

ADJUDICATOR DECISION

CASE NUMBER:	ZA2008-0024
DECISION DATE:	21 November 2008
DOMAIN NAME	embassytravel.co.za
THE DOMAIN NAME REGISTRANT:	NU-COM Systems (Pty) Ltd
REGISTRANT'S LEGAL COUNSEL:	n/a
THE COMPLAINANT:	Embassy Travel (Pty) Ltd
COMPLAINANT'S LEGAL COUNSEL:	Webber Wentzel
THE 2 nd LEVEL DOMAIN NAME ADMINISTRATOR:	UniForum SA (CO.ZA Administrators)

1) Procedural History

- a. The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIIPL") on 25 September 2008. On the same day the SAIPL emailed to the Administrator, UniForum SA (hereinafter "UniForum"), a request that the registry suspend the domain name, and on 25 September 2008 UniForum confirmed that the domain name had been suspended. The SAIPL verified that the Complainant 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 29 September 2008. The due date for the Registrant's Response was 27 October 2008. In the form of a letter dated 27th October 2008, Mr Jose Vilares (a director of the Registrant) submitted a response. It was marked without prejudice.
- c. The Provider determined that the letter did not meet with the requirements of the Regulations (in particular, Regulation 18, in that the allegations were not made under oath) and contacted Mr Vilares to advise him accordingly. This contact was telephonic. (The Regulation in question was also emailed to Mr Vilares.) It was then that Mr Vilares informed the Provider that *"he was not opposed to settling the matter"*. In turn the Complainant, via its attorneys Webber Wentzel, expressed to the Provider a resolute interest neither in negotiating nor in granting any extension of the period for the Registrant to respond.
- d. The Registrant failed to file a response compliant with Regulation 18, and it was placed in default. The Registrant then resubmitted its letter, although now having been certified *"as a true copy of the original"*. This is not compliant with Regulation 18. A question has arisen whether the response, irregular as it may be, can nevertheless be taken into account,

or whether it is to be ignored so that the complaint falls to be assessed as one where the Registrant is in default.

- e. The SAIPL appointed Adv. Owen Salmon as the Adjudicator on 28th October 2008. He 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) The Irregular Response

- a. The "response" from the Registrant is in the form of a letter dated 27th October 2008 and marked "without prejudice". It has been signed by Jose Vilares, as director, and the document submitted to the Administrator is in PDF format.
- b. The "certification" by South African Police Services is not what is contemplated by Regulation 18. The letter, therefore does not constitute a response as is thereby contemplated. However, in terms of Regulation 27, the Adjudication "*will be done on the documentation submitted under these regulations...*". The letter is not an attested response as required by Regulation 18, but does that mean it is not "*documentation submitted under these regulations*"? As alluded to, the question is whether the letter can be taken into account in the adjudication of the merits of the complaint.
- c. It is tempting to deal with the issue on the basis that the letter's contents only make matters worse for the Registrant, so ignoring it will not be to its prejudice. However, the Adjudicator considers it appropriate to refer to the following.
- d. It is to be borne in mind that the present proceedings "*are very different from court proceedings*" (DRS 02193 <guidestar.co.uk>, at p. 17, per the Appeal Panel) and whilst the requirement for deposition under oath has purpose, it must be examined why non-compliance should automatically result in nullity for the purposes of these proceedings.

- e. The effect of non-compliance with prescribed forms and procedures postulates careful consideration, in particular as to whether nullity results. *Prima facie*, authorities show that the letter should not be ignored. The wording of Regulation 18 is neither couched in the negative (i.e. "*no person shall*"), and nor is there a stipulated sanction in the event of failure to comply with the requisites. This, on the approach of the common law authorities (for example, Sutter v Scheepers 1932 (AD) 165 at 173 – 174; Bezuidenhout v AA Mutual insurance Association Limited 1978 (1) SA 703 (AD) at 709 H; Nkisimane & Others v Santam Insurance Co. Limited 1978 (2) SA 430 (AD) at 434 E – 435 F; Kuhne & Nagel (Pty) Limited v Elias 1979 (1) SA 131 (T) at 133 C *et seq*) constitutes a good indication of the Minister's intention (in regulating as she did) to make the provision only directory, and not peremptory. Similarly, along the same line of reasoning, if the terms of a provision, strictly carried out, would lead to an absurdity or injustice in the context of the facts at hand, the legislature could not have intended the provision so to be strictly and peremptorily applied. (Pio v Franklin, NO and Another 1949 (3) SA 442 (C) at 451). Further, the legislature is presumed, in the absence of clear and convincing indications to the contrary, not to have intended innocent violations of statutory prohibitions to be punishable, (R v H 1944 (AD) at 125 – 126)
- f. In the circumstances, the Adjudicator is of the view that the provision in question is directory. In the circumstances, less than perfect "compliance" does not result in a nullity. (Nkisimane v Santam Insurance, *supra*, *loc cit*).
- g. A consequent question is what weight is to be attached to the letter. (The fact that it is marked "without prejudice" is difficult to rationalize. Rights in respect to what, in context, are the contents without prejudice?) Clearly, the letter does not respond to the Complainant's contentions and, so, there is no dispute about the facts. At least, to the extent that there may

be contrary allegations, they are not of a nature such as to create a genuine *bona fide* dispute of fact.

- h. On the contrary, the contents of the letter are, in the Adjudicator's view, quite adverse to the Registrant in the present context. Clearly, the Registrant is content to make quite pertinent concessions, and in all probability would not deviate therefrom if obliged to attest to the same under oath. It ought not to be ignored. *Non constat* that everything that is stated must be accepted *contra* the Complainant.

3) Factual Background

- a. The Complainant is Embassy Travel (Pty) Ltd, a company with limited liability, registered under number 1962/002453/07, whose principal place of business is at 17 Wale Street, Cape Town. The Complainant is a company within the Singer Group of Companies, a group operating in the travel and hotel industries and it carries on business as a travel agent. The company was originally incorporated under the name Goolams Travel Service (Pty) Ltd but in July 1975 changed its name to Embassy Travel (Pty) Ltd, since when it has been trading continuously and uninterruptedly under the trade mark EMBASSY TRAVEL. The complaint has annexed to it a substantial quantity of documentation evidencing such use.
- b. It is alleged in the complaint that Embassy Travel (Pty) Ltd has acquired a reputation and common law rights in the mark EMBASSY TRAVEL and that the mark is exclusively associated, by the general public and the travel industry, with the Complainant and its services. All of this is not in dispute, and, therefore, the Adjudicator finds it not necessary to traverse the extensive body of material supporting the contention. As a matter of fact, the Adjudicator finds proven the reputation in the mark EMBASSY TRAVEL, the ownership thereof by the Complainant, and as a result the ownership by the Complainant of rights as contemplated by Regulation 3(1)(a), thereby giving it *locus standi* to complain.

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- c. The Registrant is Nu-Com Systems (Pty) Ltd, a company registered under number 1998/024363/07 and the principal place of business of which is Ground Floor, Stand 1, Riley Office Park, Bedfordview and whose sole director is Mr Jose Vilares (aforesaid).
 - d. The domain name <embassytravel.co.za> was registered for the Complainant in April 1998 by an information technology company Bulldog Technologies (Pty) Ltd, whose directors at the time were personal friends of the directors of Embassy Travel. In September 2001 the registration was changed into the name of the Complainant.
 - e. Pursuant to an agreement between 14 independently owned travel agencies in South Africa, to form a consortium of travel agencies, the company XL Travel Investments (Pty) Ltd was incorporated. This took place on 15th June 2004. At the same time, XL Travel Investments (Pty) Ltd set up a company with the name XL Travel Holdings (Pty) Ltd.
 - f. At the time, given the role of IT in the modern travel agency business, these "members" resolved to seek an information technology partner. One of the members recommended Mr Vilares - who was, in fact, providing IT services to that member at the time. Mr Vilares is the sole director of a company Trabusol (Pty) Ltd. As mentioned, he is also a director of the Registrant, as well as being, possibly (according to the Complainant's belief) its major shareholder.
 - g. On 1st September 2004, these two companies entered into an agreement with Trabusol (Pty) Ltd. The essence of the agreement was the provision by Trabusol of information technology services, hardware, software, and, in particular, internet and website systems design and hosting. It is hereinafter referred to as the "IT Services Agreement", and pursuant to it Trabusol provided members of the Travel Group with a variety of IT services. A copy of the IT Services Agreement is annexed to the complaint.

- h. In the case of the Complainant, this involved designing a new website and linking it to the existing domain name. To enable or facilitate the linking of the website designed by Trabusol, for the Complainant, to the domain name (i.e. <embassytravel.co.za>) the Complainant agreed to the transfer of the domain name from the internet service provider (ISP) then used by the Complainant to the one used by Trabusol.
- i. Following an audit of the Singer Group's domain names in or about August 2007, however, it transpired that Mr Vilares, without the Complainant's knowledge or consent and without advising the Complainant at the time or at any later time, had amended the registration of the domain name into the name of the Registrant when transferring the domain name to its internet service provider. It would appear, and so the Complainant contends, that this transfer is not in accordance with the agreement; on the contrary, it is in conflict with its rights.
- j. In the circumstances, the Registrant was requested, both by way of correspondence from the Complainant itself – and, more formally, by letter from attorneys Webber Wentzel representing the Complainant, to rectify registration of the domain name.
- k. Not only were these requests ignored, but (it is contended, adding insult to injury) the Registrant deactivated the website. Since approximately March 2008, the website has been suspended and the following message appears when attempting to access the website:-

"Travel Group & Associated websites have been suspended per notice on behalf of Trabusol."

4) The Complainant's Contentions

- a. The Complainant contends that the Registrant has no legitimate interest in the domain name, has no rights in and to the name and has no legitimate reason for holding onto the domain name. It further contends

that Registrant has not used the domain name since it was registered in its name, or at all, whereas the Complainant has at all times been using the domain name exclusively. In any event, the Complainant contends, the Registrant cannot make any use of the domain name without infringing the Complainant's rights in and to the EMBASSY TRAVEL mark.

- b. Consequently, the contention is advanced that the Registrant is merely withholding the domain name to ensure that the Complainant is prevented from registering and using it, that the change of registration of the domain name into the Registrant's name was with a view primarily to place Mr Vilares in a position to disrupt the Complainant's business at some later date if he considered it necessary, and to use it as some sort of leverage in the event of a breakdown in his relationship with the Registrant and other members in the XL Group. It is submitted that the refusal to transfer the domain name until payment of amounts allegedly owing supports this contention.
- c. It is further contended that the Registrant is using the domain name in a manner that is unfairly detrimental to the Complainant's rights; that the Complainant is prevented from registering it in its own name; and that the Registrant acted in bad faith when it registered the domain name in its own name (as there was not legitimate reason for doing so); and that it is continuing to act in bad faith as there is no legitimate reason for it to refuse to transfer the domain name to the Complainant.
- d. It is further contended that the suspension of the website is because litigation has ensued arising from the cancellation of the IT Services Agreement; that this is an abusive tactic (by Mr Vilares and the Registrant), simply to try and exert pressure on the XL Group to agree to his unrelated demands relating to the cancellation of the agreement, and is further manifestation of this lack of good faith.
- e. For these reasons (and others, which it is not necessary to traverse for present purposes) it is submitted by the Complainant that the domain

name, in the hands of the registrant, is an abusive registration within the meaning of Regulation 3(1)(a). In the circumstances, the Adjudicator is requested to issue a decision for the transfer of the domain name to the Complainant in accordance with Regulation 9(a).

5) Discussion and Findings

- a. The Adjudicator has found that the Complainant has rights in respect of the mark EMBASSY TRAVEL as contemplated by Regulation 3(1)(a). This mark is the sole feature of the domain name. The question is whether the registration in the hands of the Registrant is an abusive registration.
- b. An "abusive registration" means a domain name which –
 - (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) *..... "*
- c. In the Adjudicator's view, there can be no doubt that the registration and/or acquisition of the registration by the Registrant is detrimental to the Complainant's rights. If this is unfair, the registration is abusive.
- d. In terms of Regulation 4(1)(a), circumstances which indicate that the domain name is an abusive registration include where the Registrant acquired the domain name to disrupt the business of the Complainant, or to prevent a Complainant from exercising its rights. On the facts, these are permissible inferences, and the contentions summarized in 4(a) – (c) above, at least, have merit.
- e. Regulation 4(1) does not purport to establish a *numerus clausus* of what constitutes abusive registrations. In the Adjudicator's view, the undisputed facts reveal that the Registrant's conduct is unfair. Nothing in the IT Services Agreement, which regulated the relationship between

Trabusol (Pty) Ltd, and the XL Travel companies, provides for a type of hypothecation of the domain name, which otherwise could explain the existing state of affairs. Not even the Registrant's version warrants or justifies suspension of the domain.

- f. In the circumstances, the Adjudicator finds the registration abusive within the meaning of the Regulations.
- g. In any event, the Registrant concedes that it has no right or interest to the domain name.

6) Decision

- a. For the foregoing reasons, the Adjudicator orders that the domain name be transferred to the Complainant.

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OWEN SALMON
SAIIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za