

.nz Dispute Resolution Service

DRS Reference: 377

Law Staff International Limited v Law Staff Australia Pty. Limited

Key words -

1. Parties

Complainant:
Law Staff International Limited
Mrs Paula Watts
Level 11
203 Queen Street
Auckland
New Zealand

Respondent:
Law Staff Australia Pty. Limited
Miss Margaret Heath
Law Staff Australia Pty. Limited
Level 14
115 Pitt Street
Sydney
Australia

2. Domain Name/s

lawstaffinternational.co.nz ("the Domain Name")

3. Procedural history

- 3.1 The Complaint was lodged on 9/03/2009 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 12/03/2009. The domain/s were locked on 9/03/2009, preventing any changes to the record until the conclusion of these proceedings.
- 3.2 There was no response filed by the Respondent.
- 3.3 The Complainant paid Domain Name Commission Limited the appropriate fee on 3/04/2009 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").
- 3.4 Mr Andrew Brown QC, the undersigned, ("the Expert") confirmed to the DNC on 8/04/2009 that he knew of no reason why he could not properly accept the invitation to act as expert in this case and that he knew of no matters which ought to be drawn to the attention of the

parties, which might appear to call into question his independence and/or impartiality.

- 3.5 On 27 April 2009, the Expert issued a Notice under Rule B12.1 of the Policy seeking further information from the Complainant (and copied to the Respondent). The Complainant responded to the Notice on 28 April 2009.

4. Factual Background

- 4.1 The Complainant, Law Staff International Limited, was incorporated in July 2008. The sole director and shareholder of the Complainant is Paula Watts.

- 4.2 From March 1994 until October 2008, Paula Watts was “in partnership” in the field of legal recruitment with Margaret Heath, the controlling shareholder of the Respondent. It appears from the Complaint that:

- (a) A New Zealand company, Law Staff NZ Limited, was incorporated in 1995. Paula Watts refers to this in the Complaint as “my company”;
- (b) There was an Australian incorporated company, Law Staff NSW Pty Limited, which subsequently became Law Staff Australia Pty Limited – the Respondent. No details of the company’s incorporation are provided. Paula Watts was a director of that company but the Complainant now says she is a former director of it.

- 4.3 Both companies traded under the one name “Law Staff”.

5. Parties Contentions

a. Complainant

- 5.1 The Complaint states that “our companies were recently split and Margaret Heath gained control of Law Staff Australia Pty Limited [the Respondent] and Legal & Corporate Staff Pty Limited based in Melbourne, Sydney and Brisbane”. Paula Watts says that she:

“... chose to rebrand my New Zealand company and website to Law Staff International Limited. Margaret Heath was advised that she needed to change her website and add “Australia” to their website to ensure that there was no confusion between the two organisations which were previously trading as one group called Law Staff. I recently set up a company in South Australia in the name of Paula Watts Law Staff International Pty Limited to avoid any such confusion for any party.”

- 5.2 The Complaint further says:

“5. Margaret Heath was alerted to the fact that I changed my company name in New Zealand to Law Staff International Limited via our website. It is an obvious vindictive tactic that Margaret quickly formed a company in NSW called Law Staff International Pty Limited on 23 January 2009 when she noticed my new branding”

5.3 The Complainant further states by way of background to the Complaint:

“6. I had applied for the www.lawstaffinternational.com.au” domain name last year and was granted the use of that name. It was only recently that I was informed that a complaint had been received for me using this domain name – and this was clearly a tactic by my former business partner to prevent me having the domain name that matches my company name across New Zealand and Australia.

7. The controlling authority in Australia AuDA investigated the matter and agreed that I was the rightful owner of “www.lawstaffinternational.com.au” and granted me the rights to that domain for my Australian company. In what can only now be described as a spiteful retaliation, Margaret Heath has now registered “www.lawstaffinternational.co.nz” with Net Registry”

5.4 In relation to the actions of the Respondent in registering the Domain Name, the Complainant says:

“8. Margaret Heath has no entitlement to use my company name with a NZ suffix as she is not a director of a New Zealand company with this name nor does she have any close association with the my (sic) company name.

9. I believe that I am entitled to the domain name based (sic) as this is my Incorporated Company in New Zealand.

10. Please see www.lawstaff.co.nz to confirm that our website refers to Law Staff International. Please also see www.lawstaff.com.au – Margaret’s website where there is no mention of Law Staff International.”

5.5 The Complainant has invited the Expert to review the following websites:

- “lawstaff.co.nz” (a website operated by the Complainant); and
- “lawstaff.com.au” (a website operated by the Respondent in Australia).

5.6 The Complainant’s response to the Expert’s Notice under Rule B12.1 of the Policy provided further clarification as follows.

5.7 The split of the partnership referred to in the Complaint was effected in a written share transfer agreement dated 31 October 2008 between Margaret Heath, Paula Watts, and associate trust interests. Under the agreement, Margaret Heath sold her shares in the *New Zealand*

companies, Law Staff NZ Limited and Legal & Corporate Staff Limited, to a trust associated with Paula Watts. Contemporaneously, Paula Watts sold her shares in certain *Australian companies*, including Law Staff Australia Pty Limited and Legal & Corporate Staff Pty Limited, to Margaret Heath.

- 5.8 The share transfer agreement included non-competition and restraint obligations between the parties.
- 5.9 The Complainant's response to the Notice further indicated that, following the share transfer agreement, the Complainant, Law Staff International Limited, assumed and took over the New Zealand business then being operated by Law Staff NZ Limited. Paula Watts' lawyer advised Margaret Heath's lawyers that the New Zealand business was differentiating itself and its website. The new entity, Law Staff International Limited, became the company operating the New Zealand website www.lawstaff.co.nz.

b. Respondent

- 5.10 The Respondent has not filed any submissions in this proceedings.

6. Discussion and findings

- 6.1 The Complainant is required to prove that it has met the requirements in paragraph 4 of the Policy namely that:

“4.1.1 The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and

4.1.2 The Domain Name, in the hands of the Respondent, is an Unfair Registration.”

- 6.2 Paragraph 4.2 specifically provides that:

“The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities”

a. The Rights

- 6.3 The term “Rights” is defined in paragraph 3 of the Policy as follows:

“**Rights** includes, but is not limited to, rights enforceable under New Zealand law. However a Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business.”

- 6.4 As the Complainant has no registered trade mark in New Zealand for the name LAW STAFF INTERNATIONAL, it is required to show, as at the date of registration of the Domain Name (4 February 2009) that it had a sufficient reputation or awareness in New Zealand in respect of the unregistered trade mark LAW STAFF INTERNATIONAL.

- 6.5 Where, as here, the name LAW STAFF INTERNATIONAL tends towards the descriptive end of the spectrum of marks, it is particularly important that a Complainant provides substantiating evidence to show such pre-existing reputation or awareness of the mark in New Zealand (see *The Country Channel Limited v The Country Channel Limited*, DRS No. 334, 30 March 2009).
- 6.6 It appears from the Complaint that the following sequence of events occurred:
- (a) The director and sole shareholder of the Complainant, Paula Watts, incorporated the company Legal & Corporate Staff Limited on 26 July 1995;
 - (b) That company changed its name to Law Staff (NZ) Limited on 21 August 1998;
 - (c) There was a partnership between Paula Watts and Margaret Heath through the companies Law Staff (NZ) Limited, Law Staff Australia Pty Limited and possibly Legal & Corporate Staff Pty Limited whereby the New Zealand company provided services in New Zealand and the Australian companies provided services in Australia;
 - (d) The partnership was terminated on 31 October 2008 with each of the New Zealand and Australian entities operating independently thereafter. The two principal owners, Paula Watts (and her trust) and Margaret Heath sold to each other their shares in the Australian and New Zealand companies respectively. The New Zealand business was run, it seems, by Law Staff (NZ) Limited;
 - (e) It further appears from the Complaint and the response to the Expert's Notice that immediately following the Share Sale Agreement of 31 October 2008 there was a transfer of the New Zealand business (formerly operated by Law Staff (NZ) Limited) to the Complainant. Given the continued existence of Law Staff NZ Limited (as verified by one of the exhibits to the Complaint) it appears that Law Staff International Limited has taken over the operations. It certainly operates the website "lawstaff.co.nz". One of the exhibits to the Complaint shows that Law Staff International Limited is one of the claimants to copyright in the website.
- 6.8 It therefore appears that **the Complainant** company began trading in New Zealand under the name LAW STAFF INTERNATIONAL from some time in early November 2008 after Paula Watts in New Zealand and Margaret Heath in Australia split their partnership.

6.9 I find that on the balance of probabilities, the Complainant has established that it had rights in the marks and names LAW STAFF and LAW STAFF INTERNATIONAL (the latter of which is identical to the Domain Name) at the relevant date i.e. 4 February 2009. My conclusions on this issue are that:

- (a) Although the names Law Staff and Law Staff International have descriptive elements, they are also not wholly descriptive of the business. The business operated by the Complainant is that of legal recruitment and placement services. The words "Law Staff" while they have descriptive allusions do not wholly describe the business operated from the Domain Name. The words "Law Staff" or "Law Staff International" bring to mind Legal Staff of professional practices rather than *wholly* describing legal recruitment services;
- (b) The goodwill in the mark LAW STAFF in New Zealand (and Australia) was until 31 October 2008 jointly owned by the partnership comprising Law Staff NZ Limited, Law Staff Australia Pty Limited and Legal & Corporate Staff Pty Limited;
- (c) That partnership was dissolved at the time of the share transfer agreement on 31 October 2008;
- (d) Following the agreement, Law Staff NZ Limited became the party owning rights to the LAW STAFF mark in New Zealand. The restraints in the share transfer agreement and in particular a restraint preventing the Australian companies from marketing or advertising themselves or contacting employers and employees in New Zealand other than through another recruitment company confirm that Law Staff NZ Limited acquired the rights in LAW STAFF in New Zealand;
- (e) Thereafter in early November 2008, there was a transfer of the New Zealand business and goodwill in LAW STAFF to the Complainant which began trading as both Law Staff and under its correct company name Law Staff International Limited;
- (f) Although the Complainant in fact only operated for a period of three months before the Domain Name was registered, it had in fact taken over the accumulated goodwill in New Zealand in the mark LAW STAFF that had been created through continuous trading since 1994. The transition to LAW STAFF INTERNATIONAL and the acquisition of rights in *that* name would be made very much easier by the accumulated goodwill in LAW STAFF itself. It is significant too that there has been no response from the Respondent to challenge the Complainant's claim.

- 6.11 As a final comment, the Expert notes that, although the Complaint is lodged by Law Staff International Limited, much of the Complaint is personalised to Paula Watts who describes herself as the managing director of the Complainant. The blurring of the line between the Complainant company and Paula Watts became particularly acute when in paragraph 9 of the Complaint it is asserted “I believe that I am entitled to the domain name based (sic) as this is my incorporated company in New Zealand”.
- 6.12 In this case the Expert notes that the Complaint has been prepared without legal assistance and that Paula Watts (who has written the Complaint) treats herself as the alter ego of the Complainant. The company documents produced in evidence show that she is in fact the sole director and shareholder of the Complainant company.
- 6.13 In the circumstances, and given that no response has been filed, the Expert is prepared to treat the personalised claims as being on behalf of the Complainant company. However the Expert notes that it is critically important in domain name complaints under the DRS that Complainants take great care to properly identify the Complainant and make sure evidence as to the Complainant’s rights is clear and consistent.

b. Unfair registration

- 6.14 The Policy sets out a series of non-exhaustive factors which may evidence that a Domain Name is an unfair registration. The factors include the following:

“5.1.1 Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name primarily:

- (a) ...
- (b) As a blocking registration against a name or mark in which the Complainant has rights; or
- (c) For the purpose of unfairly disrupting the business of the Complainant; or

...”

- 6.15 From the evidence and the previous AuDA proceeding in Australia, it is clear that, at the time of registration of the Domain Name on 4 February 2009, the Respondent would have been aware of the Complainant’s use of and rights in the name LAW STAFF INTERNATIONAL in New Zealand. The Complaint states that Margaret Heath, principal of the Respondent, was alerted to the fact of the change to Law Staff International via the website.

- 6.16 The Complaint shows that the Respondent also registered a company in Australia, Law Staff International Pty Limited on 23 January 2009. While this could on its own be an innocent move it does, in the absence of explanation and response, suggest that it and the registration of the Domain Name were intended to disrupt the business or as a blocking registration.
- 6.17 While the restraint on Margaret Heath (and companies of which she was a shareholder or director) in the share transfer agreement of 31 October 2008 was limited to geographical areas around the main centres of Auckland, Wellington, Christchurch and did not cover New Zealand per se, the fact remains that the Domain Name registered by the Respondent included the word INTERNATIONAL. The Respondent had never previously used that term and (as I have found) would have been aware that the Complainant was using that combination at the relevant date.
- 6.17 I am satisfied on the balance of probabilities that the Respondent registered the Domain Name to block registration by the Complainant of LAW STAFF INTERNATIONAL or for the purpose of unfairly disrupting the business of the Complainant.

7. Decision

- 7.1 In view of the findings made above, the Expert directs that the Domain Name "lawstaffinternational.co.nz" be transferred to the Complainant.

Place of decision	Auckland
Date	1 May 2009
Expert Name	Mr Andrew Brown QC

Signature