

Decision

ZA2011-0096

**.ZA ALTERNATE DISPUTE RESOLUTION
REGULATIONS (GG29405)**

ADJUDICATOR DECISION

CASE NUMBER:	ZA2011-0096
DECISION DATE:	17 January 2012
DOMAIN NAME:	carmensteffens.co.za
THE DOMAIN NAME REGISTRANT:	Compuflex
REGISTRANT'S LEGAL COUNSEL:	None
THE COMPLAINANTS:	Carmen Steffen Franquias LTDA
COMPLAINANT'S LEGAL COUNSEL:	Nilton Filipe Marques of Marques Soares Fontes Attorneys
2 nd LEVEL ADMINISTRATOR:	UniForum SA (CO.ZA)

1 Procedural History

- a) The Dispute was initially filed with the South African Institute of Intellectual Property Law (the “SAIPL”) on **22 November 2011**, but was administratively deficient. In response to a notification by the SAIPL that the complaint was administratively deficient, the complainant took the steps necessary to cure the defects and this was carried out by the **28th November 2011**, which the SAIPL has taken to be the filing date of the complaint. On the **29th November 2011** the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue, and the domain name has indeed been suspended. The SAIPL verified that the complaint (together with the amendment to the complaint) 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 the **1st December 2011**. In accordance with the Regulations the due date for the Registrant’s Response was the **3rd January 2012**. On the **9th December 2011** the Registrant, by way of an email, stated that it had received the “Domain Dispute email”, and would shortly be submitting the response template. Notwithstanding this email, the Registrant did not submit any response, and accordingly, the SAIPL notified the Registrant of its default on the **4th January 2012**.
- c) The SAIPL appointed **Gavin Edwin Morley SC** as the Adjudicator in this matter on the **10th January 2012**. 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.
- d) As part of the complaint, the Complainants submitted as annexure “CS6”, a letter in Portuguese purportedly signed on behalf of the First Complainant. It

is said in the body of the complaint that the letter is an instruction to proceed to lodge the present dispute. As the letter is in Portuguese and as the Complainants have not submitted a translation of the letter, the Adjudicator has not had regard to the letter in question. As matters have transpired, nothing turns on this omission, but the Adjudicator recommends that in the future that a dispute containing documents in a language other than in one of the official languages of the Republic should be regarded as administratively deficient.

- e) The Adjudicator records that he has disregarded the contents of the Respondent's above mentioned email of the 9th December 2011 as he did not regard the letter as constituting the required "response" to the complaint in terms of Regulation 18 (see suncityshuttle.co.za ZA2008-0025).

2 Factual Background

- a) The following facts alleged in the complaint were not disputed by the Registrant.
- b) The First Complainant is Carmen Steffens Franquias LTDA, a duly registered company duly incorporated in accordance with the statutes of Brazil, with its registered address situated at Alberto Pulicano Avenue, 14.406-100 Franca, Sao Paulo, Brazil.
- c) The Second Complainant is Carmen Steffens CC, a close corporation, duly incorporated and registered in terms of the Close Corporations Act 69 of 1964. The Second Complainant is the First Complainant's only South African Franchisee and sole licensee. The Second Complainant has sole rights to import, market and sell any Carmen Steffens products as well as the rights to use Carmen Steffens trade mark for any purpose whatsoever, including *inter alia* the right to register a domain name.
- d) The Registrant in these proceedings is Compuflex CC (CK1911/005854/23) of 58 Elm Street, Dowerglen, Glen Curve, Curve Centre.

- e) According to a co.za Whois search, the domain name in issue was registered on the 29th October 2009 in the name of “Compuflex”. The Registrant’s email address is recorded as “steve@compuflex.co.za” and a Mr Steve Pretorius, the Manager of “Compuflex” is reflected as the domain name administrator for “Compuflex”.
- f) The First Complainant is in the business of manufacturing and selling exclusive women’s as well as men’s shoes and handbags. The First Complainant has 156 and a further 108 licensed stores in Brazil as well as 26 international stores (2 of which are in South Africa). The South African stores were established in or around 2009 at the inception of the Second Complainant’s business.
- g) The First Complainant enjoys an extensive repute and goodwill through the use of its Carmen Steffens trade mark which is known around the world and the Complainant as founder and owner of the brand, Carmen Steffens owns the merchandising and licensing rights (the exclusive right to produce, import, sell, distribute and licence other national and international stores/retailers to produce and/or sell Carmen Steffens products or alternatively it is the rightful common-law owner of the trade mark and all its related uses).
- h) The First Complainant awarded the Second Complainant the sole rights to import and sells its merchandise and products as well as the right to use its trade mark and more specifically the sole right to register a domain crucial to both the First and Second Complainant’s business.
- i) In or around 2009, at the inception of the Second Complainant’s business, the Second Complainant hired the Registrant to attend to all its IT requirements. Due to the Registrant being unable to fulfil the Second Complainant’s IT requirements (there having been numerous incidents where the Registrant was unable to provide technicians to assist the Second Complainant with specific issues), the Second Complainant was forced to

hire alternate IT consultants. It subsequently came to the Second Complainant's attention, when attempting to register the Carmen Steffens trade mark as a domain name, that the Registrant had already pre-emptively registered it.

- j) The Complainants' attorneys caused a letter of demand to be sent to the Registrant on the 1st July 2011 in which the First and Second Complainant demanded *inter alia* the unconditional return of the domain name in question.
- k) The letter was written on behalf of Carmen Steffens CC and certain paragraphs of that letter are reproduced below as they are relevant to this adjudication and were not disputed by the Respondent:

"We act on behalf of our client, Carmen Steffens CC, who has instructed us to address this letter to you as follows:-

- 1. Our client has the sole and exclusive rights to the trade mark "Carmen Steffens CC" in terms of the license awarded to it by the proprietor and parent company Carmen Steffens Brazil or alternatively is the rightful common law owner of the trade mark and all its related uses in question;*
- 2. It has come to our client's attention that you are using its trade mark in that you have registered our client's trade mark as a domain name (www.carmensteffens.co.za) and are/will unlawfully use the trade mark for personal and/or commercial gain;*
- 3. Your registration of the domain name can serve no possible use to yourselves and clearly registered with the intention of selling the name. Your registration is an abusive registration as the registration is or may, in future, be used in an abusive manner and/or was registered or acquired in a manner so as to take unfair advantage of, or is unfairly detrimental to our client's brand rights now and/or in the future and amounts to nothing more than "cybersquatting" and will not be tolerated;*
- 4. As you are well aware, our client enjoys an extensive repute and goodwill through the use of its trade mark which is known around the world, and your actions are bound to lead to public deception;*
- 5. Your actions of incorporating our client's trade mark into your registered domain is or may in future cause financial and brand harm and amounts to an infringement of the Trade Marks Act and/or the*

common law wrong of trade mark infringement or passing off;...

- l) On the 21st July 2011 and as a result of the Registrant's failure to reply to the letter of demand, the Complainants' attorneys contacted the Registrant telephonically in order to ascertain the Registrant's position with regard to handing over ownership of the domain name in question. During the telephone conversation the Registrant informed the attorneys that there were "*other reasons*" for the Registrant having registered the domain name, which the Registrant was not prepared to disclose. As an aside it may be mentioned that no reasons have been forthcoming from the Registrant as to why it registered the domain name complained of.

- m) On the 21st July 2011 the attorneys for the Complainants addressed a further letter to the Registrant in which they confirmed that the registration of the domain name was purely an abusive registration and requested clarity with regard to who had registered the domain name in question. The Registrant returned a copy of the letter by email with its comments thereon including the following:
 - (i) In response to the statement that there was no doubt in the writer's mind that the registration of the domain name in question was purely an abusive registration, the Registrant stated, "*Not true. Personal names cannot be the subject of trade mark protection which is the essence of the Lanham Act*".
 - (ii) The attorneys indicated that their client would prefer not to engage in costly and lengthy litigation and was prepared to buy the domain in question for a nominal fee. The Registrant responded "*What is a nominal fee?*"
 - (iii) In response to the statement that the Complainants were suffering untold damages as a result of being unable to use the domain in question, the Registrant responded "*This domain is 2 years + old, and the registration is legit.*"

- (iv) In response to the statement that the Registrant might not be the owner of the domain and a request to provide information as to the Registrant's client, the Registrant responded *"As I am the Registrant, I am directly involved. You will deal with me directly."*

3 Parties' Contentions

3.1 Complainant

- a) The Complainant submits that the registration of the domain name in question was clearly an abusive registration as it could serve no possible use to the Registrant and as such and in the light of the circumstances was clearly registered with the intention of soliciting an offer for the purchase of the domain by the Complainant in order to make a profit or alternatively in order to sell the name to another third party, such as to a direct competitor of the Complainant or for present or possible future commercial gain.
- b) It was further submitted that the domain name was identical to a name or mark in which the Complainant had rights and was thus an abusive registration in terms of Regulation 3(1)(a).
- c) It was further submitted that the domain is being used or might in future be used in an abusive manner and/or was registered or acquired in a manner so as to take unfair advantage of, or be unfairly detrimental to the Complainants' brand rights now and/or in the future and amounts to nothing more than *"cybersquatting"*.
- d) The Complainant submitted that the domain name should be transferred to them in accordance with Regulation 9(a).

3.2 Registrant

The Respondent did not reply to the Complainant's contentions.

4 Discussion and Findings

(a) **Complainant's Rights**

- (i) By way of introduction, Regulation 29(1) requires an adjudicator to decide a dispute *“in accordance with the 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”*. As no response was delivered to the complaint, I can only adjudicate in this matter on the basis of the facts alleged in the Complainants' complaint, which have been attested to on oath. These facts have been summarised above and I have no reason to disregard them.
- (ii) Regulation 13(1) requires that an Adjudicator must consider and be guided by previous decisions made in terms of these Regulations, hereinafter referred to as *“National Decisions”*, and decisions by foreign dispute resolution providers, hereinafter referred to as *“Foreign Decisions”*. Regulation 13(2) further requires that an adjudicator must be guided by *“National, Foreign and International Law.”*
- (iii) Regulation 3(1)(a) provides that a Registrant must submit to proceedings under the Rules if a Complainant asserts, in accordance with the procedure, that –
- “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....”*
- (iv) The definition of *“rights”* and *“registered rights”* includes *“intellectual property rights, commercial, cultural, linguistic, religious, and personal rights protected under South African Law, but is not limited thereto”*.
- (v) The Adjudicator considers himself bound by the decision of the appeal panel in [Xnets.co.za](#) ZA2011-0077, in which the panel stated

as follows:

“5(c) It is not necessary for present purposes to quantify, or qualify, where the line is to be drawn as to when ‘rights’ can be said to exist on the part of a Complainant or when they do not. As was stated by the majority panel in www.seido.co.za ZA2009-0030 (Appeal decision AD) at paragraph 5.7:

‘The extent or strength of the “right”, as defined in the Regulations, require to be shown by a Complainant to have locus standi conferred on it on a balance of probabilities under Regulation 3(1)(a) is not clear but we have been guided by earlier decisions on this point.

(See WIPO Decisions [Surfcult.com](http://www.surfcult.com) [2002 – 0381] and [Dinkybomb.com](http://www.dinkybomb.com) [D 2004 – 320] and SAIPL Decisions [Suncityvacations.co.za](http://www.suncityvacations.co.za) [ZA2008-0023] and [Bikeandleisuretrader.co.za](http://www.bikeandleisuretrader.co.za) [ZA2008-0018].) Our view is that the threshold in this regard should be fairly low and we find that the Complainant has, through the License Agreement, established sufficient right to cross this hurdle.

[Emphasis added]

(d) As has been recorded by Nominet Advisory the main point of the test is to make sure that the person who complains is someone with a proper interest in the complaint. The notion of “rights” for the purposes of Regulation 3(1)(a) is not trammelled by trade mark jurisprudence. By definition, rights include “intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African Law, but is not limited thereto”. An indication of the quality (or quantification) of rights is indicated by the WIPO Decisions to the effect that the location of a registered trade mark is irrelevant when finding “rights” in a mark for the purposes of a complaint.

(e) For example, the following was stated in {Thaigen.net} UDRP Case No. D2002-0358:-

‘These rights acquired in the United States are relevant for this administrative proceeding, although the Complainant is from the Cayman Islands and the Respondent from Thailand. As indicated by the panel in [Bennet Coleman & Co. Ltd v Steven Lallwani](http://www.bennetcoleman.com) WIPO Case No. D2000-0014 and [Bennet Coleman & Co. Ltd v Long Distance Telephone Company](http://www.bennetcoleman.com), WIPO

Case No. D2000-0015, *'the essence of the internet is its worldwide access'. The propriety of the domain name registration may be questioned by comparing it to a trade mark registered in any country.'*

- (vi) Regulation 3(2) requires that a Complainant prove, on a balance of probabilities, that –
 - a) the Complainant has rights in respect of a name or mark;
 - b) the name or mark is identical or similar to the domain name;
 - c) the domain name, in the hands of the Registrant is an abusive registration.
- (vii) Although the evidence is somewhat thin, it is not disputed by the Registrant that the First Complainant was the founder and owner of the brand CARMEN STEFFENS which enjoys an extensive repute and goodwill through the use of the trade mark CARMEN STEFFENS which is known around the world and extended to South Africa in or around 2009. I find that the First Complainant established its *locus standi* and it follows that the Second Complainant too has *locus standi* by reason of its License Agreement with the First Complainant.
- (viii) It is also clear that the disputed domain name has the requisite identity or similarity to CARMEN STEFFENS to found the complaint.
- (ix) The Adjudicator considers that the only real issue in the proceedings is whether the domain name registration constitutes an *"abusive registration"*.

(b) **Abusive Registration**

- (i) It is a matter of concern to the Adjudicator that the Registrant was hired to attend to the Second Complainant's IT requirements and it appears that the Registrant thereafter registered the disputed domain name. It may be inferred (without deciding the issue) that such registration took place once the Registrant's services were dispensed

with. In any event, no explanation has been forthcoming from the Registrant as to why it registered the domain name and the Registrant has not taken the Adjudicator into its confidence as to any use that has been made of the domain registration. No factors as envisaged by Regulation 5 were placed before the Adjudicator. I find as a matter of fact that the Respondent had no right or interest warranting its registration of the domain name in issue.

- (ii) Regulation 4 lists a non-exhaustive list of factors which may be evidence that the domain name is an abusive registration. They may 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;...”

- (iii) As I have already indicated, these factors are not exhaustive. I take into account that any use of the domain name by the Registrant or any other third party will, in my view, inevitably lead the public into believing that the Registrant or third party is associated with the Complainants and in my view will also take unfair advantage of the Complainant’s rights. There was simply no compelling *bona fide*

reason for the adoption by the Registrant of a domain name incorporating Carmen Steffens.

- (iv) The conduct of the Registrant leads to the inevitable inference that it intended to block the registration of Carmen Steffens as a domain name and so prevent the Complainants from exercising their legitimate business rights. I also find that in the absence of any explanation, the Registrant's conduct was calculated to disrupt unfairly the businesses of the Complainants.
- (v) It was open to the Registrant to conduct a similar business, should it have legitimately desired to do so, through a domain name that did not include Carmen Steffens.
- (vi) It may also be inferred that the Respondent engaged in cybersquatting with the intention of gaining financially through a subsequent sale of the domain name, either to the Complainant or to a third party.
- (vii) I find that the Respondent's conduct overall to have been egregious.

5. Decision

For all the foregoing reasons, in accordance with Regulation 9, the Adjudicator orders that the domain name, carmensteffens.co.za be transferred either to the First Complainant or to the Second Complainant, as may be determined by the First Complainant in its discretion.

.....
Advocate G E Morley SC
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za