

## **ADJUDICATOR DECISION**

CASE NUMBER:	<b>ZA2010-0046</b>
DECISION DATE:	<b>14 June 2010</b>
DOMAIN NAME	<b>neoteldirect.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Llowelyn Stainbank</b>
REGISTRANT'S LEGAL COUNSEL:	<b>Sivi Pather Pather &amp; Pather Attorneys</b>
THE COMPLAINANT:	<b>Neotel (Pty) Limited</b>
COMPLAINANT'S LEGAL COUNSEL:	<b>Sara-Jane Pluke</b>
THE 2 <sup>nd</sup> LEVEL DOMAIN NAME ADMINISTRATOR:	<b>UniForum SA (CO.ZA Administrators)</b>

### **1. Procedural History**

The Dispute was filed with the South African Institute of Intellectual Property Law (the "SAIPL") on 4 March 2010. On 10 March 2010, the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name at issue, and on 10 March 2010, 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.

In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on 16 March 2010. In accordance with the Regulations,

the due date for the Registrant's Response was 13 April 2010. The Registrant did not file a response and on 16 April 2010 the Administrator declared the Registrant to be in default and proceeded to appoint an adjudicator. The effect of this default will be discussed *infra* under 3.

The Case Administrator proceeded with the appointment of an Adjudicator. The SAIPL appointed Tana Pistorius as the Adjudicator in this matter on 28 April 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**

- 2.1.** The Complainant is Neotel (Pty) Ltd, a company incorporated in South Africa on 24 February 2004. The Complainant is a telecommunications provider.
- 2.2.** The Complainant registered the domain name neotel.co.za on 8 May 2006.
- 2.3.** The Complainant is the second largest telecommunications provider and it has made use of the NEOTEL trade mark in connection with telecommunication services since 2004.
- 2.4.** Complainant contends that it is currently building up an extensive trade-mark portfolio. It has lodged 120 trade mark applications comprising of the NEOTEL trade mark, the NEOCONNECT trade mark and other "NEO-marks" in various classes.
- 2.5.** The Complainant's business name is NOETEL and the Complainat has incorporated two companies under that name, namely Neotel (Pty) Ltd. and Neotel Business Support Services (Pty) Ltd.

- 2.6. On 18 September 2009, the domain name neoteldirect.co.za was registered on behalf of Llowelyn Steinbank.
- 2.7. The Complainant became aware of this domain name registration in November 2009 and it sent a letter via e-mail to the hosting company's technical contact, namely Lionel Lovell of Unevo Systems. The registrant responded on 28 January and 2 February 2010 and he indicated that the domain name was registered on the strength of a "negotiated channel partnership agreement with Neotel". The Registrant referred the Complainant to his legal representative on 28 January 2010.
- 2.8. The Complainant's legal representative requested a full set of correspondence on 3 February 2010.

### **3. Parties' Contentions**

#### **3.1. Complainant**

##### **3.1.1. The Complainants' case is as follows:**

- 3.1.1.1. The Complainant has common law rights in respect of the trade mark NEOTEL. The Complainant has rights in respect of the NEOTEL company names. The Complainant has established considerable goodwill and consumer recognition in the NEOTEL name and mark.
- 3.1.1.2. The trade mark is similar to the domain name in dispute, i.e. neoteldirect.co.za.
- 3.1.1.3. In the hands of the Registrant, the domain name is an abusive registration. The Complainant has registered the domain name primarily to:

3.1.1.3.1. Block intentionally the registration of the domain name neotel.co.za in which the Complainant would have rights;

3.1.1.3.2. Disrupt unfairly and prejudicially the business activities of the Complainant;

3.1.1.3.3. Prevent the Complainant from exercising its rights in that the Complainant is prevented from registering the subject domain name, operating its web site from such a domain name or just takes away business from the Complainant because of all the confusion that the Registrant's use of the NEOTEL necessarily creates; and

3.1.1.3.4. The Registrant has registered the domain name in such a way that leads people to believe that the domain name is registered to, operated or authorised by, or otherwise connected to the Complainant.

3.1.1.4. The domain name is thus an abusive registration.

**3.1.2.** The Complainant requests that the Adjudicator issue a decision for the transfer of the domain name to the Complainant or alternatively a decision ordering the Registrant to delete, disable, remove and/or deactivate the domain name registration.

## **3.2. Registrant**

**3.2.1.** Regulation 18(1)(a) provides that a Registrant must respond to the statements and allegations contained in the Dispute in the form of

a Response. In such a Response, the Registrant must detail any grounds to prove the domain name is not an abusive registration.

**3.2.2.** The Registrant failed to submit a Response.

**3.2.3.** Because the Registrant failed to submit a Response, the Adjudicator must decide the matter on the Dispute (see Regulation 18(3)).

**3.2.4.** Regulation 28(2) provides that, in the absence of exceptional circumstances, an Adjudicator shall draw such inferences, as it considers appropriate, from the failure of a party to comply with a provision or requirement of the Regulations.

**3.2.5.** The Adjudicator draws the following two inferences: (i) the Registrant does not deny the facts that the Complainant asserts, and (ii) the Registrant does not deny the conclusions that the Complainant draws from these facts.

**3.2.6.** Notwithstanding these inferences, the Adjudicator has analyzed Complainant's version in order to satisfy herself that the allegations contained in its Complaint are acceptable and probably true (see *Multichoice Subscriber Management v JP Botha ZA2007-0010*).

#### **4. Discussion and Findings**

**4.1.** Regulation 3 provides that a Complainant is required to prove, on a balance of probabilities, that the following three elements are present in order to succeed in a domain name Dispute based on an alleged abusive registration:

- a) That the Complainant has rights in respect of a name or mark;
- b) that the name or mark is identical or similar to the domain name; and
- c) That the domain name, in the hands of the Registrant, is an abusive registration.

#### **4.2. Does the Complainant have rights in respect of a name or mark?**

**4.2.1.** The cornerstone of the Complainants' case is proof on a balance of probabilities that it had rights in the trade mark NEOTEL at the time of the registration of the domain name, and that this trade mark is identical to the domain name.

**4.2.2.** The Complainant avers to have common law rights in respect of the unregistered trade mark NEOTEL. The Complainant has submitted sufficient evidentiary proof of this reputation and goodwill. The Complainant also has rights in business names incorporating NEOTEL.

#### **4.3. Is the mark identical or similar to the domain name?**

**4.3.1.** The domain name at issue is <neoteldirect.co.za>. The Adjudicator finds that neither the generic word "direct" nor the suffix .co.za influences the similarity between the domain name and NEOTEL (see D2002-0810 *Benetton Group SpA v Azra Khan*).

**4.3.2.** The Adjudicator finds that the domain name neoteldirect.co.za is similar to the Complainant's business name.

**4.3.3.** The Complainant has thus established that it has rights in respect of the name NEOTEL, which is similar to the disputed domain name.

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**4.4. Is the domain name, in the hands of the Registrant, an abusive registration?**

**4.4.1.** An abusive registration is defined as a domain name, which either:  
(a) when the Registrant registered the domain name took unfair advantage of or was unfairly detrimental to the Complainant's rights; or (b) a domain name that is being used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

**4.4.2. Was the disputed domain registered primarily to intentionally block the registration of a name/mark in which the Complainant has rights (Regulation 4(1)(a)(ii))?**

4.4.2.1. The Adjudicator in ZA2007-0003 *Telkom SA Limited v Cool Ideas 1290 CC* held that a blocking registration has two critical features. The first is that it must act against a name or mark in which the Complainant has rights. The second feature relates to an intent or motivation in registering the domain name in order to prevent a Complainant from doing so.

4.4.2.2. The Registrant was aware of the Complainant's rights at the time of the domain name registration as he tried to "negotiated channel partnership agreement with Neotel".

4.4.2.3. The Adjudicator finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to block intentionally the registration of a name in which the Complainant has rights.

**4.4.3. Was the disputed domain name registered primarily to disrupt unfairly the business of the Complainant (Regulation 4(1)(a)(iii))?**

4.4.3.1. ZA2007-0003 (*Telkom Sa Limited v Cool Ideas 1290 CC*) confirmed that the disruption of the business of a Complainant may be inferred if the Registrant has registered a variation of the Complainant's mark by merely adding a generic word.

4.4.3.2. The disputed domain name neoteldirect.co.za is obviously connected with the Complainant and its telecommunication services. A variation of the Complainant's mark has been registered as a domain name and this unfairly disrupts the Complainant's business.

4.4.3.3. Accordingly, the Adjudicator finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to disrupt unfairly the business of the Complainant.

**4.4.4. (iv) Was the disputed domain name registered primarily to prevent the Complainant from exercising its rights (Regulation 4(1)(a)(iv))?**

4.4.4.1. The Complainant asserts that the Registrant registered the disputed domain primarily to prevent the Complainant from exercising its rights, more particularly from registering the name NEOTEL (in which it has substantial rights) as a domain name incorporating the generic word "direct".



4.4.4.2. Two issues must be considered here. First, whether the disputed domain name prevents the Complainant from exercising its rights i.e. registering NEOTEL as its own domain name in the .co.za registry. Secondly, the question arises whether the Registrant had acted in good faith or otherwise in registering the disputed domain name (see ZA2007-0003 *Telkom Sa Limited v Cool Ideas 1290 CC*).

4.4.4.3. The first issue was dealt with under 4.4.2 *supra*.

4.4.4.4. Was the disputed domain name registered in good or in bad faith? The Registrant warranted, in terms of the UniForum SA terms and conditions (clause 5.1), that when registering the disputed domain name:

- " it has the right without restriction to use and register the Domain Name"
- "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".

4.4.4.5. The Registrant knew of the Complainant's rights in the NEOTEL name when he registered the domain name, as the Registrant was involved in negotiations with the Complainant. Furthermore, the Registrant's failure to submit a Response is particularly relevant to the issue of whether the Registrant registered the domain name

in bad faith (see D2000-0325 *Kabushiki Kaisha Toshiba v Shan Computers* par 6.4). The Adjudicator concludes that the disputed domain registration was made in bad faith.

4.4.4.6. The Adjudicator accordingly finds, on a balance of probabilities, that the Registrant registered the disputed domain name primarily to prevent the Complainant from exercising its rights.

**4.4.5. Are there circumstances indicating the Registrant has registered the disputed domain in a way that leads people to believe that the domain name is registered to, operated to or authorised by, or otherwise connected with the Complainant (Regulation 4(1)(b))?**

4.4.5.1. The domain name neoteldirect.co.za incorporates the NEOTEL name and it is used in connection with services similar to the services the Complainant renders. This leads people or businesses to believe that the domain name is registered to, operated or authorized by, or otherwise connected with the Complainant. This may be characterised as opportunistic bad faith (see the "sunglasshut decision (*Luxottica U.S. Holding Corporation v Preshal Iyar* ZA2007-00015); Case No. D2003-0985 *Société des Bains de Mer et du Cercle des Etrangers à Monaco v Internet Billions Domains Inc*).

4.4.5.2. The domain name neoteldirect.co.za creates an impression of association between the Registrant, the Complainant and its trade mark NEOTEL due to the similarities between "neoteldirect.co.za" and NEOTEL (see D2002-0810 *Benetton Group SpA v Azra Khan*).

4.4.5.3. Accordingly, the Adjudicator finds, on a balance of probabilities that the Registrant has registered the domain name in a way that leads, or will lead, people and businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the Complainant.

**4.4.8. Factors that may indicate that the disputed domain name is not an abusive registration.**

4.4.8.1. Regulation 5 sets out various non-exhaustive factors that may indicate that the disputed domain name is not an abusive registration.

4.4.8.2. By not submitting a Response, Registrant has failed to rely on any of these factors to demonstrate that he did not register and use the domain name in bad faith (see *Luxottica U.S. Holding Corporation v Preshal Iyar* ZA2007-00015; D2002-0810 *Benetton Group SpA v Azra Khan*).

4.4.8.3. The Complainant has rights in the business name NEOTEL. The Registrant failed to respond to the Complaint. The Registrant did not provide any evidence of his use of the disputed domain name neoteldirect.co.za in connection with a bona fide offering of goods or services before being aware of the Dispute. It is difficult to conceive a good faith use of the domain name neoteldirect.co.za by the Registrant.

4.4.8.4. The Registrant registered the domain name neoteldirect.co.za, which is similar to the Complainant's business name NEOTEL. Failed

negotiations offer no justification for the adoption of NEOTEL, the name of the Complainant, as his domain name.

4.4.8.5. The Adjudicator finds that none of the non-exhaustive factors set out in Regulation 5 may be invoked to indicate that the disputed domain name is not an abusive registration.

4.4.9. By way of summary, the Adjudicator finds that the above factors indicate, on a balance of probabilities, that the disputed domain name is an abusive registration.

4.4.10. Based on the reasons and findings set out above, the Adjudicator makes the overall finding that, in the hands of the Registrant, the domain name neoteldirect.co.za is an abusive registration. It was registered in a manner, which, at the time when the registration took place, took unfair advantage of the Complainant's rights, and it was unfairly detrimental to the Complainant's rights. The disputed domain name has also been used in a manner that takes unfair advantage of the Complainant's rights, and it is unfairly detrimental to the Complainant's rights.

## 5. Decision

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

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**PROFESSOR TANA PISTORIUS**

SAIIPL SENIOR ADJUDICATOR

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