

ADJUDICATOR DECISION

CASE NUMBER:	ZA2010-0041
DECISION DATE:	23 March 2010
DOMAIN NAME	Vknfs.co.za
THE DOMAIN NAME REGISTRANT:	K. Reena
REGISTRANT'S LEGAL COUNSEL:	None
THE COMPLAINANT:	VKN Financial Services (Pty) Ltd
COMPLAINANT'S LEGAL COUNSEL:	None
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	UniForum SA (CO.ZA Administrators)

Contents

1) Procedural History	2
2) Factual Background.....	3
3) Parties' Contentions	6
a. Complainant.....	6
b. Registrant.....	10
4) Discussion and Findings	11
a. Complainant's Rights.....	11
b. Abusive Registration.....	12
5) Decision.....	14

1) Procedural History

- a. The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on 12th January 2010. On 18th January 2010 the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name(s) at issue, and 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 22nd January 2010. In accordance with the Regulations the due date for the Registrant's Response was 22nd February 2010. On 16th February 2010 the Registrant delivered an e-mail to the "SAIPL" reading

*"Hi,
Thank you for the mail, and I would like further clarify (sic) that i (sic) have no intention to jeopardise VKN financial service's business for my personal gain or otherwise. i (sic) am happy to transfer the domain as long as it has no further implications."*

In addition to this e-mail the Registrant submitted its response on the 22nd February 2010, 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.

- c. The Complainant did not submit any Reply. The Complainant was advised on the 1st March 2010 that there would be no need to appoint an Adjudicator if a signed Settlement Agreement was lodged with the Administrator, in view of the response by the Registrant. The Complainant elected to proceed with the appointment of an Adjudicator.

- d. The SAIPL appointed Gavin Edwin Morley SC as the Adjudicator in this matter on 10 March 2010. 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

- a. It is important in my view to note that none of the allegations in the Complainant's complaint are in dispute. I have no reason to doubt the facts as stated by the Complainant.
- b. The Complainant is VKN Financial Services (Pty) Ltd, which is a financial services provider registered as such with the Financial Services Board under License Number 1207. The Complainant specialises in short term insurance broking and was established as a Close Corporation in July 2000. The Close Corporation was subsequently converted to a private company and currently operates as such.
- c. In October 2004 the domain name vknfs.co.za ("the domain name") was registered on behalf of the Complainant and since the domain name was registered, it has referred specifically to the Complainant. The Complainant submitted documentation from which it is apparent that the Complainant and its employees have used "@vknfs.co.za" as an e-mail address and the Complainant established a website using the domain name. Extensive use has also been made of the name and trading style "VKN Financial Services".
- d. It is alleged by the Complainant and not disputed that the Complainant has established the name VKN Financial Services and VKNFS as a recognisable brand in the financial services industry with specific reference to short term insurance broking.

-
- e. The Complainant appointed a concern known as Haimsa IT cc (hereinafter referred to as "HIT") as its service provider. The appointment was initially through a verbal agreement entered into during August 2005. The Complainant has been using the services of HIT to procure hardware, software as well as for maintenance and also to host its domain. The hosting of the domain under the domain name and the Complainant's website and other related services were transferred to HIT on 18th July 2005. It is alleged and not disputed that at the time HIT was appointed to host the domain, the Complainant, represented by Mr. V K Naidoo was the Registrant of the domain name.
- f. Services were provided by HIT under the abovementioned verbal agreement from August 2005 until April 2009 when a written contract was entered into between the parties on the 15th April 2009, a copy of which is attached to the papers as annexure "VK27". This contract is in a standard form and is headed "Hosting and Domains Application Form". As is pointed out by the Complainant the contract is in a standard form comprising two main sections. The first section pertained specifically to the registration of a domain name on behalf of the Complainant whereas the second section referred specifically to the Terms and Conditions, pertaining to "Share Web Hosting" by HIT for the Complainant.
- g. It is to be noted that the one section of the contract is headed "Standard Terms and Conditions for Domain Name(s) Registration" and the second section is headed "Share Web Hosting Agreement Terms and Conditions". The first section has a series of numbered paragraphs from 1 to 10, whereas the second section has a series of numbered paragraphs, also numbered from 1 to 10.
- h. During October 2009 the Complainant engaged the services of BizPref Consulting Services (hereinafter referred to as "BizPref") in order to provide *inter alia* management consulting services, IT consulting services and web and domain name hosting services.

-
- i. On the 16th October 2009, the Complainant terminated its contract with HIT in terms of clause 3 of the section of the contract with HIT pertaining to the provision of share web hosting as opposed to clause 3 of the terms pertaining to Domain Name Registration.
 - j. On the 21st October 2009, an e-mail was received from HIT in which the acknowledgement of the notification of cancellation was made. HIT confirmed that the services provided by HIT would be terminated on the 16th November 2009.
 - k. The Complainant made arrangements to transfer the domain to a new hosting service provider. An e-mail relating to such transfer was sent by BizPref to HIT on the 13th November 2009.
 - l. On the 16th November 2009, BizPref, represented by a Ms. Jessica Louwrens tried to send e-mails to the e-mail addresses with the suffix "@vknfs.co.za" without success as these addresses no longer existed. Ms. Louwrens tried to make contact with HIT without success. The Complainant was unable to communicate to any of its clients or other parties via e-mail and the Complainant's website was unavailable.
 - m. As a result of enquiries made, Ms. Louwrens established that on the 16th November 2009 HIT terminated all access to the "vknfs.co.za" domain including e-mails and the website. On that same day HIT submitted a request to UniForum that the domain be deleted. On the 17th November 2009 the domain was re-registered by the current Registrant. A perusal of the "WhoIs" database reflects that the e-mail address for the Registrant is "ash_kumar@yahoo.com" and that the address details of the Registrant are not complete in that only a cellphone number is listed for the Registrant.
 - n. Between the 16th and 18th November 2009, the business of the Complainant was disrupted and could not be conducted as usual. Alternative arrangements were made on an urgent basis in order to ensure that the Complainant was able to communicate by e-mail. In

order to do this the domain "vknfs.biz" was registered. The Complainant's website was, however, still unavailable and remains unavailable.

- o. Correspondence thereafter ensued with the attorneys of HIT, in which it was contended that HIT were at liberty, in terms of the written contract between the Complainant and HIT, to delete the registration.
- p. Subsequent investigations were carried out which enabled Ms. Louwrens to contact the Registrant who was unwilling to transfer the domain to the Complainant.
- q. A concern known as Pixel Media developed the Complainant's website. This concern has the same contact cell number as the Registrant.
- r. There is a "vknfs.co.za" website which at present states that it will soon be the new home of the domain "vknfs.co.za". The domain has not been used for any commercial or other legitimate purpose since its registration on the 17th November 2009.
- s. As I have already indicated, none of the facts mentioned have been disputed by the Registrant, whose attitude has appeared to be that he is now prepared to transfer the domain as long as there are no repercussions in the future.

3) Parties' Contentions

a. Complainant

- i. The Complainant contends that it has the rights to the domain name "vknfs.co.za", having regard to its initial registration of that domain and its intellectual property rights to the names VKN Financial Services and VKNFS.
- ii. It contends that the written contract on which HIT relied in cancelling the domain name is in two distinct parts. The first part

pertains to the registration of a domain name and the second part relates to the hosting of a domain name. Under the first part of the contract relating to registration of domain names, clause 3 reads:

"iii. *Duration*

This agreement shall endure for an initial period of 12 months from the date of successful registration of the Domain Name(s) and shall automatically renew on an annual basis unless terminated by either HIT or Applicant on 1 calendar month's written notice prior to the annual anniversary of the registration date. Upon termination the registration of the Domain Name(s) shall be cancelled by HIT and the Domain Name(s) will become available for re-registration.

It is the Complainant's case that this clause only pertains to domain names registered by HIT. It does not apply, according to the Complainant to the hosting of a domain. In this context clause 3 of the second part of the contract states:

"3. *Termination*

The agreement shall continue indefinitely and shall be terminated on the expiry of thirty (3) Days written notice given by either party to the other".

- iii. Thus the Complainant contends that the de-registration by HIT of the domain name was unlawful.
- iv. It is contended by the Complainant that the registration in the name of the Registrant is an abusive registration in terms of Regulation 3(1)(a). The contentions of the Complainant are set out as follows:

"6

In terms of Regulation 4(1)(a)(ii) it is submitted that it is clear from the above facts that the Registrant has

registered the domain to intentionally block the registration of a name or mark in which the Complainant has rights.

6.1

It is submitted that on a balance of probabilities, the Registrant is connected as indicated above to HIT and has acted together with HIT to block the registration of the domain.

It is further clear from the facts submitted that HIT deleted the domain, as is admitted in the letter from HIT's attorneys dated 2 December 2009.

6.2

I respectfully submit that HIT is, on a balance of probabilities, the only party that could have informed or acted together with the Registrant to register the domain in such as (sic) short period of time after its deletion from the WhoIS database.

Even if the Adjudicator finds that an inference as indicated above cannot be drawn from the facts, it is my respectful submission that the Registrant has no legitimate reason for holding on to the domain and refusing its transfer to the Complainant.

6.3

The domain has to date not been utilised in a commercial or any other manner. It does not appear from the contact that either BizPref or myself had with the Registrant that she has any intention of using or utilising the domain. (sic)

It is submitted that there is no evidence that the Registrant is known by the domain name or is using the domain name in connection with a bona fide offering of goods or services.

It does not appear that the Registrant has any rights in the mark or name VKNFS, whereas the Complainant has established that it has rights in this name. It is submitted that the facts set out above establish that the Complainant's rights in the domain exists (sic) as at the date of this dispute.

Even if the Registrant uses the domain, such use will infringe on the rights of the Complainant.

7.

It is further submitted that the actions of the Registrant have unfairly disrupted the business of the Complainant.

7.1

The Complainant was not able to communicate electronically between 16 and 18 November 2009 and was specifically unable to do so due to the registration of the domain by the Registrant on 17 November 2009. Although every effort was made to inform clients of the new details, clients are familiar with the vknfs.co.za domain and e-mail addresses and the unavailability of this domain has to date continued to disrupt the business of the Complainant.

7.2

It is submitted that the Complainant has lost a major and crucial part of its corporate identity by losing its domain name. All stationery and correspondence are linked to the domain name as indicated above.

If the domain is not transferred to the Complainant, significant costs will have to be incurred to change stationery and other material.

7.3

The unavailability of the website has resulted in the significant membership of a professional organisation being impacted, as these members are unable to obtain proof of their insurance obtained through the Complainant via the normal means established through Complainant's website.

Alternative arrangements have been and are being made in this regard, but this has impacted and inconvenienced the Complainant as well as members of SAIPA.

The Registrant's refusal to transfer the domain to the Complainant has therefore disrupted and continues to disrupt the business of the Complainant.

7.4

It is submitted that the facts of this complaint show a clear similarity to the case of Embassy Travel (Pty) Ltd v Nu-Com Systems (Pty) Ltd case number ZA2008-0024.

In this case, the Registrant was holding on to the domain previously registered and used by the Complainant not for any commercial reason, but for reasons appearing to be related to a dispute between the Complainant and the Registrant regarding the contract whereby the Registrant was providing a range of IT services to the Complainant.

The Adjudicator found in that case that it was clear from the facts that the registration of the domain in the hands of the Registrant constituted an abusive registration as it was unfair and detrimental to the Complainant's rights.

7.5

It is submitted that this submission (sic) also show (sic) similarities to the case of Oceanair Travel (Pty) Ltd and others v Nu-Com Systems (Pty) Ltd case number ZA2009-0036 where it was found that the registration of the domain oceanair.co.za was an abusive registration in the hands of the Registrant.

8

It is further clear from the above facts that the Registrant has provided incomplete contact details on the WhoIs database, and that such actions fall within the ambit of Regulations (sic) 4(1)(d).

It is submitted that such action, apart from falling within the ambit of the above regulation, was intended to frustrate the efforts of the Complainant to contact the Registrant, thereby further frustrating the business of the Complainant."

- v. The remedy requested by the Complainant was the transfer of the domain name to the Complainant.

b. Registrant

- i. The Registrant has not disputed the factual allegations made by the Complainant. In the response, the Registrant disavowed any intention of jeopardising the business of the Complainant and stated that the domain name was reserved for future expansion of a site "VKNFS" (Value Knowledge New Foundational Sphere).

According to the Registrant it was a thought that he and his wife would wish to pursue. According to the Registrant the Complainant had never contacted him directly to resolve the issue.

ii. The following was stated:

"Despite the fact we by no means have intentions of damaging VKNFS business, as we have now taken different carrier choice and do not have enough time to develop our concept as yet, we are happy to release the domain provided that VKNFS pays domain registration fee to Pixel Media Solutions".

iii. I mention that the reference to Pixel Media is a reference to a concern which developed the Complainant's website and which appears to be an alter ego of the Registrant.

4) Discussion and Findings

In terms of the regulations, in order to succeed in an application on the basis of an abusive registration, the following three elements must be proved on a balance of probabilities:

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

See Regulation 3(1) – (2)

a. Complainant's Rights

- i. Regulation 1 defines "rights" and "registered rights" to include "intellectual property rights, commercial, cultural, linguistic,

religious and personal rights protected under South Africa Law, but is not limited thereto". Apart from common law rights in "VKN Financial Services" and in "VKNFS" the Complainant quite clearly had protectable rights in the domain name in dispute. The Complainant's claim to rights in the domain have not been disputed by the Registrant and I have no hesitation in concluding that the Complainant has a protectable right at common law to VKNFS, which it has used as a common law mark as well as to the prior registration of vknfs.co.za as a domain name.

- ii. It follows that the domain name in the hands of the Registrant is a domain name that is identical to the previously registered domain name in the hands of the Complainant. It is also similar to the Complainant's trading style and identical to the VKNFS mark used by the Complainant.

b. Abusive Registration

- i. In terms of Regulation 4(1):

"Factors, which may indicate that the domain name is an abusive registration includes –

(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;*
- (c) *.....*
- (d) *false or incomplete contact details provided by the Registrant in the WhoIs database; or*
- (e) *.....*

ii. I am constrained to agree with the Complainant that the clause in the written agreement relied upon by HIT to cancel the domain name or registration was inapplicable to the facts of the present case. HIT did not register the domain name for the Complainant and had no right, when the agreement was cancelled, to cancel the domain name registration. That being the case, the present Registrant acted improperly in applying for the registration. The facts of this case indicate that the Registrant was fully aware of the conduct by the Complainant of its business and acted opportunistically in registering the domain name virtually immediately the original registration was de-registered. It is significant that in the Registrant's response to the complaint he indicated his connection to Pixel Media Solutions, which had developed the Complainant's website and made mention of the fact that "it is our core business" to register domains.

iii. I conclude that at all material times, the Registrant was probably aware of the Complainant's rights to the domain and I further conclude that the Registrant acquired the domain name primarily to either block intentionally the registration of a name or mark in which the Complainant had rights or to disrupt unfairly the business of the Complainant or to prevent the Complainant from exercising its rights. I also take into account the incomplete contact details provided by the Registrant in the WhoIs database.

I find it inexplicable that the Registrant did not immediately and unequivocally tender the transfer of the domain name back to the Complainant at the request of the Complainant or at the very least upon receipt of the complaint in this matter. It must have been abundantly clear to the Registrant that there was no justification whatsoever for him to retain the registration of the domain name in the face of the undisputed facts of this case.

5) Decision

- a. For all the foregoing reasons, in accordance with Regulation 9, I order that the domain name "vknfs.co.za" be transferred to the Complainant.

.....
GAVIN EDWIN MORLEY SC
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za