

.nz Dispute Resolution Service

DRS Reference: 325

Hot Water Heat Pumps Ltd v Richard Hayes

Key words –

Proper Complainant – Registered mark – Trade name – Name with generic words – Descriptive

Fair Registration – fair use

1. Parties

Complainant:

Mr Kevin Trigg

Hot Water Heat Pumps Ltd

3 Corban Ave

Henderson

Auckland

New Zealand

Respondent:

Mr Richard Hayes

22 Totara Road

Stanmore Bay

Whangaparaoa

NZ (NEW ZEALAND)

2. Domain Name/s

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

3. Procedural history

- 3.1 The Complaint was lodged on 10/09/2008 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 15/09/2008. The domain/s were locked on 10/09/2008, preventing any changes to the record until the conclusion of these proceedings.
- 3.2 The Respondent filed a Response to the Complaint on 25/09/2008 and the DNC so informed the Complainant on 25/09/2008. The Complainant filed a Reply to the Response on 29/09/2008. The DNC informed the parties on 30/10/2008 that informal mediation had failed to achieve a resolution to the dispute.

- 3.3 The Complainant paid Domain Name Commission Limited the appropriate fee on 7/11/2008 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy (“the Policy”).
- 3.4 Mr Clive Elliott, the undersigned, (“the Expert”) confirmed to the DNC on 7/11/2008 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

- 4.1 The Complainant, Hot Water Heat Pumps Ltd, is a manufacturer of what it calls head pump water heaters, in New Zealand. It has traded since 1980 and was incorporated in 1982. It asserts that the name Hot Water Heat Pumps Ltd is used on its brochures and marketing materials as well as on all pages on its web site at www.waterheating.co.nz.
- 4.2 The Complainant also relies on a registered trademark “Hot Water Heat Pumps Ltd” and device, registered in New Zealand under number 702902 in the name of Don Trigg c/o Hot Water Heat Pumps Ltd.
- 4.3 The Respondent is involved in the marketing and sale of heat pump products.
- 4.4 The Complainant invited the Expert to view various websites. Certain of these were inspected.

5. Parties’ contentions

5.1 Complainant

- 5.1.1 The Complainant asserts that entities such as the EECA and the Sustainable Business Network list the Complainant’s company name Hot Water Heat Pumps Ltd on their sites. The NZHWA (New Zealand Hot Water Association) is intending to launch a new web site which also lists Hot Water Heat Pumps Ltd as one of its members.
- 5.1.2 The Complainant asserts that a Google search in New Zealand for Hot Water Heat Pumps brings the Complainant’s current site www.waterheating.co.nz up as the first listing. It further states that it has an expanding export presence in Australia, Dubai, Europe and Indonesia and that it is an emerging company gaining international recognition.

- 5.1.3 The Complainant says that it currently has 20 staff with a turnover of approximately five million dollars per financial year, and a manufacturing facility of over 13000 square feet.
- 5.1.4 It is asserted that the Respondent contacted the Complainant by phone approximately a year go. The Complainant contends that it did not know that the Respondent had the Domain Name at the time. The Complainant believed that the Respondent was contacting it to be a dealer of the Complainant's products.
- 5.1.5 It contends that the Respondent's core business is air-conditioning (known as 'heat pumps') which has nothing to do with 'heat pump water heaters'. Finally, the Complainant asserts that it has a reputation and if the Domain Name is used by another company that there is the potential for loss of business.

5.2 Respondent

- 5.2.1 The Respondent in turn asserts that an associated company Heat Pump Guys Ltd is a successful heat pump company specialising in heat pump products. Further, he contends that it is the company's intention to deal with all aspects of heat pumps and that all of the company's marketing materials promote hot water heat pumps as a product option.
- 5.2.2 The Respondent contends that heat pumps are their core business and they reserve the right to develop and take on any product they deem appropriate, which includes hot water pumps for pools, spas and water heating.
- 5.2.3 The Respondent states that the site www.hotwaterheatpumps.co.nz was registered as one of a number of sites relating to the growing interest in heat pumps for energy saving for both hot water heating and air conditioning. He suggests that "hot water heat pumps" is a rapidly growing industry sector with many manufacturers entering the market. He points out that their website is under development and will include information about water heat pumps from a range of manufacturers. The Respondent asserts that it was for this reason that the Complainant was invited to produce information about its products and how they differed from other hot water heat pump manufacturers.
- 5.2.4 The Respondent argues that "hot water heat pumps" is a generic term to describe heat pumps to produce hot water and it is used interchangeably with heat pump water heaters around the world. He says that it is a commonly used term in the same way as spa heat pumps, pool heat pumps and under floor heat pumps.
- 5.2.5 The Respondent submits that the Complainant's own website illustrates that hot water heat pumps is an accepted generic term and that because the Complainant differentiates its hot water heat pumps

with the “PERFORMANCE PLUS” Hot Water Heat Pumps brand, it thereby recognises that there are other hot water heat pumps available.

5.2.6 The Respondent invited the Expert to view various websites and links. He listed various web links which refer to independent websites and submitted that these demonstrate that the term “hot water heat pumps” is in common use as a descriptive term. These sites include government bodies, energy saving organisations, heat pump manufacturers and other heat pump installation companies. Certain of these sites were again inspected.

5.3 Complainant’s Reply

5.3.1 The Complainant in reply agrees that it is not the only manufacturer of the relevant heaters but reiterates that the Respondent (Richard Hayes) is not a manufacturer and his company name is not Hot Water Heat Pumps.

5.3.2 The Complainant asserts that the Respondent has confused his terminology and that the official terminology internationally and locally is heat pump water heater, in doing so referring to AS/NZS 2712:2002. The Complainant contends that the Respondent’s argument is flawed and that his references have no recognised authority. It further submits that some refer to the product(s) manufactured by the Complainant, while others use the terminology to capitalise on the Complainant’s name.

6. Decision

6.1 The dispute is governed by the Policy issued by the office of the Domain Name Commissioner on behalf of the DNC. The relevant portions of the Policy for present purposes are as follows:

“3. Definitions ...

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.

4. Dispute Resolution Service

4.1 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.

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;"

6.2 It will be seen that to support a complaint of this kind the Complainant must satisfy three elements:

(a) Rights in respect of a name or mark (para 4.1.1);

(b) Identity or similarity between that name or mark and the Domain Name (para 4.1.1);

(c) Unfair registration in the hands of the Respondent (para 4.1.2);

7. (a) Rights in respect of a name or mark

7.1 In terms of assessing whether the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name one, first has to consider what the name or mark is and what it means.

7.2 As noted above, the expression “Rights” is defined in paragraph 3 of the Policy. The expression includes but is not limited to, rights enforceable under New Zealand law. The provision further states:

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

7.3 The Complainant asserts that its company name is Hot Water Heat Pumps Ltd and that it has registered the trademark “Hot Water Heat Pumps Ltd” and the device. That is correct. However, as the Respondent points out the Complainant appears to use as its principal brand “Performance Plus”. The Expert also notes from the materials supplied by the Complainant that it also uses the “Performance +” device on its materials. Thus, “Hot Water Heat Pumps Ltd” appears to comprise the company name of the Complainant and forms part of its registered device trademark, of which arguably the most distinctive part consists of a horizontal thermometer device.

7.4 Notwithstanding this, the Respondent argues that the term Hot Water Heat Pumps is a generic term, used to describe heat pumps to produce hot water and it is used interchangeably with heat pump water heaters. The Expert viewed a number of these site, details of which were provided by the Respondent. These include the following:

7.4.1 <http://www.bdtinvite.co.nz/green/invitation.php>

This is a website extract containing the advertisement: “Mitsubishi Electric **Hot Water Heat Pumps** and PV Solar Energy”

7.4.2 <http://www.trademe.co.nz/Browse/Listing.aspx?id=99157334>

This contains a TradeMe Heading: *Indirect Solar Water Heat, **Hot Water Heat Pumps***.

It also contains the description: *“Joule” **Hot Water Heat Pump (HWHP) 6KM nominal (8 & 11Kw available) Most advanced technology available (sic) in NZ today***”.

7.4.3 <http://www.premierheatpumps.co.nz/domestic-hot-water.php>

This relates to a commercial website promoting products and has the heading: *The new Premier Heat Pump “All in one” domestic hot water heater.*

Features

Hot water heat pump –CE approval
Hot water heat pump is RoHS compliant

7.4.4 <http://www.westpac.co.nz/olcontent/olcontent.nsf/Content/23+March+2007>

This is an extract from an article in which Westpac Bank is promoting green initiatives and reads: *Westpac Brings Green Home – 23 March 2007*

*The group of suppliers Westpac has partnered with to develop the Green Home Loan initiative include Meridian Energy who are offering discounts **hot water heat pumps** and SolaHart who are offering 20% off solar panels. To illustrate what this could mean, a family of four, installing **a hot water heat pump** and a solar water heater would potentially save themselves up to \$400 pa or around 2500 kWh pa. EECA statistics*

(In each case above emphasis added by Expert)

- 7.5 The above references support the Respondent's contention regarding the generic and/or descriptive nature of the term "Hot Water Heat Pumps". It thus appears from the evidence put forward by the Respondent that the term Hot Water Heat Pumps is relatively widely used in New Zealand and is directly descriptive of a certain type of heat pump i.e. that heats water. The Complainant's assertion that the correct term for these devices is "heat pump water heaters" is not borne out by the evidence, at least in so far as the above examples show.
- 7.6 The Complainant relies on the "Hot Water Heat Pumps Ltd" trademark registration referred to above. However, that registration is in the name of Don Trigg. Presumably Mr Trigg has some connection with the Complainant given that the address provided on the IPONZ Trade Marks Register is "c/o Hot Water Heat Pumps Ltd". However, Mr Trigg is not the Complainant. Nor is his relationship with the Complainant explained.
- 7.7 In any event, even if the Complainant was the registered proprietor of the trademark registration, the existence of such a registration would not, in and of itself, mean that all the words in/forming part of the trademark registration are distinctive and that the registered proprietor has broad rights in all aspects of the trademark, regardless of the descriptive connotations of the individual elements.
- 7.8 The question that arises is whether the term Hot Water Heat Pumps is wholly descriptive of the Complainant's business. By that term I assume the Policy is directed to goods or services which are wholly descriptive. In my view the term is wholly descriptive of the business, namely goods or services provided by the said business being heat pumps that heat water.
- 7.9 Given that the Complainant is not the registered proprietor of the trademark and in the absence of reliance upon any licence from or similar arrangement with the registered proprietor the Expert is only able to rely on the Complainant's use of the company name Hot Water Heat Pumps Ltd and any rights that it might claim in respect of the trade name Hot Water Heat Pumps.
- 7.10 Having found the term Hot Water Heat Pumps is wholly descriptive of the relevant goods/services the question is whether the Complainant has established secondary significance in the term, sufficient to give it effective

Rights under the policy. Firstly, the Complainant does not assert such secondary significance. Secondly, the Expert finds that insufficient evidence has been provide to support a claim to secondary significance in the term Hot Water Heat Pumps.

7.11 On this basis the Expert concludes that the Complainant has not established the requisite Rights.

7.12 However, in the event that a different view might be taken on this issue, given the highly descriptive nature of the term Hot Water Heat Pumps I consider that any possible rights should be narrowly construed. This is an issue which has particular relevance under the “Unfair Registration” ground, which I deal with for the sake of completeness.

8. (b) Identity or similarity

8.1 For the reasons expressed above this issue does not need to be addressed.

9. (c) Unfair registration

9.1 Given the generic and/or descriptive nature of the term Hot Water Heat Pumps, members of the public, including competitors of the Complainant should be entitled to use descriptive terminology to describe their goods or services. It also seems that the purported distinction between the description hot water heat pumps and heat pump water heaters is largely illusory. It seems to the Expert that both are equally apt for use in describing and in fact are used to describe the particular heat pumps concerned.

9.2 The evidence suggests that the Complainant utilises the trademark “Performance Plus” and “Performance +” and that on the face of it this is the distinctive part of its product presentation, as opposed to Hot Water Heat Pumps. Accordingly, the Expert concludes that the use by the Respondent of this term to market and promote heat pumps of a particular type is not unfair or unfairly detrimental to any rights the Complaint might have.

9.3 Put another way, it is found that the Respondent was entitled to register a domain name incorporating words or terms in a common currency in the particular industry and as a participant in the heat pump industry he had a legitimate interest in doing so, absent any reliable evidence that this was done in order to impinge on the Complainant’s existing and protectable rights. For the reasons set out above the Expert is not prepared to infer such a motive.

9.4 The Respondent asserts in his Response that the Complainant was invited to provide information about its products and how they differed from other hot water heat pump manufacturers. This explanation is not entirely implausible. The fact that the Respondent may have contacted the Complainant or that his core business may be air-conditioning is insufficient to displace the clear impression that the Respondent has chosen words commonly used in the

“heat pump” field and he has made fair use of a term apt to describe the particular goods of interest.

- 9.5 Accordingly, the Expert concludes that at the end of the day it is unlikely that consumers or other participants in the heat pump trade will believe, contrary to the fact, that the Respondent’s goods or services are operated or authorised by, or otherwise connected with the Complainant.
- 9.6 On this basis, the Complainant has failed to establish either part of paragraph 4.1 of the Policy and the claim for relief is denied.

Place of decision

Auckland

Date

20 November 2008

Expert Name Mr Clive Elliott

Signature