

.nz Dispute Resolution Service

DRS Reference: 402

Profile Boats (2008) Limited v Jan McCutcheon

Key words – Registered mark – identical to domain - Registration of domain name before registration of mark - Unfair registration – likely to confuse, mislead or deceive; Prior relationship between parties – respondent having no current connection with trademark or name

1. Parties

Complainant:

Profile Boats (2008) Limited

C/- 220 Prebensen Drive

Napier

New Zealand

(Represented by Mr A. Wares, Sainsbury Logan & Williams, Solicitors, Napier)

Respondent:

Jan McCutcheon

25 Coventry Ave

Napier

New Zealand

(Represented by Mr S P Lunn, Elvidge & Partners, Solicitors, Napier)

2. Domain Name/s

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

3. Procedural history

The Complaint was lodged on 25/05/2009 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 28/05/2009. The domain was locked on 25/05/2009, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 17/06/2009 and the DNC so informed the Complainant on 17/06/2009. The Complainant filed a Reply to the Response on 29/06/2009. The DNC informed the parties on 15/07/2009 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 28/07/2009 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Hon Sir Ian Barker QC, the undersigned, (“the **Expert**”) confirmed to the DNC on 30/07/2009 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.

4. Factual background

The Complainant operates a boat-building business in Napier. It acquired the boat building business known as “Profile Boats” from a company incorporated in 2004 named Profile Boats Limited (“**Profile**”), under an agreement for sale and purchase dated 9 June 2008.

The purchaser named in this agreement was Firman’s Marine Centre (1998) Limited (“**Firman**”) or nominee. The Complainant was the nominee of Firman as purchaser.

Although there is no evidence of the date of the Complainant’s incorporation, its name suggests that it must have happened in the year 2008.

The agreement included the sale and purchase of intangible assets of the vendor, including, *inter alia*, trade marks, trade names and domain names. Profile had sold Profile-branded boats since 2004. It traded under the Profile name. The Complainant purchased the goodwill in the name Profile under the agreement.

The Complainant operates a website with information concerning its activities. Persons wishing to purchase high-value vessels, such as those made under the Profile brand may thus undertake internet research on different makes and models available on the market.

The Complainant owns a New Zealand registered trademark entered on the Register on 12 March 2009, with a deemed date of registration of 22 August 2008 for the words “*Profile Boats*”. Registration is in Classes 12, 13, 37 and 42.

The Respondent registered the disputed domain name on 10 June 2006. The Respondent is the admitted agent of a company called Senator Boats Limited (“**Senator**”) which provides goods and services in the trade mark classes for which the Complainant has a registered trade mark. Senator is a competitor of the Complainant in the boat-building industry in Hawkes Bay.

The Complainant is associated with Firman which used to have a supply relationship with Senator. The agency agreement between Senator and Firman has now been terminated. Firman owns the domain names www.senatorboats.com and www.senatorboats.co.nz.

5. Parties' contentions

a. Complainant

The disputed domain name is identical to the registered trade mark of the Complainant. The Complainant purchased the Profile Boats business, including the goodwill attaching to the name Profile Boats under which name its vendor, Profile, had operated its business since 2004.

The Respondent's principal, Senator, which is a competitor of the Complainant, registered the disputed domain name which is the same as the Complainant's trade mark. Persons visiting the website accessed through the disputed domain name, will be directed, not to the Complainant, but to Senator. There is a direct link from the disputed domain name website to the Senator website.

The Respondent's registration of the disputed domain name is unfair in that:

- (1) it prevents the Complainant from exercising its ownership rights in the name "Profile Boats";
- (2) it prevents customers searching for information on Profile Boats from finding the Complainant, and thereby, is unfairly disrupting the business of the Complainant;
- (3) it prevents the Complainant from reaffirming the Profile brand in the minds of its customers and, therefore, is unfairly disrupting its business.

For a period from June 2008, the Respondent did not use the disputed domain name but has recently linked it to Senator. The Respondent has no legitimate commercial reason for using the disputed domain name.

The Complainant has experienced incidents where customers claimed to have been unable to search for information on the Complainant. Accordingly, the Respondent's registration of the disputed domain name dilutes or erodes the Complainant's goodwill in the mark "Profile Boats".

The registration of the disputed domain name coincided with the termination by Senator of its supply relationship with Firman which is associated with the Complainant.

b. Respondent

Firman operates a website accessed by the domain name: <senatorboats.co.nz>. There had been an agency agreement between Firman and Senator. A website was created to assist with the marketing

by Firman of Senator boats. This agency agreement has been terminated and consequently, Firman has no right to sell Senator boats, as an agent of Senator. The Senator brand does not belong to Firman or to any related organisation.

“Senator Boats” is not a registered trade mark but the expression has been used continuously in New Zealand since 1996. The www.senatorboats.co.nz domain name is luring Senator customers away to Profile boats. It is, therefore, an unfair registration.

At the time when the Respondent registered the disputed domain name as the admitted agent of Senator, Senator had a realistic expectation of being able to do business either with Firman or with Profile directly or in some way becoming involved in the sale of Profile boats.

The disputed domain name was registered before any trade mark rights were established by the Complainant which did not exist at the time. The present situation could shortly be resolved by having Senator transfer the Profile domain name to the Complainant and Firman transfer the Senator domain names back to Senator.

The agency agreement between Senator and Firman was terminated because Firman was unable to attain the minimum agreed orders of boats under the agency agreement. Firman was in negotiation with Profile and seemed to be intent on undermining the commercial relationship between the parties well before Senator acquired the disputed domain name.

c. Complainant’s Reply

The alleged reason for Senator registering the disputed domain name does not seem credible. The Response does not disclose any legitimate reason for the Respondent continuing to hold the disputed domain name.

The issue of the Senator domain names is a separate one. If Senator wishes to challenge Firman’s entitlement to use the disputed domain name, then Senator should take whatever steps are appropriate. The two issues are not linked.

6. Discussion and findings

This Policy and Procedure applies to Respondents when a Complainant asserts to the DNC according to the Procedure 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.”

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

In this case, the disputed domain name and the Complainant's registered trade mark are identical. Accordingly, the Complainant has proved the first requirement under the Policy noted as 4.1.1 above.

The next question is to whether the Complainant has shown the domain name in the hands of the Respondent is an unfair registration, which is relevantly defined in the Policy as:

"A domain name which either:

- (1) was registered or otherwise acquired in a manner which at the time when the registration took place took unfair advantage of or was unfairly detrimental to the Complainant's rights; or
- (2) has been or is likely to be used in a manner which took unfair advantage of or was unduly detrimental to the Complainant's rights."

A non-exhaustive list of factors which may be evidence that the Domain Name is an Unfair Registration is set out in paragraphs 5.1.1 - 5.1.5 of the Policy, viz:

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

- (a) for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly associated with acquiring or using the Domain Name;
- (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

...

5.1.5 The Domain Name was registered arising out of a relationship between the Complainant and the Respondent and the circumstances indicate that it was intended by both the Complainant and the Respondent

that the Complainant would be entered in the Register as the Registrant of the Domain Name;”

A non-exhaustive list of factors which may be evidence that the Domain Name is not an Unfair Registration is set out in paragraphs 6.1.1 - 6.1.4 of the Policy, viz:

- 6.1.1 Before being aware of the Complainant's cause for complaint (not necessarily the Complaint itself), the Respondent has:
- (a) used or made demonstrable preparations to use the Domain Name or a Domain Name which is similar to the Domain Name in connection with a genuine offering of goods or services;
 - (b) been commonly known by the name or legitimately connected with a mark which is identical or similar to the Domain Name;
 - (c) made legitimate non-commercial or fair use of the Domain Name;...”

The Expert cannot find it proved that the registration of the disputed domain name in 2006 was unfair, in light of the relationship that may have then existed between Firman and Senator. Consequently, the first alternative ground for finding an unfair registration has not been demonstrated.

There is no evidence that, before being made aware of the Complainant's cause for Complaint, the Respondent had made demonstrable preparations to use the disputed domain name or one similar in connection with a genuine offering of goods and services.

Accordingly, the Expert must consider whether the registration is unfair on the grounds that it has been or is likely to be used in manner which took unfair advantage of or was unfairly detrimental to the Complainant's rights.

In the Expert's view, there is no justification for the continued use by the Respondent of the disputed domain name which is identical to the Complainant's trade mark. Whatever had been the relationship between Firman and Senator at the time of the registration of the disputed domain name, there is now no commercial relationship of any consequence between the parties – they are competitors. It was wrong for the Respondent to use the disputed domain name, once it had ceased to have any relationship with the Complainant or any associated entity.

The Respondent claims that Firman is wrongly using the domain name <senatorboats.co.nz> and <senatorboats.com>. This matter comes outside the scope of this present application. If there is any basis for a finding of an unfair registration, either of <senatorboats.com> or <senatorboats.co.nz> then

there is nothing to stop the Respondent or Senator from taking action under the appropriate domain name dispute regime.

7. Decision

Accordingly, the Expert holds that there is an unfair registration of the disputed domain name in which the Complainant has trade mark rights. Therefore, there will be an order transferring the disputed domain name <profileboats.co.nz> from the Respondent to the Complainant.

Place of decision: Auckland

Date 10th August, 2009

Expert Name Hon Sir Ian Barker QC

Signature _____