

.nz Dispute Resolution Service

DRS Reference: 1334

**Margrain Vineyards Limited, v
Jonathan Oh**

**Interlace Technology Limited,
Mike Lace**

Key words – Unfair registration – prior relationships between the parties – incorporation of Complainant after registration of Domain Name – assignment of rights - whether Domain Name rights of sole trader at time of registration devolved on company for purposes of complaint.

Registrar: Umbrellar Limited t/a Freeparking

1. Parties

Complainant:

Margrain Vineyards Limited
Jonathan Oh
Ohnyx It Solutions Ltd
1a Jackson Street
Masterton
New Zealand

Respondent:

Interlace Technology Limited
Mike Lace
53 Mauldeth Terrace
Wellington
New Zealand

2. Domain Name/s

margrainvineyard.co.nz

3. Procedural history

- 3.1.** The Complaint was lodged on 20 November 2018 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 21 November 2018. The domain was locked on 20 November 2018, preventing any changes to the record until the conclusion of these proceedings.
- 3.2.** No Response was received
- 3.3.** The Complainant paid Domain Name Commission Limited the appropriate fee on 5 February 2019 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy (“the Policy”).

- 3.4. Robert Fisher QC, the undersigned, (“the Expert”) confirmed to the DNC on 28 February 2019 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 Gaps in the information provided by the Complainant would have been fatal had the complaint been defended. As the Respondent did not file a response I considered it appropriate to supplement the sparse evidence with broad inferences.
- 4.2 Daryl Margrain appears to have operated a vineyard under the name “Margrain Vineyard” since at least the 1990’s. The vineyard was located on the outskirts of Martinborough, Wairarapa, New Zealand.
- 4.3 The Respondent provided information technology services to the public from premises in Martinborough. Mr Margrain was one of its customers.
- 4.4 In 1999 Mr Margrain asked the Respondent to register a domain to be called “margrainvineyard.co.nz”. The Respondent did so but entered its own name as the registrant.
- 4.5 From that point the Respondent sent Mr Margrain annual invoices for services in connection with the domain name. Early invoices charged \$70 for “Email 5 Plan for margrainvineyard.co.nz” and \$50 for “Domain name for margain.co.nz”. Later invoices combined the two as “Annual Domain Maintenance Fee; Up to 5 email addresses; Anti Spam software” for \$120. But there is no suggestion in the invoices that they were effectively rent for the use of the Respondent’s own Domain Name. The invoices are typical for an information technology company to issue for services in maintaining a customer’s domain name on behalf of the customer.
- 4.6 Mr Margrain continued to conduct his business as a vineyard using the Domain Name for that purpose. In 2000 he incorporated the business under the name “Margrain Vineyards Limited”. The business has operated under that name, using the existing Domain Name, ever since. Margrain Vineyards Limited is the current Complainant.
- 4.7 On 7 March 2018 Margrain Vineyards Limited registered “Margrain Vineyard” as a trade mark. The trade mark applied to category 33 goods and services, all of which are associated with wine.
- 4.8 Margrain Vineyards Limited asked the Respondent to make certain changes to the Domain. The Respondent did not respond to these requests. Nor did it respond to requests for the UDAI to the Domain.

5. Parties’ contentions

- 5.1 The Complainant submits that the Respondent has no right to the Domain Name margrainvineyard.co.nz. It asserts that it has rights in relation to the words “Margrain Vineyard” arising from the Companies Office registration in 2000 and the

trade mark registered in 2018. Other than reciting the history it does not attempt to explain how the registration was or is unfair in terms of the Domain Name Policy.

5.2 The Respondent has not filed a response.

6. Discussion and findings

6.1 The dispute is governed by the Policy issued by Domain Name Commission Ltd on behalf of InternetNZ. The foundation for a complaint is found in these extracts from paras 3 and 4 of the Policy:

3. Definitions ...

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;

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.

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

6.2 It will be seen that to support a complaint of the present kind (as distinct from complaints regarding sub-domains) the Complainant must satisfy three requirements:

- a) It has rights in respect of a name or mark (para 4.1.1);
- b) The name or mark and the Domain Names are identical or similar (para 4.1.1); and
- c) Registration of the Domain Name was or is unfair in the hands of the Respondent (para 4.1.2).

(a) Rights in respect of a name or mark

6.3 The Complainant has two independent sources of right to the name "Margrain Vineyard". One comes from the reputation it has built up as a vineyard (technically a common law mark protected by an action for passing off). The other is its registration of that mark in 2018. This requirement is satisfied.

(b) Identity or similarity between the name or mark and the Domain Name

6.4 The second requirement is that the Complainant's name or mark be identical or similar to the Domain Name.

6.5 The disputed Domain Name is "margrainvineyard.co.nz". The Complainant has rights in the name "Margrain Vineyard". The only difference is that in one case there are two words while in the other the two have been collapsed into one. The difference is immaterial. For present purposes they must be treated as identical or similar. This requirement is satisfied.

(c) Unfair registration in the hands of the Respondent

6.6 The third requirement is unfair registration. This is governed by paras 3 and para 5 of the Policy which materially provide:

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;

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;

...

5.1.5. 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.

6.7 I have assumed that at the time the Domain Name was registered, Mr Margrain was conducting his business as a sole trader. It seems reasonable to infer that he engaged the Respondent to register the Domain Name on his behalf, not on its own account. The Respondent was acting as a mere agent. It ought to have entered Mr Margrain as the registrant, not itself.

6.8 The application of para 5.1.5 is less than obvious because the Complainant was not incorporated until after the Domain Name was registered. However the examples of unfair registration given in para 5.1 are expressly stated to be non-exhaustive. If there is the power to do so, I would have no difficulty in finding that continued registration in the name of the Respondent would be unfair. The Respondent was never intended to be the effective owner of the Domain Name.

6.9 The initial challenge faced by this complaint comes from a different direction. “Unfair registration” is exhaustively defined in para 3 of the Policy. Para 3 recognises only two ways in which a registration might be or become unfair:

- (i) At the time the Domain Name was registered it “took unfair advantage of or was unfairly detrimental to the Complainant's Rights” – but if the Complainant did not exist at that time, its rights could not have been affected in any normal sense.
- (ii) “Since the registration the Domain Name 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” – but there is no evidence that since registration the Respondent has “used” the Domain Name in any normal sense. The problem has been the Respondent’s failure to help correct an error made at the time of registration, not its use of the Domain Name since then.

6.10 Treating this as an unfair registration would accord with the implied objectives of the Policy. In substance, if not in form, it fits squarely within the kind of unfair registration recognised in para 5.1.5. The Policy envisages that it will be possible to correct errors made in identifying the correct registrant at the time of registration.

6.11 In my view the answer lies in the circumstances surrounding the incorporation of the Complainant in 2000. Presumably Mr Margrain formally or informally assigned all relevant intellectual property to the Complainant at that time. Immediately before the assignment Mr Margrain had an enforceable right to a transfer of the Domain Name from the Respondent. He could have enforced that right under paras 4.1 and 5.1.5 of the Policy. His assignment of the relevant intellectual property to the new company therefore included an implied right to enforce a transfer of Domain Name rights. He also retained an implied obligation to take all steps necessary to secure the Domain Name for the new company and if necessary to lend his name to a complaint under the Policy.

6.12 The result is a Complainant which now has the right to enforce correction of Domain Name records to the same extent as its assignor, Mr Margrain, had in 1999. As Mr Margrain’s Domain Name rights arose at the time of registration, the case satisfies the requirements of the first limb of the definition of unfair registration. In the words of the first limb, this is “a Domain Name which ... was registered ... in a manner which, at the time when the registration ... took place ...was unfairly detrimental to the Complainant's Rights”.

6.13 The third and final requirement for a successful complaint is therefore satisfied. This was an unfair registration within the meaning of para 5.1.5 of the Policy.

7. Decision

7.1 The three elements identified in para 6.2 having been satisfied, I determine that the disputed Domain Name should be transferred to the Complainant.

Place of decision Auckland

Date **5 March 2019**

Expert Name **Hon Robert Fisher QC**

Signature

A handwritten signature in blue ink, appearing to read 'R Fisher', with a large, stylized initial 'R' that loops back.