

.nz Dispute Resolution Service

DRS Reference: 311

Transformer Winding Services Ltd v Marcus Maraldo

Key words – trade name – on its face apparently descriptive of Complainant's business – Complainant failing to discharge onus of proving name not wholly descriptive of its business

1. Parties

Complainant:

Mr Geoff Hay

Transformer Winding Services Ltd

18 Michelle Rd

Sockburn

Christchurch

New Zealand

Respondent:

Marcus Moraldo

Stemar Electrical

PO Box 538

Revesby NSW

AU (AUSTRALIA) 2212

2. Domain Name

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

3. Procedural history

The Complaint was lodged on 2/09/2008, and the Domain Name Commissioner (DNC) notified the Respondent of the validated Complaint on 5/09/2008. The domain was locked on 2/09/2008, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 17/09/2008, and the DNC so informed the Complainant on 17/09/2008. In its letter dated 17/09/2008, the DNC advised the Complainant of the Complainant's right to file a Reply to the Response. The Complainant did not file any Reply.

The DNC informed the parties on 14/10/2008 that informal mediation had failed to achieve a resolution of the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 28/10/2008 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Mr Warwick Smith, the undersigned, (“the Expert”), confirmed to the DNC on 29/10/2008 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

The Complaint provides virtually no information about the Complainant. All that the Expert is told, is that the name of the Complainant is “Transformer Winding Services Limited”, and that the Respondent is “*using our company name in a domain name they have registered in NZ*”. However, the Complaint does invite the Expert to view the Complainant’s website at www.transformer.co.nz (“the Complainant’s website”), and the Expert has done so.

The Complainant is based in Christchurch, New Zealand, where it manufactures transformers from a purpose-built factory. The Complainant’s website says that the Complainant has grown from manufacturing small power transformers in 1981, to a full range of specialist transformer products today. The Complainant’s website asserts that the Complainant can design and manufacture current, voltage, power or standard transformers, which suit most particular and individual requirements.

It appears from the Complainant’s website that the Complainant was originally established as Transformer & Coil Winding Services, and in April 1998 became known as Transformer & Coil Winding Systems. The Complainant’s website advises that the company name was shortened to Transformer Winding Services Limited in March 2001, although the Expert notes that the Complainant had been incorporated under the Companies Act 1993 in March of 1998.

The Complainant also invited the Expert to visit the website operated by the Respondent at www.stemar.com.au (“the Respondent’s website”). The Expert has done so.

The Respondent’s website provides definitions of certain technical expressions which are relevant to the field of transformer manufacture and supply.

These definitions include the following:

A “current transformer” is defined as “a transformer for use with electrical measuring instruments and/or protection devices, for the transformation of current and in which the current in the secondary winding is, within prescribed error limits, proportional to and in phase with the current in the primary winding”.

An “unearthed voltage transformer” is defined as “a voltage transformer which has all parts of its primary winding, including terminals, insulated from earth to a level corresponding to its rated insulation level”.

An “earthed voltage transformer”, is defined as “a single-phase voltage transformer which is intended to have one end of its primary winding directly earthed, or a three-phase voltage transformer which is intended to have the star-point of its primary winding directly earthed”.

Neither party has provided the Expert with any further guidance or instruction on the meanings of the various expressions used in these definitions. However, on the evidence which has been produced, it appears that the manufacture of transformers involves, in part, the manufacture of “windings”, which the Expert takes to be a reference to the winding of the coils which form part of a transformer. The Expert notes, for example, the page on the Complainant’s website dealing with “tapewound transformers”, and the reference on that page to the use of “black PVC tape with or without mounting feet”.

The Respondent and the Domain Name

The Domain Name was registered on 23 March 2005. It points to the Respondent’s website.

The Complainant says in its Complaint that Stemar Electrical is “one of our Australian competitors”. That statement has not been challenged in the Response.

The Respondent’s website prominently features what appears to be a STEMAR logo mark. To the right of that mark, appears the company name Stemar Electrical Products Pty Limited. The Respondent says in its Response that a company Transformer Winding Services (Aust) Pty Limited, is one of the companies within the Stemar Group. It has produced evidence establishing that such a company is registered under the Corporations Act 2001 (Aust), with its registered office in Revesby, New South Wales. It is not clear when this company was incorporated.

The Respondent’s website describes Stemar Electrical Products as a specialist in the manufacture and supply of electrical sensing devices, including current transformers, voltage transformers, and combined transformers/transducers.

The Respondent says in its Response that it has registered a number of domain names, including <stemar.com.au>, <stemar.biz>, <stemar.info>, <stemar.asia>, <stemar.co.nz>, <twswindingservices.com.au>, <transformerwindingservices.com>, <transformerwindingservices.com.au>, and the Domain Name. The Respondent says that the registrations were made in good faith as part of its international marketing strategy, involving export to the South East Asia and South Pacific markets, including New

Zealand. The Respondent says in its Response that it has existing customers in New Zealand, but it has not said how many, or identified any of them.

The Expert has keyed in the various domain names which the Respondent says it has registered. Those of them which are active, all appear to resolve to the Respondent's website.

The Expert noted one reference on the Respondent's website to the export of its products – on one of the web pages on the Respondent's website, there was a statement "Stemar supplies over 300 Bushing current transformers to Mitsubishi Electric Power Products Ltd Inc. in USA".

5. Parties' contentions

a. Complainant

The Complainant contends:

- (i) The Domain Name is identical or similar to the name Transformer Winding Services Limited, which, as the company name of the Complainant, is a name or mark in which the Complainant has Rights.
- (ii) The Domain Name is an Unfair Registration in the hands of the Respondent. The Respondent is one of the Complainant's Australian competitors, and the Respondent is using the Complainant's company name in a domain name that the Respondent has registered in New Zealand.

b. Respondent

The Respondent contends:

- (i) The Domain Name was registered in good faith as part of the Respondent's international marketing strategy, which includes the export of its products to the South East Asia and South Pacific markets, including New Zealand.
- (ii) The registration of the Domain Name was not unfair because:
 - (a) The Respondent has no intention of selling, renting or transferring the registration.
 - (b) The Respondent has no intention of blocking the registration by the Complainant of any name or mark in which the Complainant has Rights, or of disrupting in any way the business of the Complainant.
 - (c) If the Complainant wanted the registration, it should have applied for it much earlier when it was available.

- (d) The registrations of its various domain names are part of the Respondent's strategic plan to meet market demand in a world-competitive environment. The Internet plays an ever-increasing part in international marketing.

6. Discussion and findings

Relevant Provisions of the Policy

The Policy applies to a respondent when a complainant asserts that:

- “(i) The complainant has Rights in respect of a name or mark which is identical or similar to the disputed domain name; and*
- (ii) The disputed domain name, in the hands of the respondent, is an Unfair Registration.” (Policy, paragraph 4.1)*

The Complainant is required to prove on the balance of probabilities that both elements are present (Policy, paragraph 4.2).

The expressions “Rights” and “Unfair Registration”, are both defined in paragraph 3 of the Policy.

The expression “Rights” includes, but is not limited to, rights enforceable under New Zealand law. The definition of “Rights” in the Policy continues:

However, a Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business.”

The expression “Unfair Registration” means 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.”*

Application of the Policy in this Case

The first question is whether the Complainant has “Rights” in respect of a name or mark which is identical or similar to the Domain Name. The question is critical to the outcome of the Complaint, which cannot succeed unless the Complainant proves that it has such Rights. The onus of proof is on the Complainant.

The immediate difficulty for the Complainant, is that the name “Transformer Winding Services” appears to be essentially descriptive of the services provided by the Complainant, and the definition of “Rights” in paragraph 3 of the Policy expressly provides that a complainant will be unable to rely on Rights in a name or term which is wholly descriptive of the complainant’s business.

In the Australian Federal Court case of *Equity Access Pty Limited v Westpac Banking Corporation and Another* (1989) 16 IPR 431, Justice Hill referred to the “continuum” of business names, ranging from purely descriptive expressions at one end of the spectrum, to completely invented, made-up names at the other. In between, there are names that contain ordinary English words that are, in some way or another, at least partly descriptive. The Judge in that case commented that:

“The closer along the continuum one moves towards a merely descriptive name, the more a plaintiff will need to show that the name has obtained a secondary meaning, equating it with the products of the plaintiff (if the name admits of this – a purely descriptive name probably will not) ...”

In that case, Justice Hill described the test for determining whether words are merely descriptive words as:

“Whether the words were equally applicable to any business of the like kind.”

(Equity Access Pty Limited at page 446).

To similar effect was the following statement of Lord Parker in the English case, *Register of Trade Marks v W & G Du Cross Limited* [1913] AC 624, at 635:

“The Applicant’s chance of success in this respect [i.e. in distinguishing his goods by means of the mark ...] must, I think, largely depend upon whether other traders are likely in the ordinary course of their businesses and without any improper motive to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods. ... Both the legislature and the Courts have always shown a natural disinclination to allow any person to obtain ... a monopoly in what others may legitimately desire to use.”

The Expert referred to and applied those two decisions in the New Zealand Domain Name Case No. 108, *BOP Memorials v Jones & Company Funeral Services*.

The question, then, is whether the words “transformer winding services” would be equally applicable to any business of a similar kind to that operated by the Complainant. If so, that expression should be regarded as being descriptive of the Complainant’s business, rather than operating as an indicator of the

source, or origin, of the particular goods and services offered by the Complainant.

The evidence in this case is sparse in the extreme. The Complainant does not rely on any registered trade mark, presumably because it could not do so. And in the Expert's view, reliance on an alleged Right in the Complainant's company name, which includes the additional word "Limited", cannot provide a route around the requirement in paragraph 3 of the Policy that a Complainant cannot rely upon a name or term which is wholly descriptive of its business. The word "Limited" is universally understood as being no more than an indicator of incorporation (with limited liability), under the Companies Act. It plays no role in identifying the particular company which is incorporated, and can therefore play no role in determining whether the name of that company is or is not descriptive of its business. To hold otherwise, would effectively permit *any* party running a business under a purely descriptive name, to circumvent the operation of the Rights definition in the Policy by incorporating a company consisting of the descriptive name plus the word "Limited", and relying only on the name of the *company*. In the Expert's view, that could not have been the intention of the framers of the Policy.

Such evidence as there is, suggests that the provision of "windings" and/or "winding services", is an ordinary part of the process of manufacturing transformers. If that is so, it seems to the Expert that "transformer winding services" is an essentially descriptive expression, which would be equally applicable to *any* business specialising in the manufacture of transformers or the provision of windings for transformers. The Expert accordingly finds, on the evidence produced, that it is more likely than not that the expression "transformer winding services", and the company name relied upon by the Complainant which incorporates that expression, are descriptive of the Complainant's business.

That is not necessarily the end of the matter, because the definition of "Rights" in the Policy excludes only terms or names which are *wholly* descriptive of the Complainant's business. In *BOP Memorials v Jones & Company Funeral Services*, this Expert expressed the view that an otherwise descriptive name would not be *wholly* descriptive of a complainant's business, if the name had acquired a secondary meaning, designating the complainant's particular business (rather than being merely descriptive of businesses of the same general kind). As the Expert put it in that case, the question is whether, notwithstanding the substantially descriptive nature of its name, the Complainant has provided sufficient evidence to establish that the name has become so associated with its business in the minds of a significant number of consumers, that the name has acquired a secondary meaning (as a reference to the particular business operated by the Complainant), and is not therefore *wholly* descriptive of the goods and/or services provided in the conduct of that business.

In this case, the Complainant has provided nothing which would enable the Expert to conclude that, in the minds of a significant number of consumers, the expression "transformer winding services" has become distinctive of the

Complainant's particular business. Although the Complainant appears to have been trading under the name Transformer Winding Services for some years, it does not claim to have registered that name as a trade mark, and there is no evidence of whether other businesses in New Zealand might also describe themselves as providers of "transformer winding services". At least in the *BOP Memorials* case there was an uncontradicted assertion in the complaint that no other party was operating under that name. In short, there is no evidence in this case, that if someone were to mention the expression "transformer winding services", a significant number of consumers in New Zealand or elsewhere would assume the expression to be a reference to the Complainant's business. The onus of proof is on the Complainant, and in the Expert's view it has failed to discharge that onus.

The Expert is mindful of the fact that decisions of appeal panels in the United Kingdom (where a very similar domain name dispute resolution system operates) have held that the requirement under the corresponding provisions of the United Kingdom Policy that a complainant must demonstrate "Rights" in a disputed domain name, does not set a particularly high threshold test. New Zealand experts deciding cases under the Policy have generally followed that approach (the *BOP Memorials* case providing one example). Nevertheless, there must be at least *some* evidence to support the Complainant's claim to a Right in a disputed domain name, and that is particularly so where a disputed domain name is, on its face, apparently descriptive. Apparently descriptive domain names are obvious candidates for exclusion from the definition of "Rights", under the "wholly descriptive" exception, and complainants in such cases need to provide appropriate evidence and argument to persuade the expert that the name or term relied upon is either not descriptive of the complainant's business, or if it is, that it is not *wholly* descriptive of that business. The Complainant in this case has failed to provide any such evidence or argument, and in the circumstances of this case, that is fatal to the Complaint.

Having regard to the Complainant's failure to prove that it has Rights in respect of the name on which it relies, it is not necessary for the Expert to consider whether the Domain Name, in the hands of the Respondent, is an Unfair Registration.

7. Decision

For the foregoing reasons, the Complaint is denied.

Place of decision Wellington, New Zealand

Date 12/11/2008

Expert Name Mr Warwick Smith

Signature