

Decision

[ZA2013-0157]

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

ADJUDICATOR DECISION

CASE NUMBER:	ZA2013-0157
DECISION DATE:	18 February 2014
DOMAIN NAME:	stonesensation.co.za
THE DOMAIN NAME REGISTRANT:	Stone Sensation (Pty) Ltd/Gerrie Coetzee
REGISTRANT' S LEGAL COUNSEL:	Wiese & Wiese Attorneys
THE COMPLAINANT:	Rotsvas Holdings (Pty) Ltd
COMPLAINANT' S LEGAL COUNSEL:	De Chalains Attorneys
2 nd LEVEL ADMINISTRATOR:	ZA Central Registry

1. Procedural history

- 1.1 The domain in issue is <stonesensation.co.za>, which was registered on 10 August 2006.
- 1.2 The Complainant is Rotsvas Holdings (Pty) Ltd. The Registrant was at the time of commencement of this dispute Stone Sensation (Pty) Ltd but is currently Gerrie Coetzee.
- 1.3 This dispute was filed with the South African Institute of Intellectual Property Law (“SAIPL”), on **12 November 2013**. On **14 November 2013** the SAIPL transmitted by email to UniForum SA a request for the registry to suspend the domain name, and on the same day UniForum SA confirmed the suspension.
- 1.4 In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the dispute on **27 November 2013**. The Registrant filed a response to the dispute on **30 December 2013**. On **13 January 2014** the Complainant filled a response to the Registrant’ s response.
- 1.5 The SAIPL appointed **Adv Owen Salmon** as the Adjudicator in this matter on **16 January 2014**. On **16 January 2014** the Adjudicator 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 papers in this dispute comprise a few short of 300 pages. A not insignificant proportion of the allegations and counter-allegations concern

matter which is tangential to the issues in the complaint. The Adjudicator has been referred, in the process, to several recent High Court matters, and judgments, involving proceedings in some way or another involving the parties or affecting *dramatis personae* in the present complaint.

2.2 All of this makes the factual background convoluted and, for the purposes of the present dispute, a summation somewhat difficult. The following is a précis of the facts placed before the Adjudicator and, hopefully, those relevant for the purposes of the determination. I mean no disservice to the parties and their representatives who have gone to great lengths to prepare and present a comprehensive exposition of their respective clients' standpoints and positions in regard to the dispute between them.

2.3 Unfortunately, in a relevant and material respect, this exposition has been incomplete. The facts - in this particular regard - serve to substantiate the settled view that the Adjudicator has adopted, namely that the complaint herein is justified.

2.4 Sometime ago, the business Stone Sensation was established by one Mr Dykman. At least, during the period 2006 to 2011, the Stone Sensation business was operated by Project Sensation Pty Ltd and Stone Sensation Pty Ltd. It conducted business in the manufacture and sale of artificial stone and concrete products, and appears to have done relatively well. Its premises were in Silverton, Pretoria. Mr Dykman passed away and left the business in the hands of his widow, Mrs Rika Dykman.

2.5 The Stone Sensation business began to experience misfortune. For reasons which are not relevant, Mr Louis Erasmus became known to Mrs Dykman and expressed an interest in purchasing into the business.

- 2.6 With effect from 30th September 2011, as a result of this interface with Mr Erasmus, the Stone Sensation business was restructured into Rotsvas Holdings Pty Ltd and Rotsvas Trading Pty Ltd. In these companies, Mr Erasmus and Mrs Dykman became shareholders, and Mr Erasmus and Mrs Dykman's son Erno Dykman were directors.
- 2.7 These companies continued to operate the Stone Sensation business.
- 2.8 In the meantime, other Stone Sensation outlets/businesses had traded. One was in Hartebeespoort, conducted by the brother of the late Mr Dykman. Another was in Klerksdorp, conducted by a third party. No franchise agreement of any consequence was in place regarding these entities. The term "of any consequence" is used advisedly. Annexed to the Registrant's response to the complaint is what purports to be a franchise agreement between Stone Sensation Pty Ltd and Stone Sensation: Klerksdorp Pty Ltd. However, cogent evidence has been led by the Complainant establishing that the 'franchise' arrangement fell into desuetude some time ago. For all intents and purposes, the business in Klerksdorp is an independent entity with no *de facto* relevant connection, relationship, or association (at least, *qua* franchisee) to the duo of Project Sensation and Stone Sensation Pty Ltd, or the Rotsvas Holdings Group.
- 2.9 With effect from 30th January 2013 Rika Dykman sold her shares in the Rotsvas companies to Mr Erasmus. At some stage thereafter, one Mr Gerrie Coetzee entered the scene. The Registrant's evidence shows that Mr Coetzee was an erstwhile acquaintance of the late Mr Dykman, and came to establish his presence in the "business relationship" between Mrs Dykman and Mr Erasmus.

2.10 It was then that events surrounding the hosting of the domain in dispute began to happen. On 25th October 2013, Mr Coetzee arranged for the transfer of its hosting back to what had previously been the case, namely the company Hetzner Pty Ltd. A consequence of this was that the “use and possession” of the web domain www.stonesensation.co.za had been spoliated from Rotsvas Trading Pty Ltd. Although it was the operator of the Stone Sensation business, it clearly was unable to extract benefit from any internet presence associated with the Stone Sensation brand.

2.11 This prompted an urgent application, by Rotsvas Trading, to the North Gauteng High Court under case number 68548/13. The matter came before Tuchten J on 26th November 2013 and was not opposed by the Respondents in the application - who included, notably, Mrs Dykman and Mr Coetzee. Nevertheless, with their agreement, an order of Court was made in terms of which, *inter alia*, the company Stone Sensation Pty Ltd was to instruct Hetzner Pty Ltd immediately to restore use and possession of the web domain of Stone Sensation Pty Ltd to the Applicant. This order was to be “interim”, pending the outcome of the alternative dispute resolution procedure initiated by the Applicant for the ownership of the domain. (That procedure, of course, is the present complaint, initiated on 9th November 2013.)

2.12 What is relevant, in the Adjudicator’s view, is that on 12th November 2013 (the day on which the present complaint was lodged with Uniform SA and on which date it suspended the domain) Stone Sensation Pty Ltd had transferred the domain name to Gerrie Coetzee. This was, purely coincidentally, discovered by the Complainant on 13 January 2014 and has been confirmed by the Adjudicator with Uniform SA.

2.13 Nowhere in the Registrant's response (served on 30 December 2013, and comprising close on 200 pages) is any mention made of this. Moreover, presumably, no mention was made to the High Court, yet on 27th November 2013 Mr Coetzee agreed to a Court Order in terms of which another party (namely, Stone Sensation Pty Ltd) would instruct Hetzner Pty Ltd to immediately restore the use and possession of the domain to Rotsvas Trading Pty Ltd. Clearly, at that point in time, and known both to Mrs Dykman and Mr Coetzee, Stone Sensation Pty Ltd had no standing to give effect to that Court Order. Whether the High Court was misled in this regard does not require examination and is not relevant for present purposes.

2.14 One last point warrants mention. At some stage Project Sensation Pty Ltd was liquidated. On 5th November 2013, KPMG Services, the liquidators, assigned to Rotsvas Holdings Pty Ltd all 'intellectual property rights', owned by the company and which included, by definition, *"the trade mark STONE SENSATION and any other ... domain names ... which include or are associated with the trade mark STONE SENSATION."*

2.15 It seems likely that Ms Dykman and/or Mr Coetzee would have known about this; as well, in particular, prior to the transfer of the domain effected to Mr Coetzee on 12th November 2013.

3 The Complainant's Contentions

3.1 From the background of the matter (as described above) it is alleged that the transfer of the domain name is in conflict with the agreement between Erasmus and Dykman concluded in June 2011, as well as the rights to the domain name which the Complainant subsequently acquired; is unlawful,

was made in bad faith, has caused and will continue to cause substantial damage to the Complainant.

- 3.2 It is accordingly submitted that the domain name is an abusive registration in that the Complainant acquired exclusive rights to the use of the domain name, it has been using the domain name exclusively and uninterruptedly since October 2011, and it has paid for the renewal of the domain name registration subsequent to acquiring the aforesaid exclusive rights. Moreover, the continued registration of disputed domain name in the name of the Registrant, and its use thereof, unfairly disrupts the business of the Complainant and its subsidiary and prevents the Complainant from exercising its rights.

4 The Registrant's Contentions

- 4.1 It is denied that the transfer of the domain is in conflict with any agreement. It is further denied that the Complainant has any rights to the domain. Any rights the Complainant might have had, which are denied, were revoked by the Registrant on 3 August 2012.
- 4.2 It is denied that the disputed domain is an abusive registration and that the Complainant acquired any rights in the domain. The use of the domain by the Complainant was brief, and brought about by the refusal of the then host to return same to the Registrant.
- 4.3 It is the further submission that the Complainant has no right in respect of "Stone Sensation" and therefore has no right in the web domain under consideration. The web domain is and was always the property of the Registrant and any use thereof by the Complainant subsequent to 3 August 2013 was unauthorised and unlawful.

5 Discussion and Findings

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

5.1.1 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

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

5.2 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.”

5.3 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”

5.4 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.

5.5 To succeed in this complaint the Complainant has to prove,¹ 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.

¹ Section 3(1)(a) of the Regulations.

5.6 The domain name stonesensation.co.za is identical to the name in which the Complaint asserts it has rights. The Adjudicator finds that the Complainant's assertion is valid. It is trite that the threshold in this regard is very low.

5.7 Although the question 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, the nature of the onus in such circumstances is adjusted by virtue of the proviso in Regulation 5(c):-

“... the burden of proof shifts to the Registrant to show that the domain is not an abusive registration if the domain name ... is identical to the mark which the Complainant asserts rights, without any addition.”

5.8 There are two potential abuses:-

- registration with abusive intent; and
- abusive use,

and 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.

5.9 In the Adjudicator's view there has been clear abuse by the Registrant(s) of the domain name. Whether assessed on the basis of the onus (which the Registrant(s) do not discharge) or, in any event, the Complaint must be upheld. That this is so is readily apparent from what is set out in paragraphs 2.10 - 2.15 (inclusive) of this decision.

6 Decision

For the foregoing reasons the Adjudicator's conclusion is that the domain name is abusive. In accordance with Regulation 9, the Adjudicator orders that the domain name be transferred to the Complainant.

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ADV OWEN SALMON
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za