

## Decision

[ZA2012-0115]

.ZA ALTERNATE DISPUTE RESOLUTION  
REGULATIONS (GG29405)

### ADJUDICATOR DECISION

CASE NUMBER:	<b>ZA2012-0115</b>
DECISION DATE:	<b>22 October 212</b>
DOMAIN NAME:	<b>konftel.co.za</b>
THE DOMAIN NAME REGISTRANT:	<b>Phonatics (Pty) Ltd</b>
REGISTRANT'S LEGAL COUNSEL:	<b>De Kock Attorneys</b>
THE COMPLAINANT:	<b>Avaya Inc. and Konftel AB</b>
COMPLAINANT'S LEGAL COUNSEL:	<b>Spoor &amp; Fisher</b>
2 <sup>nd</sup> LEVEL ADMINISTRATOR:	<b>UniForum SA</b>

## 1. Procedural history

- 1.1 The domain in issue is <konftel.co.za>, which was registered on 16 July 2010.
- 1.2 The Complainants are Avaya Inc. (an American corporation) and Konftel AB (a Swedish corporation), hereinafter referred to compendiously as “the Complainant”. The Registrant is Phonatics (Pty) Ltd, a South African company.
  - 1.1 This dispute was filed with the South African Institute of Intellectual Property Law (“SAIPL”), on **15 August 2012**. On the same date the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name, and on **17 August 2012** UniForum SA confirmed the suspension.
  - 1.2 In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on **17 August 2012**. The due date for the Registrant’s Response was **14 September 2012**.
  - 1.3 The Registrant submitted its Response on **14 September 2012**, 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 who submitted a Reply on **25 September 2012**.
  - 1.4 The SAIPL appointed **Adv Owen Salmon** as the Adjudicator in this matter on **26 September 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.

## 2. Factual Background

- 2.1 The following are facts not in dispute.
- 2.2 Konftel AB, a wholly owned subsidiary of Avaya Inc, has been using the trade mark KONFTEL, an invented word, in connection with conference and loud speaking telephones since 28 November 1988. Konftel AB was acquired by Avaya Inc in January 2011.
- 2.3 KONFTEL is the world's fastest growing brand within audio conferencing solutions. The mark was first used in the United States in 1996 and registered there in 2011, whilst the mark was first registered (as a community trade mark) in the European Union in classes 9, 38 and 42, with effect from 19 November 2004.
- 2.4 The Complainant uses the mark KONFTEL worldwide (including in South Africa) in conjunction with audio conferencing units. The goods are manufactured under its direct supervision and control and are distributed worldwide through a network of agents and on-sellers (of which the Registrant is one). According to the Complainant's records, its KONFTEL goods were first imported in South Africa and sold locally during November 2006, and have been sold since, both before and after the registration of the domain <konftel.co.za> by the Registrant.
- 2.5 Konftel AB is the registrant of the domain <konftel.com>, which dates back to 20 May 1996.
- 2.6 The Registrant's principal business relates to the sale of telecommunication related products, in particular headphones, conference headphones and cordless phones.

2.7 The Registrant is a local distributor and authorised reseller of the KONFTEL branded products in South Africa. Due to the nature of its business and products, the Registrant relies heavily on the internet and its websites as part of its marketing strategy. About 60% of the Registrant's business derives from internet marketing and use of its websites.

2.8 Some of the Registrant's websites include the following:-

<u>Domain Name</u>	<u>Registration Date</u>
Phonatics.co.za	3 June 2001
Konftel.co.za	13 August 2010
Videoconferencing.co.za	16 February 2012
Headsetzone.co.za	10 January 2010
Freemate.co.za	11 March 2011

2.9 The Registrant sells only genuine goods of the original manufacturer and brand owners - in particular, audio conference products of AURA, SONY, POLYCOM and KONFTEL. It has been importing and selling KONFTEL products since 2010. From the outset, the Registrant was authorised to sell these goods by virtue of a distribution and import agreement with Corporate Direct Trade, based in the United Kingdom.

2.10 The Registrant was surprised that the <konftel.co.za> domain was available when it conducted a WHOIS search in August 2010. It proceeded to register the <konftel.co.za> domain name, to assist with its online marketing efforts of KONFTEL products.

2.11 As the Registrant was not aware that any other trader in South Africa was marketing the KONFTEL branded products, in the course of 2011 the Registrant made attempts to become the official sole distributor and marketer in South Africa. The Registrant later learned that Awali Distributors (Pty) Ltd had been appointed as the official representative in South Africa. There are currently a number of South African traders reselling, marketing and distributing the KONFTEL products, especially via the internet.

2.12 The Registrant's domain diverts to a site whose homepage is predominantly headed "Video Conference Phones SA", along-side of which is a dominant descriptor "Conference phone specialists". The homepage advises that the business sells AURA, POLYCOM, KONFTEL, and SONY phone and video conferencing equipment. (The Adjudicator will revert to this below.)

### 3 The Complaint

3.1 The Complainant addressed a written demand to the Registrant on 31 January 2012. A response was received, whereby the Registrant declined the Complainant's request, inviting instead the legal route. Spoor & Fisher then sent a formal letter of demand to the Registrant. The gist of the response is that the Registrant is entitled to the registration and use of the domain <konftel.co.za> as KONFTEL is one of the products that the Registrant is selling.

3.2 However, the Complainant contends, whilst it may well be that the KONFTEL goods are being marketed and sold by the Registrant, the website at [www.konftel.co.za](http://www.konftel.co.za) creates an entirely different picture;

i.e. that the domain is being used in a way that leads people or businesses to believe that it is registered to, operated or authorised by, or otherwise connected with the Complainant. What is also to be (particularly) noted is that the goods of the Complainant's competitors such as Aura Audio, Polycom and Sony are being advertised and promoted for sale. This concerns the Complainant as an enterprise will generally not advertise the goods of its competitors to the outside market.

3.3 In addition, it is contended the domain intentionally blocks the registration of a name or mark in which the Complainant has rights as envisaged by Section 4(1)(a)(ii) of the Alternative Dispute Resolution rules. It also disrupts unfairly the business of the Complainant and prevents it from exercising its rights in the trade mark KONFTEL.

3.4 The Registrant's response is summarized as follows:-

3.4.1 The Registrant did not register the <konftel.co.za> domain name with a view to sell, rent or otherwise transfer it for a valuable consideration. The Registrant registered the <konftel.co.za> domain name with a view to assist its own marketing efforts of the KONFTEL products in South Africa.

3.4.2 The registration of the <konftel.co.za> domain name does not block the registration of a trade mark in which the Complainant has rights. The Complainant has not even applied to register its trade mark in South Africa as yet, to which the Registrant will not oppose. The Registrant is therefore not preventing the Complainant to exercise its rights to obtain proper protection for its trade mark in South Africa. The Registrant is also not preventing the Complainant to obtain registrations of domain names incorporating its trade

mark under TLDs which are more appropriate, considering the territories covered by its trade mark rights.

- 3.4.3 The Registrant submits that it has not registered the <konftel.co.za> domain name in a way that lead people or businesses to believe that the Registrant is the owner of the KONFTEL brand or original manufacture of the KONFTEL products. This is supported, it is contended, by the fact that (a) there are many other local traders using the KONFTEL trade mark in internet branding to promote sales of the original products through their businesses, and (b) the Registrant also offers products of competitive products on the same websites for easy comparison by consumers.
- 3.4.4 The Registrant has no pattern, history, habits or background of making abusive registrations. The Registrant respects and acknowledges that the Complainants are the owners of the trade marks registered abroad.
- 3.4.5 Before receiving the Complainant's complaint, the Registrant used the <konftel.co.za> domain name, in good faith, in relating to the offering sale of the genuine goods as authorised in terms of its distribution agreement from its foreign supplier Corporate Direct Trade based in the United Kingdom.
- 3.4.6 Due to the Registrant's own marketing efforts, the Registrant's business has acquired a reputation as a reseller of the KONFTEL products, especially in Pretoria and Johannesburg.

- 3.4.7 The registration of <konftel.co.za> constitutes fair use. The Registrant is an authorised reseller and distributor of the KONFTEL products by virtue of its import agreement with its first supplier, and currently via the Complainant's own local distributor, namely Awali Distributors (Pty) Ltd.
- 3.4.8 The Registrant has no intentions of harming the KONFTEL brand and will continue to sell the KONFTEL products to the mutual benefit of all parties.
- 3.4.9 Any use of the KONFTEL mark by the Registrant is descriptive and in good faith with a view to promote and refer to the genuine branded products it offers for sale.
- 3.4.10 The Registrant has not experienced any instances of confusion amongst customers on the issue on whether or not the Registrant is the original manufacturer of the KONFTEL products. The Registrant has no intention of misleading customers visiting any of its websites in this regard. The Registrant therefore submits that the <konftel.co.za> domain name registration is not used in a manner which takes unfair advantage or is unfairly detrimental to the Complainant's foreign trade mark rights.
- 3.4.11 The Registrant submits that it has a legitimate interest in the domain name based on its position of marketer and reseller of the genuine goods in South Africa and the money it spends on marketing the KONFTEL brand to the benefit of all parties on this basis.



3.4.12 Taking all of the above into account, the Registrant submits that its registration of the <konftel.co.za> domain name is not an abusive registration.

#### 4 Discussion and Findings

4.1 In terms of Section 1 of the Regulations, an abusive registration means a domain name which either –

4.1.1 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

4.1.2 Has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

4.2 An indication is given in the Regulations as to what could be considered an abusive registration. In terms of Section 4(1), such factors 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 authorized by, or otherwise connected with the complainant;
- (c) evidence, in combination with other circumstances indicating that the domain name in dispute is an abusive registration, that the registrant is engaged in a pattern of making abusive registrations;
- (d) false or incomplete contact details provided by the registrant in the Whois database; or
- (e) the circumstances that the domain name was registered as a result of a relationship between the complainant and the registrant, and the complainant has –
- (i) been using the domain name registration exclusively; and
  - (ii) paid for the registration or renewal of the domain name registration.”

4.3 An indication is also given as to what would not be an abusive registration. In terms of Section 5, factors which may indicate this include:-

- “(a) before being aware of the complainant’s cause for complaint, the registrant has –
  - (i) used or made demonstrable preparations to use the domain name in connection with a good faith offering of goods or services;
  - (ii) been commonly known by the name or legitimately connected with a mark which is identical or similar to the domain name; or
  - (iii) made legitimate non-commercial or fair use of the domain name;
- (b) the domain name is used generically or in a descriptive manner and the registrant is making fair use of it;
- (c) that the registrant has demonstrated fair use, which use may include websites operated solely in tribute to or fair criticism of a person or business: Provided that the burden of proof shifts to the registrant to show that the domain name is not an abusive registration if the domain name (not including the first and second level suffixes) is identical to the mark in which the complainant asserts rights, without any addition”

4.4 In terms of Section 9, one of two outcomes is possible in the case of a complaint that the domain is an abusive registration: refusal of the dispute, or transfer of the disputed name.

4.5 To succeed in this complaint the Complainant has to prove, on a balance of probabilities, the following:-

- It has rights in respect of a name or mark which is identical or similar to the domain name; and
- The domain name, in the hands of the Respondent, is an abusive registration as defined.

4.6 As indicated, the proviso to Section 5 provides that:-

“The burden of proof shifts to the Registrant to show that the domain name is not an abusive registration if the domain name (not including the first and second level suffixes) is identical to the mark in which the Complainant asserts its rights, without any addition.”<sup>1</sup>

4.7 There is no doubt that the domain name is identical to that in which the Complainant asserts rights, but the question is whether the Complainant does have ‘rights’ in the mark. It is not necessary for these 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

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<sup>1</sup> The section is clear in its reference to the “burden of proof”, i.e. the onus. cf. DRS 02201 *Viking Office Products Inc. v Wenda Sparey* para. 7.5, 7.6: Whereas the fact that the Complainant has rights in the trade mark that is identical to the domain name does not of itself give rise to an assumption of an abusive registration, “*the registration of an identical domain name, particularly if unadorned, may raise a presumption that the registration is abusive, because it is impossible to infer that it was chosen for any reason other than to impersonate the complainant.*” See also *British Telecommunications Plc & Others v The One In A Million Limited & Others* [1998] FSR 265.

or when they do not. As was stated by the majority panel in [www.seido.co.za](http://www.seido.co.za) ZA2009-0030 (Appeal Decision) at paragraph 5.7:-

“The extent or strength of the “right”, as defined in the Regulations, required 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](#) [2002-0381] and [dinkybomb.com](#) [D2004-320] and SAIPL decisions [suncityvacation.co.za](#) [ZA2008-0023] and [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.”

4.8 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,<sup>2</sup> 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, for example, 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.<sup>3</sup>

4.9 As is conceded by the Registrant, KONFTEL is the Complainant’s “brand”. Indeed, in one of the email exchanges at a stage when the

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<sup>2</sup> Regulation 1.

<sup>3</sup> See, in general, the WIPO Advisory at [www.wipo.int/amc/en/domains/search/overview](http://www.wipo.int/amc/en/domains/search/overview).

Registrant was aiming to secure a direct distributorship with the Complainant, its Managing Director Mr Pieter Snyman wrote:-

“I do not want to waste time working on a relationship that will not last long, firstly it is all about your brand and we like it and we do a huge effort to sell it to the SA market...”

My underlining.

4.10 Having regard to this, and in any event the low threshold requirement in the establishment of a “right”, the Adjudicator is of the view that the Complaint has the requisite “rights” for the purposes of requesting relief.

4.11 The question therefore now to be decided is whether the domain name:-

- was registered or otherwise acquired in a manner which took unfair advantage of or was unfairly detrimental to the Complainant’s rights; or
- has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant’s rights.

4.12 There are two potential abuses:-

- registration with abusive intent; and
- abusive use.

In the Adjudicator’s view, moreover, the nature of “abusiveness” as contemplated by the Regulations does not require a positive intention to abuse the Complainant’s rights, but that abuse was the effect of the use or registration.

4.13 Given that the domain name is identical to the one in which the Complainant has established rights, the onus shift referred to in Regulation 5(c)<sup>4</sup> operates and the question becomes whether it has been discharged by the Registrant. For the following reasons it is not necessary to deal with all of the contentions raised by the Registrant; the issue referred to next cuts through them.

4.14 The difficulty (for the Registrant) arises in that its chosen name is precisely the intellectual property of another. As I had cause to state in <citroen.co.za><sup>5</sup>:-

“Once trade mark rights are in issue (as opposed to, for example, merely a person’s name, or a domain name, which has no brand significance) the scope of trade mark law cannot be excluded. It is by the measures of trade mark law that the use and appropriation for use by third parties is judged acceptable or not ...

The appropriation of a trade mark remains just that, whatever the medium, and (whilst allowances for the idiosyncrasies of internet usage must be made in the assessment of acceptability or not) the fact remains that property (i.e. intellectual property) has been appropriated by another. In the balancing of the interests that compete in such an event, the well trodden paths of legal principles concerning trade marks cannot be ignored or eschewed for some alternative regime.”

4.15 Now, in the present matter, the Registrant asserts:-

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<sup>4</sup> Cf. The Appeal Panel decision in <foodnetwork.co.za> ZA2011-0078, page 13.

<sup>5</sup> ZA2008-0014 (at paragraph 7.6 *et seq*).

“The Registrant registered the <konftel.co.za> domain name to use in a *bona fide* descriptive manner and on a “first come first served” basis.”

4.16 In the Citroen case reference was further made to the law concerning the descriptive use of trade marks, and the adjudication continued:-

“... the principle is this: when the mark of another is appropriated, it must be in a manner that cannot leave scope for doubt but that it is wholly descriptive and truthful. When that happens, jurisprudence deems the use acceptable, otherwise not. In the Adjudicator’s view, [www.citroen.co.za](http://www.citroen.co.za) does not meet this test.

Furthermore, what of the following considerations? If the Registrant did want to convey to the web-browser his genuine tribute website, why could he “*not, through the use of a few words, convey the true facts...?*” The Registrant himself postulated <ilovecitroen.co.za> as a possibility for the domain name, but offers no explanation as to why this would not be appropriate. He instead avers that <citroen.co.za> “*would be the best domain to pay tribute to the Complainant.*”. The Adjudicator has difficulty understanding why, and it is not explained.”

4.17 Similar considerations apply in the present matter. That the Registrant was “surprised” to find that the domain had not been registered must say something – if only that the expectation was that the domain ought to have been registered in the name of the Complainant. (That apart because the Registrant was “first”<sup>6</sup> does not

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make the registration any less of an appropriation of another's intellectual property, or more descriptive.) But, even so, how is <konftel.co.za> to be "used in a descriptive manner"? If what the Registrant meant is that it would be using the mark KONFTEL in a manner which describes the KONFTEL *products* in which it trades, the domain name does not say this. It is, nothing more and nothing less, the Complainant's trade mark, in which it – not the Registrant – has intellectual property rights.<sup>7</sup>

4.18 The fact that the domain diverts to a site for "Video Conference Phones SA", at which many other competitive products are also advertised might in a sense be a "descriptive" use, but not exclusively so. (Perhaps notably, the Registrant does not list <sony.co.za> and <polycom.co.za>, for example, amongst the domains it has also registered for the same purpose.) It is a reasonable assumption to make that such a domain is that of the proprietor of the brand – after all, there is nothing in it to represent otherwise, and the Complainant's prejudice (if only because its brand is in the hands of another<sup>8</sup>) cannot be measured against a postulate that users must trawl the site for disclaimers, or somehow otherwise deduce that they are not, after all, at the cyber-home of the brand owner.

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<sup>6</sup> Cf. <foodnetwork>, supra, at page 15 – "This concept (of "first come first served") can only apply in the absence of rights based on, or arising from, use by either party (or possibly by both parties)..." See also: <citroen>, supra, at paragraph 7.14: "... *prima facie*, a trade mark owner – at least, particularly a registered trade mark owner – ought to be able to register a domain name comprising his trade mark, and nothing but his trade mark. In the modern world of e-commerce, this is *de rigueur*. Why should a trade mark proprietor be held to ransom (metaphorically speaking) because he was not quick enough?"

<sup>7</sup> The Registrant raised a dispute – although more an argument than a factual dispute – as to whether the Complainant actually has any common law rights in the mark KONFTEL. This proposition clearly cannot be sustained, even on the Registrant's own evidence.

<sup>8</sup> Cf <vawaterfront.co.za> ZA2011-0099, at paragraph 5.23.

## 5 Decision

For the foregoing reasons the Adjudicator's conclusion is that the Registrant has not discharged the onus of showing that the domain name is not abusive. In accordance with Regulation 9, the Adjudicator orders that the domain name be transferred to Konftel AB.

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**ADV OWEN SALMON**  
SAIIPL SENIOR ADJUDICATOR  
[www.DomainDisputes.co.za](http://www.DomainDisputes.co.za)