaun Benater
SAIIPL TRAINEE ADJUDICATOR