

.nz Dispute Resolution Service

DRS Reference: 302

Sato New Zealand Limited v Ansutek Commercial Ltd

Key words -

Domain name – sato.co.nz ("the Domain Name")

Identical or similar trade mark or name – Registered mark – identical

Unfair registration – Unfair registration – unfair use – likely to confuse, mislead or deceive – prior relationships between the parties

Procedure – transfer

1. Parties

Complainant:

Sato New Zealand Limited
P O Box 305 031
Triton Plaza
North Shore City 0757
New Zealand

Respondent:

Ansutek Commercial Limited
PO Box 20 562
Te Rapa
Hamilton
New Zealand

2. Domain Name

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

3. Procedural history

The Complaint was lodged on 15/07/2008 and the Domain Name Commission (DNC) notified the Respondent of the validated Complaint on 18/07/2008. The domain was locked on 15/07/2008, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 31/07/2008 and the DNC so informed the Complainant on 31/07/2008. The Complainant filed a Reply to the Response on 11/08/2008. The DNC informed the parties on 26/08/2008 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 5/09/2008 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

4. Factual background

Factual information about the Complainant is extracted from the Complaint. It would appear that the Complainant, Sato New Zealand Limited, is a subsidiary of a Japanese parent company and that it trades in printers and a wide variety of related and other equipment. The following trademarks comprising the word SATO in stylised device or plain form are registered in the relevant classes with the Intellectual Property Office of New Zealand:

118304
118305
118596
245191
659396
659397
659398
761003

Factual information about the Respondent is extracted from the Response. The Respondent, Ansutek Commercial Ltd, has a history of business partnership with the Complainant dating back to 2004 and still trades in Sato printers.

5. Parties' contentions

a. Complainant

The contentions of the Complainant include the following.

The Complainant contends that it has rights in the trademarks listed in section 4 above and submits copies of the relevant trademark registration documents.

The Complainant contends that the Respondent has registered the domain name sato.co.nz primarily for the purpose of selling it for profit to the Complainant for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly associated with acquiring and maintaining the domain name.

The domain name is not used as a website and on entry diverts immediately to the Respondent's website at ansutek.co.nz. For this reason the complainant believes that the Respondent's only out-of-pocket costs have been in maintaining the registration of the domain name for 4 years.

The Respondent, by letter dated October 3, 2007, offered to transfer the domain name to the Complainant for \$18,000.00. The Complainant submits that this amount is considerably in excess of the Respondent's actual out-of-pocket expenses. By letter dated May 14, 2008 the Complainant offered to reimburse the Respondent for actual out-of-pocket expenses in exchange for transfer of the domain name but has received no response to this.

The Complainant further contends that the Respondent is blocking the Complainant from reflecting its name in a domain name. The Complainant recently opened its New Zealand office and wishes to operate a .co.nz domain name, but the respondent's registration is blocking it from doing so.

The Complainant further contends that the domain name has been registered for the purpose of disrupting its business. The Respondent is using the domain name in a way likely to mislead the public into believing it is connected with the Complainant and in a deliberate attempt to divert business away from the Complainant. This may cause diverted customers to purchase non-Sato products. The Respondent retails only a very small number of the Complainant's items.

The Complainant says that customers frequently believe that a certain brand name followed by .co.nz will take them to that brand's website. Customers who attempt to find the Complainant's website by typing sato.co.nz are diverted to the ansutek.co.nz website and may not notice that this has happened. The SATO logo is only one of a dozen displayed on the ansutek.co.nz home page and is not in a prominent position. Clicking on that logo takes the browser to the Sato page of the Respondent's website, showing only two types of machine for sale.

Members of the public who are aware of the Complainant's brand and products as a result of its extensive international reputation are likely to be confused, misled or deceived into believing that they are dealing with the Complainant or that the Respondent's website is endorsed by the Complainant. This impression will be strengthened because the Complainant's logo appears on the Respondent's website owing to its minor role in retailing Sato products.

In anticipation of possible defences the Respondent may offer, the Complainant says:

the Respondent does not use and is not preparing to use the domain name in connection with a genuine offering of goods or services;

while the Respondent has a legitimate connection with the Complainant, it is not such as to justify the Respondent's registration

of the disputed domain name or to outweigh the Complainant's submissions;

the Respondent has not provided any evidence of out-of-pocket expenses amounting to \$18,000.

Accordingly, the Complainant requests transfer to it of the disputed domain name.

b. Respondent

The Respondent denies the Complaint and makes contentions that include the following.

The Respondent registered the domain in conjunction with the signing of a Business Partner Agreement with Sato Asia Pacific PTE Ltd on December 22, 2004. This agreement was signed by Lim Yee, the Complainant's Managing Director.

The Respondent still actively sells and services Sato printers, and other products also sold by Sato NZ Ltd. From the January 1, 2007 to July 7, 2008 the scale of business was around \$46,000. More purchases are pending but the Respondent has been advised that commercial issues may exist and the matter has been referred to the Commerce Commission.

The domain name sato.com is not owned by Sato, nor does it represent Sato Equipment.

The Sato worldwide website that appears on all .pdf files and publications from Sato is <http://www.satoworldwide.com/>.

The official Sato New Zealand Website is <http://www.satoneuzeland.com>.

The Respondent is willing to move its URL to its Sato-specific web pages at <http://ansutek.co.nz/sato/sato.html>.

The Respondent invites the Expert to view the following websites:

<http://ansutek.co.nz/sato/sato.html>
<http://www.satoneuzeland.com>
http://www.satoneuzeland.com/corporate_Profile.html
<http://www.ansutek.co.nz>

c. Complainant's Reply to Respondent

In reply to the Response, the Complainant's contentions include the following.

The Respondent was party to a Business Partner Agreement with Sato Asia Pacific Pte Limited ("SAP") dated December 22, 2004 and effective November 1, 2004 ("the Agreement"). The second page of that Agreement was omitted

from the Ansutek response. Clause 6 states that the Agreement ceased to be effective as of March 31, 2006.

The Agreement provisions could not be construed as containing either express or implied authority for the Respondent to establish a domain name utilising the word SATO, which is a registered trademark. The Respondent's only entitlement to use the trademark is for advertising or sales promotion of products defined in the Agreement. SAP reserved its right to edit and revise all such advertisement material before release to the public and clearly did not permit the use of its registered trademark in the registration of a domain name.

Sato New Zealand Limited (Sato NZ, the Complainant) is a wholly owned subsidiary of Sato of Japan (Sato Group) through its international business division based in Singapore. Sato NZ has prime responsibility for all Sato New Zealand business and for the protection of Sato Group intellectual property within this jurisdiction.

The Complainant does not dispute that Ansutek has purchased from it Sato products and other Sato NZ brand products such as Meto. However, normal commercial trade transactions cannot be viewed as providing either express or implied authority to use Sato Group intellectual property.

The Sato Group products sold by the Respondent, which are acknowledged by the Respondent as being predominantly (at least in the last 5 transactions) Meto brand products, represent an average purchase price over the cited period of \$2,553 per calendar month (inclusive of tax). Total Sato NZ product sales during the same period average \$1,500,000 per month. Sales at the relative level of trade handled by the Respondent clearly would not without express authority permit a right to establish a domain name utilising the Complainant's trademark.

The Respondent's reference to the Commerce Commission has no bearing on the present Complaint.

The domain names sato.com and satoworldwide.com are not within the jurisdiction of the New Zealand Domain Name Commission Disputes Resolution Service and have no bearing on the present Complaint.

The official Sato New Zealand website satonewzealand.com is not relevant to this dispute, except in relation to the fact that Sato NZ is clearly unable to obtain the domain name sato.co.nz.

This Respondent's willingness to move its URL to its Sato-specific web pages at ansutek.co.nz/sato/sato.html is unacceptable to Sato NZ as:

the Respondent has no express or implied right to a domain name within this jurisdiction which uses without permission the intellectual property rights of Sato Group in the trademark SATO;

the Respondent's purpose in registering the disputed domain name is clear from its offer to sell it to Sato NZ for a sum dramatically in excess of costs;

the Respondent's registration prevents the trademark holder from registering Sato as the domain name in dispute;

the ongoing use of the domain name by the Respondent is likely to mislead the public, as stated in the Complaint.

6. Discussion and findings

The Policy

The InternetNZ Dispute Resolution Service Policy and Procedure apply to Respondents when a Complainant asserts in accordance with section 4 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.

Paragraph 4.2 of the Policy requires the Expert to be satisfied that both of the above elements are present on the balance of probabilities.

The Policy defines Unfair Registration as meaning a Domain Name which either:

- (i) 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
- (ii) has been, or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

The Policy at section 5 provides guidance in the form of criteria that may be evidence of unfair registration. Section 5 reads in part:

5. Evidence of Unfair Registration

5.1. 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:

- 5.1.1. Circumstances indicating that 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

5.1.2. Circumstances demonstrating that the Respondent is using the Domain Name in a way which is likely to confuse, mislead or deceive people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant;

5.1.3. The Complainant can demonstrate that the Respondent is engaged in a pattern of registrations where the Respondent is the registrant of domain names (under .nz or otherwise) which correspond to well known names or trade marks in which the Respondent has no apparent rights, and the Domain Name is part of that pattern;

5.1.4. The Complainant can demonstrate that the Respondent has knowingly given false contact details to a Registrar and/or to the DNC; 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;

[5.2 - 5.3]

5.4. In making their decision, the Expert shall not take into account any evidence of acts or omissions amounting to unfair registration or use which occurred more than three (3) years before the date of the Complaint.

The Policy provides in section 6 a non-exhaustive list of criteria by which a Respondent may seek to show that a domain name registration is not unfair, as follows:

6.1. 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:

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;

6.1.2. The Domain Name is generic or descriptive and the Respondent is making fair use of it in a way which is consistent with its generic or descriptive character;

6.1.3. In relation to paragraph 5.1.5; that the Registrant's holding of the Domain Name is consistent with an express term of a written agreement entered into by the Parties; or

6.1.4. In relation to paragraphs 5.1.3 and/or 5.3; that the Domain Name is not part of a wider pattern or series of registrations because the Domain Name is of a significantly different type or character to the other domain names registered by the Respondent.

Rights in respect of a name or mark

The Complainant Sato New Zealand Ltd is wholly owned by Sato Asia Pacific Pte Ltd (SAP) and states that it has primary responsibility for the protection of Sato Group intellectual property within this jurisdiction. The Complainant asserts rights in the name SATO. Adequate documentary evidence is provided in the form of copies of trademark registrations in the name SATO at the Intellectual Property Office of New Zealand. The trademarks comprising the word SATO in stylised or device form have filing dates of which the earliest is January 19, 1997, and the registration of the trademark word SATO alone was filed on December 20, 2006. The registrations are in fact in the name Kabushiki Kaisha Sato, of Japan, but it appears to be common ground that they belong to the Sato Group.

Identical or similar

The disputed domain name is sato.co.nz. The level and country code identifiers .co and .nz or equivalent, being inherent in a domain name, are normally of no consequence for the determination of confusing similarity. The residual “sato” is identical to the Complainant’s trademark. In the terms of paragraph 4.1.1 of the Policy, the disputed domain name is found to be confusingly similar and in fact identical to the trademark in which the Complainant has rights.

Unfair registration or acquisition

The Complainant must prove that the Respondent is the holder of an unfair registration. Definition (i) of unfair registration in the Policy refers to the manner of registration or acquisition of a domain name.

Much of the argument traverses whether the registration was made with at least the acquiescence of the Complainant because of a Business Partner Agreement with the Respondent dated December 22, 2004, which ceased to be effective on March 31, 2006. In brief, the terms of the Agreement were found by the Expert to fall far short of granting the Respondent any rights in the SATO trademark beyond the collateral usage inevitable in the business partnership. There was no evidence in the terms of paragraph 6.1.3 of the Policy that “the Registrant’s holding of the Domain Name is consistent with an express term of a written agreement entered into by the Parties”.

The Complaint, however, was submitted on July 10, 2008. Paragraph 5.4 of the Policy disallows evidence of unfair registration that occurred more than three years before the date of the Complaint, which would be July 10, 2005. According to the Whois record, the disputed domain name was registered by the Respondent earlier than this, on November 12, 2004. The more recent matter of possible unfair use of the domain name will therefore be considered.

Unfair Use

Definition (ii) of unfair registration refers to unfair use of a domain name.

The disputed domain name currently resolves to the Respondent’s own Internet presence at ansutek.co.nz, which includes an offering of links to advertisers having for the most part little or no relevance to the business of the Complainant. The website contains limited references to certain of the Complainant’s products. The Respondent’s website functions to receive Internet users who, for example, may have made a reasonable (but wrong) guess at the Complainant’s domain name, or have been led to the Respondent’s website by a search facility, then contrives to divert them to competitors or advertisers. In so far as the Respondent advertises certain Sato items for sale through the disputed domain name, it is likely that at least some Internet users may be confused into thinking that the website is operated or endorsed by the Complainant. The Expert finds that the

Respondent's activities thereby constitute unfair use of the domain name in the terms of paragraph 5.1.2 of the Policy.

Further points of complaint are acknowledged, in particular that the Respondent recently offered to sell the domain name to the Complainant for \$18,000. Although in the terms of paragraph 5.1.1.(a) of the Policy this may not have been the Respondent's primary intention at the time of registration, those terms are non-exhaustive and the Respondent's action in trying to sell to the Complainant for a high price the domain name formerly used in what was claimed to be legitimate trade, is at the least strongly supportive of the finding of unfair registration. Further points of complaint in respect of the registration being a blocking registration and having the purpose of disrupting the Complainant's business would depend in part on the primary purposes of the registration, impinging also upon the time bar, and in view of the findings already made, need not proceed.

7. Decision

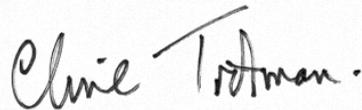
The decision is that the domain name sato.co.nz shall be transferred to the Complainant.

Place of decision Dunedin

Date September 26, 2008

Expert Name Dr Clive Trotman

Signature

A handwritten signature in black ink that reads "Clive Trotman." The signature is written in a cursive style with a horizontal line above the first few letters.