

LEADER COMPUTERS PTY LTD and AUSTRALIAN FLOURISH PTY LTD

Determination re: leader.com.au

1. I received the complaint, response and procedural history on 30 May 2012.

Outline of parties' contentions

2. The complainant relies upon the following matters (summarised) in support of its application to have the domain name transferred to it or cancelled:

2.1 There is authorised use by the complainant (who has had its corporate name registered since 2000 containing the word "Leader") of two registered trade marks owned by the complainant's directors. Those two trade marks are, respectively, the word LEADER registered since 1999 and the same word but distinctively stylised registered since 2007. The LEADER trade mark has been extensively used by the complainant for many years as its primary brand and the complainant has gained a substantial reputation and goodwill in the Australian marketplace as a computer manufacturer. That trade mark in its word-only form is the only substantive word in the disputed domain name. It is also part of the substantive domain name of the complainant's current website leadersystems.com.au and the corporate name. The other part of the corporate name (and current domain name) is descriptive. There will be a likely association by consumers of the disputed domain name with the complainant. The test in auDRP Sch A para 4a(i) is satisfied because it is identical to the 1999 mark and confusingly similar to the 2007 mark.

2.2 The disputed domain name does not reflect any business name, trade name or corporate name of the respondent, the respondent does not use the disputed domain name in connection with the offering of any goods or services, and has not made any legitimate non-commercial or fair use of the disputed domain name. The respondent's website does not disclose services

which are connected with legitimate use of the disputed domain name. The claim that the site with the disputed domain name contains “information and resources for leaders” is a transparent attempt to circumvent the requirements for legitimate use by creating the illusion of legitimate use. The information on the site has no original content relevant to the publicised purpose of the site. The content is sourced from free article websites and much is irrelevant to the publicised purpose or is sponsored advertising. The fact that the site is prominently offered for sale indicates no genuine interest in the domain and does not constitute bona fide use. The respondent has currently registered over 80 other domain names and appears to have disposed of over 60 other domain names. Many of the domains are commercially “highly desirable” such as flowers.com.au and other words of general industry, geographic or product type description or application. The respondent asserts on its website that it is “involved with” these and other listed domain names or trade marks but the nature of the involvement is not apparent from the website. The inference should be that the respondent registered the disputed domain name for the sole purpose of selling, renting or otherwise transferring the name and had no intention of making bona fide use of the domain for the provision of goods and services. The test in auDRP Sch A para 4a(ii) is satisfied.

2.3 The disputed domain name has been advertised for sale on the website with the disputed domain name since at least 8 June 2010. The respondent has rejected offers to purchase the name substantially in excess of out-of-pocket expenses directly related to the domain name and refers in communication with at least one potential purchaser to the disputed domain name as a “premium generic type” justifying such a price, after saying (despite the advertising on the site) initially that the site was not for sale. The communications about price revealed that price assessment was based on the degree of profit which could be extracted from those with a genuine desire for the name rather than considerations related to the respondent’s business. One of the aspects of the respondent’s business activity listed on the website is “domain name sales”. The test in auDRP Sch A para 4a(iii) is satisfied.

3. The respondent makes the following answers (again in summary):

3.1 The respondent was not aware of the complainant or its business, marks or corporate name prior to receiving the complaint, and has never been involved in or had any knowledge of computer manufacturing.

3.2 The term LEADER is generic and is frequently used in business names and trade marks and non-business contexts. There is no necessary association with the complainant's corporate name. There is no evidence of actual confusion since the registration and use of the disputed domain name in April 2009 by the respondent. Although the substantive part of the disputed domain name is "letter-for-letter" identical with the complainant's registered trade marks, the approach in [find.com.au](#) LEADR auDRP09/11 esp at [6.6], [6.8] and [6.9] ought to be followed and para 4a(i) be found not to be satisfied.

3.3 From registering the disputed domain name in 2008, the respondent has made fair use of the site. It designed a banner, logo and layout, purchased and customised specialised software, and made substantial improvements by redesign and new software in 2009, with a reasonable cost for the 100 hours involved of \$5,000.00. The site has over 250 articles and the respondent has removed the off-topic material pointed out as such by the complainant and regularly edits the site.

3.4. The "domain for sale" link on the website with the disputed domain name was never a main feature of the site, did not appear until 8 June 2010 (some 14 months after registration of the disputed domain name), and selling was never the sole purpose of registering the domain. The respondent prior to such listing checked the auDA Transfers (Change of Registrant) Policy (2011-03), particularly section 3.1 and the auDA publication "Selling .au Domain Names", the latter of which mentioned listing the domain name for sale on one's own website. Since receiving the complaint, the respondent has re-

sited the link and referred to the auDA policy.

3.5 The respondent's company has operated since 1988 in "numerous legitimate activities, one of which has been to register domain names as a service on behalf of its many clients, and this explains the reference by the Complainant to 'domain name sales'". The respondent over the years has registered many domains (some misspellings, some plurals) connected to the floral, perfume, cosmetic and other industries, "for both itself and its clients", as well as developed various websites. This is the first domain name complaint against the respondent and it acquired, at the auDA generic domain name auctions in 2003, a number of such domain names apparently within the strict auDA criteria for eligibility to do so at the time.

3.6 The website was not for sale in June 2009, with a potential purchaser being told that further development and enhancement was under way and that the inquirer was welcome to inquire again in 6 or 12 months' time "to see how well we are going then".

3.7 The anonymity of the potential purchaser referred to by the complainant, coupled with the fact that this was private email correspondence between that person and the respondent, indicates that the inquiry was a lure for the purposes of collecting material for the complaint and constitutes an abuse of the administrative proceeding process under auDRP Sch B para 15(e) and a breach of the certification that, to the best of the complainant's knowledge, complete and accurate information has been provided: auDRP Sch B para 3(b)(xiv).

4. Although there is clear power to permit either or both parties to put further material before a determining panel, in writing or in a hearing (auDRP 2010-05 Sch B paras 10, 12, 13), the usual course is that the complaint is determined on the material provided in the first instance by each party: auDRP Sch B para 15. The policy of administrative determination within tight

time parameters and minimal cost, with the parties left to their curial rights if dissatisfied, would not be served by too easy a dispensation from the usual course which is known to the parties when they file their material. In a situation where it is known to the parties that the usual position is that a party has one turn to put material forward on the determination, a complainant needs to put forward all relevant material on the central issues and anticipate what may reasonably be said by the respondent in a contest. Neither party has applied to put further material before the panel and accordingly the complaint will be determined on the material in the complaint and response.

The auDRP requirements to be proven by the complainant

5. The matters which the complainant is required to establish are set out in para 4a of Sch A to the auDRP 2010-05:

"(i) the domain names are identical or confusingly similar to a name (Note 1), trademark or service mark in which the Complainant has rights; and

(ii) the Respondent has no rights or legitimate interests in respect of the domain names (Note 2); and

(iii) the domain names have been registered or subsequently used in bad faith.

Note 1

For the purposes of this policy, auDA has determined that a "name ... in which the complainant has rights" refers to:

(a) the complainant's company, business or other legal or trading name, as registered with the relevant Australian government authority; or

(b) the complainant's personal name.

Note 2

For the purposes of this policy, auDA has determined that "rights or legitimate interests in respect of the domain name" are not established

merely by a registrar's determination that the respondent satisfied the relevant eligibility criteria for the domain name at the time of registration."

On each of the requirements, and overall, the complainant bears the onus.

The complainant must overcome the requirement set out in auDRP 2010-05 Sch A para 4c which provides that any of the following circumstances, in particular but without limitation, if found by the panel to be proved based on its evaluation of all evidence presented, is to be taken to demonstrate rights or legitimate interests to the domain name for purposes of para 4a(ii):

(i) before any notice to the respondent of the subject matter of the dispute, the respondent's bona fide use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with an offering of goods or services (not being the offering of domain names that he has acquired for the purpose of selling, renting or otherwise transferring); or

(ii) the respondent (as an individual, business, or other organisation) has been commonly known by the domain name, even if the respondent has acquired no trademark or service mark rights; or

(iii) the respondent is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the name, trademark or service mark at issue.

Further, for the purposes of para 4a(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) Circumstances indicating that the registrant has registered or acquired the domain name primarily for the purposes of selling, renting, or otherwise transferring the domain name registration to another person for valuable consideration in excess of the registrant's documented out-of-pocket costs directly related to the domain name; or

(ii) the registrant has registered the domain name in order to prevent the owner of a name, trade mark or service mark from reflecting that name or

mark in a corresponding domain name; or

(iii) the registrant has registered the domain name primarily for the purpose of disrupting the business or activities of another person; or

(iv) by using the domain name, the registrant has intentionally attempted to attract, for commercial gain, Internet users to a web site or other online location, by creating a likelihood of confusion with the complainant's name or mark as to the source, sponsorship, affiliation, or endorsement of that web site or location or of a product or service on that website or location.

Discussion and decisions on each auDRP requirement

6. As to the first auDRP requirement, the complainant has two registered trade marks to which the disputed domain name is identical in text (the second mark is stylised text). Registration of both marks pre-dates the registration of the disputed domain name. There is no challenge by the respondent to the complainant's asserted long and extensive use in Australia of the registered marks in computer manufacturing. The complainant's extracts from its website appears to show such use on its commercial premises, logistics such as vehicles, products and advertising, usually it seems, but not always, in combination with the word "computers" or similar, and the absence of such combination is not always in an obvious context such as computer products themselves.

7. The term LEADER may well be generic and frequently used in business names and trade marks and non-business contexts as the respondent submits. There may be no necessary association with the complainant's corporate name, which contains an additional element, and the respondent correctly submits that there is no evidence of actual confusion since the registration and use of the disputed domain name in April 2009 by the respondent. Nor is there material to support the inference of necessary

association between the disputed domain name and the complainant. These may well be relevant to, but not in themselves necessarily determinative of, aspects of trade mark registration (which the complainant has achieved even without stylisation) and challenge, to the general law and to the domain name dispute resolution policy in its earlier versions or in its form in other jurisdictions, but that is not the test under auDRP 2010-05 Sch A para 4a. One simply compares the substantive word(s), in this case in the registered trade marks and disputed domain name, ignoring the domain suffix unless that forms part of the mark or name with which the disputed domain name is being compared: costumesdirect.com.au LEADR auDRP02/11 (3 person panel: Burton SC (chair nominated by LEADR), Limbury, White) at [10]-[12]. Compare engineer.com.au LEADR auDRP03/09 at [6] in the passage cited by the respondent in its response (in part, "auDRP proceedings are designed to deal with relatively straight forward cases of cybersquatting; that is conduct that *classically involves a respondent registering as a domain name another person's mark*" [emphasis added]) and *Tigers Direct* WIPO DAU 2010-005 at [6A] (where the complainant, as here, had a registered trade mark). The reasoning in find.com.au LEADR auDRP09/11 esp at [6.6]- [6.9] is inconsistent with the foregoing and is not followed.

8. Here, as the respondent accepts, the substantive part of the disputed domain name is "letter-for-letter" identical with the complainant's registered trade marks. On the required comparison, the complainant's registered trade marks and the substantive part of the disputed domain name are identical and para 4a(i) is satisfied.
9. Turning to the second auDRP requirement, a decision that the name meets the eligibility requirements for registration as a domain name does not of itself affect rights to challenge the use by that registrant (the respondent) of the domain name: Note 2 to auDRP 2010-05 Sch A para 4a. An analogous principle applies implicitly to eligibility criteria for acquiring generic domain names at auction in 2003 (although of course the disputed domain name is

not in this group, being registered on application in 2009) and to any literal compliance with the mechanics of the domain name transfer policy.

10. On the material before the Panel, the respondent has a website, among many other websites for which it is registrant (now or in the past), that uses the disputed domain name with substantial content in terms of quantity, some of it apposite to the subject of leaders. The quality of that content in relation to the topic in itself is not relevantly determinative. The source of that content by use of search engine and the absence of originality of content, being primarily by way of link to other sites, is not of itself necessarily determinative. There is no suggestion that the site is simply a monetised website or a non-compliant monetised website: see Domain Monetisation Policy 2008-10 paras 4.3-4.6. There is no asserted commercial use by the respondent of the disputed domain name in itself, let alone a use in itself in competition with the complainant's business. There is no assertion that the respondent has the intent for commercial gain of misleadingly diverting consumers or tarnishing the complainant's name or trade marks. Although the respondent clearly registered the disputed domain name and began to use it well after the complainant's registration and use of the earlier mark and also after registration and use of the second mark, there is no material to contradict or question the respondent's assertion that it did not know of the complainant's existing business, marks and corporate name, and its non-involvement in computer manufacturing, before the respondent registered and began to use the disputed domain name. There is no contradiction of the respondent's claims, substantiated in part by documentary material, that it has spent money developing and enhancing the website with the disputed domain name and that it edits the site, including responsively to the complaint.

11. In the Panel's view, however, the foregoing is outweighed in ultimate significance by the absence of close or substantial, or any real, connection between the current use of the website and the activities of the respondent as demonstrated by its own website and by the respondent's statements,

summarised earlier, about its activities. Equally significantly, there is an absence of explanation of why the respondent dealt in website acquisition and disposal apparently in order "to register domain names as a service on behalf of its many clients" and for itself, with both apparently coming within the respondent's description of its own activities as including "domain name sales". From the foregoing material as a whole it seems to the Panel that the respondent is a commercial operation with no demonstrated legitimate connection with, and therefore no right to or legitimate interest in, an apparently not-for-profit resource-based website such as is operated with the disputed domain name. There appears to be no advantage to the respondent's operations, which are essentially commercial, from the website with the disputed domain name in their current character. By definition the respondent has no relevant commercial reputation in the website and disputed domain name in their current character. The only real, close or substantial connection, actual or potential, that the respondent's activities appear to have with the website and the disputed domain name is essentially commercial but derives, not from the character of the website, but rather from the disputed domain name for the website as a commodity in itself which is available to be used in the operation of the respondent's domain name service. There is no other commercial connection between the respondent's activities and the website with the disputed domain name.

12. A person has a right or legitimate interest in the registration of a small or large number of domain names only if there is a commercial rationale for that portfolio or, arguably, a corporate objective to establish and maintain not-for-profit forums with those domain names as, for instance, part of a charitable or publicly beneficent purpose. There is no right or legitimate interest, let alone a legitimate non-commercial or fair use, to register or maintain the registration of a domain name, or a number of domain names, as a commodity in which to deal. This underlying principle is specifically illustrated by auDRP 2010-05 para 4c(i). The protection in that provision does not apply to the offering of domain names acquired for the purpose of selling, renting or otherwise

transferring. In this case, the absence of explanation by the respondent for its domain name service activity leads, in the Panel's opinion, to the strong inference that the commercial activity of the respondent connected with the disputed domain name is part of a commoditised dealing in domain names with which the respondent has no other real connection and therefore no right or legitimate interest in respect of the disputed domain name.

13. The Panel accordingly finds that the complainant has made out the second requirement in terms of auDRP 2010-05 Sch A paras 4a(ii) and 4c.
14. Turning to the third auDRP requirement, the matters canvassed in relation to the second requirement support a strong inference that the disputed domain name was registered or used in bad faith, even though there is evidence of a desire not to sell the domain name until some 14 months after registration. That in itself, when seen in the light of the respondent's history of domain name service activities, can infer a pattern of working up and delaying disposing of domain names so as to mask the initial purpose of registration. Additionally, the consideration asked for by the respondent was up to twenty times the direct expenses asserted (with partial documentation) by the respondent: compare auDRP 2010-05 Sch A para 4b(i). Further, the respondent referred to the disputed domain name on at least two occasions as a "premium generic type" and did not otherwise seek to dispel the impression that the price was being set according to what could be extracted for the name from those with a genuine interest in the name rather than the cost and value to the respondent of the name. In those circumstances, absence of knowledge of a particular entity or sector with genuine interest in the name is irrelevant because such a generic name, as the respondent's submissions and communications recognised, had a wide appeal.
15. The Panel accordingly finds that the complainant has established the third requirement under auDRP 2010-05 paras 4a(iii) and 4b.

16. In the result, the complaint is made out on the material before the Panel.
17. The respondent raised allegations in relation to auDRP 2010-05 Sch B para 15(e). The material does not support such a finding. Even if the inference, from the private nature of the email, was that the purchase inquiry in it was prompted by the complainant for the purposes of acquiring material to be used in the complaint, that of itself does not constitute *bad faith in relation to the complaint itself* or indicate a purpose to harass the domain name registrant if there is a proper basis for the complaint, as has been found. There is no allegation of reverse domain name hijacking or subjective improper purpose if there was an objective proper basis, as found, for the complaint.
18. The respondent raised allegations in relation to auDRP 2010-05 Sch B para 3(b)(xiv). The material does not support such a finding. The two emails in the chain omitted by the complainant do not add to the substance of the email chain as the complainant characterised it, which was a legitimate characterisation as found above, namely, the price was excessive compared with expenses directly on the disputed domain name and showed a purpose of dealing in the disputed domain name. Those two emails simply challenged the genuineness of the respondent's claim that there were higher offers, and recorded the respondent's reply to that challenge. The findings above make it clear that the complaint was brought for a proper purpose, including not to harass the respondent, and that the assertions in the complaint were warranted in the manner certified.
19. In any event, even if the foregoing allegations were made, there is no express requirement in auDRP 2010-05 that requires a sanction for the alleged conduct in the form of refusal of relief or dismissal of the complaint. Where there is a proper basis for the complaint, an exercise of any implied discretion to refuse relief or dismiss the claim would require extraordinary conduct to justify it, particularly where improperly obtained evidence is not automatically

excluded at general law in all circumstances and does not of itself lead to such sanctions.

Remedy

20. The complainant sought the transfer of the domain name to it pursuant to auDRP 2010-05 Sch A para 4i. It seems to the Panel that the more appropriate remedy in the present case is to cancel the domain name. There are many owners of names or marks who would have a right or legitimate interest in applying for registration of this widely applicable domain name when it thereby becomes available. The complainant does not have sufficient exclusive or predominant right or legitimate interest in the domain name to obtain it automatically, by transfer.

Determination

- 21. The complaint is determined in favour of the complainant. The remedy granted is to cancel the disputed domain name.**

13 June 2012

Determining Panel

Gregory Burton SC



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