



ACN 008 651 232

ADMINISTRATIVE PANEL DECISION

ESat Communications Pty Ltd v Kingford Promotions Pty Ltd

LEADR Case No. 03/2003

1. The Parties

The Complainant is eSat Communications Pty Ltd of 29 Cameron Street, Launceston, Tasmania, 7250. The Complainant is represented by solicitors, Peter Townsend Business Lawyers, of Level 3, 222 Clarence Street, Sydney, New South Wales, 2000.

The Respondent is Kingford Promotions Pty Ltd of 11-17 Argyle Street, Hobart, Tasmania, 7000.

2. The Domain Names and Registrar

The Disputed Domain Names are 'eSat.com.au' and 'eSat.net.au'. The Registrar of the domain names is Enetica.

3. Procedural History

This is an administrative proceeding pursuant to the .au Dispute Resolution Policy adopted by auDA on 13 August 2001, which commenced operation on 1 August 2002 ("auDRP"), the auDA Rules for .au Dispute Resolution Policy ("Rules") and the LEADR Supplemental Rules to Rules for .au Domain Name Dispute Resolution Policy ("LEADR Supplemental Rules").

The Panel is advised that the procedural history of this dispute is as follows:

1. The complaint was submitted for decision in accordance with the auDRP which was approved by auDA in 2001 and commenced operation on 1 August 2002 and LEADR's Supplementary Rules (LEADR is the Provider).
2. The Complainant lodged the Complaint with the Provider on 4 June 2003.
3. The Provider acknowledged receipt of the Complaint to the Complainant. The Respondent was sent the Complaint and the explanatory covering letter on 4 June 2003 by post. The Respondent was advised that they had until 25 June to submit all materials they wish to have considered by the Panel.
4. The Provider advised auDA of the Complaint.

5. The Provider advised the Registrar for the Respondent, Enetica. The Registrar confirmed acceptance of notification and that they had taken action to lock the domains for the period of the determination on 5 June 2003.
6. The Respondent sent a response on 24 June by fax only.
7. The Provider has confirmed receipt of the response by mail on 25 June.
8. On 5 June 2003 the Panelist was approached by the Provider and accepted the appointment that same day providing a statement of acceptance and of impartiality.

All procedural requirements have been satisfied.

4. Factual Background

The following factual background is based on the information in the documents provided to the Panel by the Complainant and the Respondent.

The Complainant became incorporated as a company on 20 December 2002. According to the statements of two of its directors, Ms Julianne Blackaby and Mr Harry Kelly, the company was established for the purpose of providing telecommunications products and services, including selling wholesale and broadband internet space to regional and remote communities, using radio signals which are fed into a ground station serviced by satellite. Ms Blackaby and Mr Kelly state that from October 2002 the directors were working towards a brand launch in February 2003.

There is some discrepancy between the statements of the Complainant's directors and the Complaint itself, but according to these documents, in either late December 2002 or early January 2003 the Complainant's company logo "eSat" was produced.

Ms Blackaby and Mr Kelly state that it was intended that the domain names for the company would be registered in the period leading up to the brand launch, with the purpose of establishing a web presence after the brand launch. The statements of the Complainant's directors refer to a meeting on 8 January 2003, at which it was decided that the address esat.com.au would be used for the project's web address. However, Mr Kelly states that registration of the domain name did not occur prior to the launch on 28 February 2003.

According to the statements of the Complainant's directors, on 12 February 2003, the Complainant's Optus Accounts Manager was approached by a director of Broadband Wireless Pty Ltd ("Broadband"), a company selling internet access via a wireless loop feeding into a terrestrial cable telephone network, for discussions regarding possible synergies of operations between the companies.

Representatives of the Complainant and Broadband held discussions on 14 February 2003. Ms Blackaby, who was present at the meeting, provides evidence in her statement that at that meeting, the Broadband representatives expressed

concern that the Complainant was a possible competitor of Broadband and should not be in the marketplace. Ms Blackaby states that the representatives of the Complainant tried to reassure them that Broadband and the Complainant were not in direct competition with each other. According to Ms Blackaby, Broadband representatives then made allegations that the Complainant was moving in on Broadband clients and threatened to “jam their signal” if the Complainants did not include Broadband in their project. Following this meeting, the directors of the Complainant state that they decided not to pursue negotiations with Broadband any further.

The Complainant’s brand was officially launched on 28 February 2003.

The Complainant alleges that on 28 February 2003, the Respondent registered the Disputed Domain Names without notice to the Complainant. Mr Geoffrey Young, who prepared the Response, is a director of both the Respondent and Broadband. The Response indicates that Broadband and the Respondent are currently engaging in a business venture together.

Mr Kelly states that he attempted to register domain names for the Complainant on 11 March 2003 and discovered that the Disputed Domain Names, esat.com.au and esat.net.au, had already been registered.

5. Parties’ Contentions

5.1 Complainant

The Complainant makes the following contentions.

1. The Respondent:
 - (a) has registered the Disputed Domain Names that are identical and confusingly similar to a name, trademark or service mark in which the Complainant has rights;
 - (b) has no rights or legitimate interests in respect of the Disputed Domain Names; and
 - (c) has registered the Disputed Domain Names and subsequently used them in bad faith.
2. The Respondent:
 - (a) Has registered and acquired the Disputed Domain Names in order to prevent the Complainant from reflecting those names in a corresponding domain name; and
 - (b) Registered the Disputed Domain Names primarily for the purpose of disrupting the business and activities of the Complainant.
3. The Complainant meets auDA’s Domain Name Eligibility and Allocation Rules for .com.au and .net.au domain names (“Eligibility Rules”) and can demonstrate its entitlement to the Disputed Domain Names as follows:
 - (a) The Disputed Domain Names match the Complainant’s company name;

- (b) The Complainant is an Australian registered company trading under a registered business name; and
 - (c) The Disputed Domain Names are closely and substantially connected to the products, services and activities that the Complainant provides and conducts, the Complainant being a provider of wholesale and broadband space to regional and remote communities.
4. The Respondent has breached the Registrar's terms and conditions for domain name licensing, including representations, undertakings and warranties made by the Respondent that:
- (a) all information provided is true and correct and not misleading and deceptive;
 - (b) the eligibility criteria prescribed in the Published Policies for registering the Disputed Domain Names have been met (being the allocation rules);
 - (c) the Disputed Domain Names are not used or registered for the purpose of diverting trade from another business or website;
 - (d) the Disputed Domain Names are not registered and the licenses passively held for the purpose of preventing another person from registering them;
 - (e) the registration of the Disputed Domain Names will not infringe upon or otherwise violate the rights of any third party;
 - (f) the Respondent agrees that all activities are to comply with the Commonwealth Law and applicable State Law; and
 - (g) the Respondent warrants that no hijacking of domains, systems, computers, programs or hardware has occurred.

In a further submission to the Panel dated 3 June 2003, the Complainant referred the Panel to the case of *CSR Limited v Resource Capital Australia Pty Limited* [2003] FCA 279 in which Hill J held that cybersquatting was a breach of section 52 of the *Trade Practices Act 1974* (Cth).

The Complainant seeks the following relief:

- (a) revocation of the Respondent's licenses in respect of the Disputed Domain Names and transfer of the licenses in the Disputed Domain Names to the Complainant; and
- (b) payment by the Respondent of the Complainant's costs of bringing this application.

5.2 Respondent

The Respondent has submitted an informal response to the Complainant's contentions, in the form of an undated letter printed on Broadband letterhead.

The Response does not appear to address the Complainant's contentions directly but makes the following assertions:

1. The Respondent, together with Broadband, intends to market a product with the acronym ESAT (Electronic Storage Archiving & Transmission).

2. The Respondent, when it became aware of the Complainant's name, realised that the acronym ESAT was similar to the likely abbreviation of the Complainant's name, and registered the Disputed Domain Names in order to protect its business interests.
3. The Respondent registered variations of the Disputed Domain Names, e-sat.com.au and e-sat.net.au, such as esat.com.au and esat.net.au, as part of the Respondent's marketing strategy.
4. The Respondent believed that the Complainant did not intend to launch a website or register the Disputed Domain Names as it had not done so in the lead-up to its brand launch, nor had it printed a website address on its marketing material.

The Panel notes that in respect of contention number 3 above, it appears that the Respondent is confused about which of the registered domain names are the Disputed Domain Names. However, on the basis that the Respondent acknowledges registration of all four of the domain names, e-sat.com.au, e-sat.net.au, esat.com.au and esat.net.au, and on the basis that the arguments in respect of registration of the "e-sat" domain names would appear to be the same as the arguments in respect of registration of the "esat" domain names, the Panel will read the Response as if it referred to the Disputed Domain Names as esat.com.au and esat.net.au, rather than e-sat.com.au and e-sat.net.au.

9. Discussion and Findings

The Disputed Domain Names were registered by the Respondent after 1 August 2002, and therefore the Respondent is subject to the auDRP.

Paragraph 15(a) of the Rules provides that the Panel shall "decide a complaint on the basis of the statements and documents submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable".

Paragraph 4(a) of the auDRP requires a Complainant to prove that:

- i. the Disputed Domain Name is identical or confusingly similar to a name, trade mark or service mark in which the Complainant has rights; and
- ii. the Respondent has no rights or legitimate interests in respect of the Disputed Domain Name; and
- iii. the Disputed Domain Name has been registered or subsequently used in bad faith.

Note 1 to paragraph 4(a)(i) provides that auDA has determined that a "name...in which the complainant has rights" refers to the complainant's company, business or other legal or trading name, as registered with the relevant Australian government authority, or the complainant's personal name.

The Panel notes that the Complainant's contention that the Respondent "has registered the domain name and subsequently used it in bad faith", misquotes

paragraph 4(a)(iii) of the auDRP. That sub-paragraph actually imposes a broader test than that contemplated by the Complainant, as it only requires the Complainant to prove that the Disputed Domain Name has been “registered *or* subsequently used in bad faith”. The required threshold is lower than that contemplated by the Complainant in its Complaint. It is not necessary for the Panel to decide whether it can only determine the dispute on the basis as it has been pleaded by the Complainant, as paragraphs 4(b)(ii) and (iii) of the auDRP clearly contemplate that “use” can be evidenced by mere registration in certain circumstances.

6.1 Identical or confusingly similar

The Complaint states that the Complainant registered the company name “eSat Communications Pty Ltd” on 20 December 2002, and commissioned the production of a company logo using the word “eSat”, in early January 2003. This is inconsistent with Ms Blackaby’s statement, which provides that the logo was produced in December 2002. Based on the notes of the meeting held on 8 January 2003, at which Mr Kelly wrote the following note “Marketing: Logo – E-Sat, eSat, e-Sat. Select eSat.” (Annexure 10 to the Complaint), it seems likely that the logo was produced at some time before that meeting occurred.

The Complainant’s company name constitutes a “name” for the purposes of paragraph 4(a)(i).

Determinations under the UDRP (Uniform Dispute Resolution Policy), from which the auDRP is derived, have held that when comparing domain names with marks or names, the global top level domain (gTLD) elements of a domain name, such as .com or .net, have no distinguishing capability and may be disregarded when considering whether a domain name is identical or confusingly similar to a name or mark. These determinations are cited and approved in other determinations under the auDRP in respect of open second level domains (2LDs), including *GlobalCenter Pty Ltd v Global Domain Hosting Pty Ltd*, WIPO Case No. DAU2002-0001 (March 5, 2003) by a single panelist and *The Crown in Right of the State of Tasmania trading as “Tourism Tasmania” v Craven*, WIPO Case No. DAU2003-0001 (April 16, 2003) by a 3-member panel. This Panel therefore also adopts those principles for comparing domain names containing .com.au or .net.au elements, with a name or mark.

The question to be determined in this dispute is therefore whether the Disputed Domain Names, disregarding their 2LD elements, are identical or confusingly similar to the Complainant’s company name, “eSat Communications”, or its service mark, being the “eSat” logo.

6.1.1 Company Name

From a comparison of the Disputed Domain Names and the Complainant’s company name, it is clear that the Disputed Domain Names are not identical to the Complainant’s company name, given that the word “Communications” does not feature in the Disputed Domain Names.

The Disputed Domain Names may be confusingly similar to the Complainant's company name, however, given the use of the word "esat" in both the domain name and the company name. The Panel considers it to be irrelevant that the Complainant's registered name and logo uses the word "eSat", with lower-case 'e' and upper-case 'S', while the Disputed Domain Names are entirely in lower-case, as the capitalisation or non-capitalisation of letters in a domain name is not relevant to the domain name system.

It is common practice for businesses to abbreviate their business name when devising their domain names, as the shortened form is often easier for customers to remember. Often generic words such as "Communications" are not included in a company's domain name. Further proof of this can be seen in the Complainant's logo, Annexure 7 to the Complaint, in which the word "Communications" is not featured, even though it is part of the company name. Paragraph 21 of Mr Kelly's Statement provides that the Complainant wanted a "short and snappy" name for use in its logo and domain name. Annexures 10 and 11 to the Complaint, being Mr Kelly's and Ms Blackaby's file notes of the Complainant's marketing meeting which they both attended on 8 January 2003, note the decision made at that meeting to use the address www.eSat.com.au for the Complainant's website.

The Panel finds that the Disputed Domain Names are confusingly similar to the Complainant's company name.

6.1.2 Logo

Notwithstanding the Panel's finding in respect of the confusing similarity between the Disputed Domain Names and the Complainant's company name, the Panel also considers that the Disputed Domain Names are identical to the Complainant's service mark, "eSat".

The Complainant has therefore satisfied the requirements of paragraph 4(a)(i) and established that the Disputed Domain Names are identical or confusingly similar to the Complainant's name or service mark.

6.2 No rights or legitimate interests

The Complainant asserts that the Respondent has no entitlement to the Disputed Domain Names as the Disputed Domain Names do not match any names, or products or services used or offered by the Respondent.

Paragraph 4(c) of the Rules provides that the Respondent may establish that it had rights or legitimate interests to the Disputed Domain Names for the purpose of paragraph 4(a)(ii), if any of the following circumstances can be proven:

- (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 [the

- Respondent] 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.

The Respondent asserts that it intends to use the Disputed Domain Names in respect of its product, Electronic Storage Archiving & Transmission. Presumably, this argument falls under paragraph 4(c)(i) of the Rules. The Panel notes that the use of an acronym in respect of a name, as part of a domain name, is permitted under the Eligibility Rules. However, the Respondent has provided the Panel with no evidence of registration of a name, trade mark or service mark in respect of the product or the ESAT acronym applied in relation to the product. The Respondent has also failed to provide the Panel with any evidence of the existence of the ESAT product or proof of the marketing plan for the ESAT product, aside from the assertion in its Response, that such a product exists.

The Respondent has provided no conclusive evidence that it is known by or connected with the name “ESAT”, therefore paragraph 4(c)(ii) is not satisfied.

Further, the Respondent has provided no evidence satisfying the requirements of paragraph 4(c)(iii).

While paragraph 4(c) is not exhaustive, the Respondent does not appear to put forward any other arguments in support of its rights to or legitimate interests in the Disputed Domain Names, other than the “first in, first served” argument.

On the basis that the Complainant has satisfied the requirements of paragraph 4(a)(ii), and the Respondent has not produced conclusive evidence to the contrary, this Panel determines that the Respondent has no right or legitimate interest in the ESAT name.

6.3 Bad faith registration and/or use

The grounds upon which bad faith registration and/or use can be determined, are set out in paragraph 4(b) of the Rules as follows:

- (i) circumstances indicating that [the Respondent] has registered or has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to another person for valuable consideration in excess of [the Respondent’s] documented out-of-pocket costs directly related to the domain name; or
- (ii) [the Respondent] has registered the domain name in order to prevent the owner of a name, trademark or service mark from reflecting that name or mark in a corresponding domain name; or

- (iii) [the Respondent] 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 Respondent] has intentionally attempted to attract, for commercial gain, Internet users to a website 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 website or location or of a product or service on that website or location.

The Complainant relies upon paragraphs 4(b)(ii) and (iii) in support of its contention that the registration of the Disputed Domain Names was in bad faith. The Complainant argues that the Respondent disregarded auDA's policies as follows:

- (a) the Respondent knew that the Complainant had plans to launch its business online;
- (b) the Respondent represented that its company name or mark matched the Disputed Domain Names; and
- (c) the Respondent made representations to the Complainant through the associated company Broadband that Broadband could "jam eSat's signal if they were not included in the eSat project".

In its Response, the Respondent states that the Disputed Domain Names were registered by the Respondent when the Respondent realised that there were similarities between the Complainant's business name and the acronym of the Respondent's product. It would appear that the Respondents were somewhat opportunistic in obtaining registration of the Disputed Domain Names, after determining that the Complainant had not yet done so. That the information regarding the Complainant's name came to the Respondent's attention in the course of negotiations with the Complainant in February 2003, and the timing of the Respondent's registration so soon after the failure of negotiations and the threats allegedly made by Broadband's representatives to the Complainant, leads to the conclusion that the events are linked.

The Respondent's admission that it had become aware of the similarities between the acronym of its product and the Complainant's name, and had registered the Disputed Domain Names in order to protect its interests, leads the Panel to draw the inference that the Respondent was aware that the Complainant might have an interest in registering the Disputed Domain Names. However, the Respondent relies on the fact that the Complainant had not registered the Disputed Domain Names prior to printing its promotional material and launching the brand name, as justification for why it registered the Disputed Domain Names instead. This argument falls down in light of the lack of evidence supporting the existence of the ESAT product alleged by the Respondent.

The Respondent denies paragraph 4(b)(iii) on the basis that the primary purpose of registering the Disputed Domain Names was to ensure that it protected its right to use the Disputed Domain Names in respect of its own product, ESAT. Again,

without further evidence establishing that the launch of such a product was anticipated by the Respondent, it is difficult to accept that argument.

The Complainant also provides evidence that during the course of negotiations, the Respondent's representatives threatened to "jam the signal" of the Complainant if negotiations were not successful. These allegations have not been addressed by the Respondent in its response. In the circumstances of being provided with no evidence to the contrary, this Panel is entitled to find that those threats may have occurred during negotiations.

The Respondent does, however, raise a valid point in that the Complainants cannot complain simply because they were not first in time in respect of registration of the Disputed Domain Names. The Complainant's failure to register the Disputed Domain Names prior to the brand launch, despite the careful planning in respect of all other aspects of the product launch, and particularly considering that the Complainant had entered into negotiations with a third party disclosing details of the proposed brand launch, raises questions of whether the Complainant seriously intended, prior to its brand launch on 28 February 2003, to register the Disputed Domain Names, or properly considered protecting its brand names and corresponding domain names.

The statements of Ms Blackaby and Mr Kelly allege that the issue of registration of the Disputed Domain Names had been discussed at several meetings prior to the meeting on 8 January 2003. The Panel has not been provided with minutes or notes from any previous meetings and therefore is unable to make any determinations about what occurred at those meetings. The file notes of Ms Blackaby and Mr Kelly from the meeting held on 8 January 2003, both record the proposed internet address www.eSat.com.au. However, it does not appear from the notes that the questions of who would attend to the domain name registration, or when this would occur, were discussed in detail. Mr Kelly's notes contain the comment "Web page – tender for this. Brad & Michael to write a tender for web presence after the launch" and later, under the heading "To Do", the comment "put to tender website proposal". Ms Blackaby's notes contain similar comments which suggest that the domain name registration was not considered to be an issue of any urgency.

Despite the Complainant's lax attitude in attending to the registration of the Disputed Domain Names, however, the Panel finds the Complainant's version of events to be preferable to that proffered by the Respondent, and finds that the Respondent registered the Disputed Domain Names in bad faith. Consequently, there is no need for the Panel to consider any further the impact of the misquotation of paragraph 4(a)(iii) in the Complaint.

6.4 Breach of warranties

For the reasons outlined above, the Panel is satisfied that the Respondent has breached its representations and warranties under paragraph 2 of the auDRP.

6.5 Cancellation and/or transfer of Disputed Domain Names

For the reasons outlined above, the Panel determines that the Respondent's licenses in respect of the Disputed Domain Names, should be cancelled.

6.6 Eligibility of the Complainant to registration of the Disputed Domain Names

The Complainant has requested a transfer of the Disputed Domain Names to the Complainant.

Under paragraph 4(i) of the auDRP, the Complainant must prove that they are eligible, under the Eligibility Rules, to registration of the Disputed Domain Names, in order to succeed in an application to have the Disputed Domain Names transferred to them. The criteria for eligibility for a .com.au or .net.au domain name which are relevant to the Complainant are as follows:

1. Registrants must be:
 1. an Australian registered company...
2. Domain names in the .com.au (or .net.au) 2LD must:
 - (a) exactly match:
 - (i) the registrant's company, business, trading, association or statutory body name...
 - or
 - (b) be an acronym or abbreviation of 2(a)(i)...; or
 - (c) be otherwise closely and substantially connected to the registrant, because the domain name refers to:
 - (i) a product that the registrant manufactures or sells; or
 - (ii) a service that the registrant provides...

The Complainant has established that it satisfies paragraph 1(a) of the Eligibility Rules.

In respect of paragraph 2, the Complainant contends that the Disputed Domain Names match the Complainant's company name. The Panel is unable to accept this submission, as paragraph 2(a) of the Eligibility Rules specifies that the domain name must exactly match the company name. The Disputed Domain Names do not exactly match the Complainant's company name, as the word "Communications" is not present in the Disputed Domain Names.

The Panel finds that the Complainant's submission that the name is closely and substantially connected to the products, services and activities that eSat provides and conducts, is arguable, and may satisfy the requirements of paragraph 2(c) of the Eligibility Rules.

In the alternative, although it was not expressly raised by the Complainant, the Panel considers that the name "eSat" is an abbreviation of the Complainant's registered company name, and therefore it is arguable that paragraph 2(b) of the Eligibility Rules is satisfied.

The Panel finds that, on the face of it, the Complainant satisfies the Eligibility Rules for the transfer of the Disputed Domain Names to it, and subject to a final determination by Enetica in relation to whether the Complainant does meet the Eligibility Rules, the Panel directs that the Disputed Domain Names be transferred to the Complainant.

6.7 Misleading and deceptive conduct

In relation to the further submission by the Complainant in respect of *CSR Limited v Resource Capital Australia Pty Limited*, the Panel notes that it cannot determine any issues in respect of section 52 of the *Trade Practices Act 1974* (Cth).

However, Hill J's findings that cybersquatting constituted misleading and deceptive conduct, are of assistance, particularly in the context of determining whether the Respondent has breached its representations under paragraph 2 of the auDRP. On the basis that the Panel has already held that the representations under paragraph 2 of the auDRP have been breached, there is no need to consider this issue further.

6.8 Recovery of costs

The Complainant seeks to recover its costs in making this application. This Panel has no power to make such a determination and therefore dismisses the Complainant's claim for costs.

10. Decision

- (a) The Complainant has made out all of the elements of paragraph 4(a) of the auDRP;
- (b) The matter is referred to the Registrar Enetica for a determination as to whether the Complainant is eligible for registration of the Disputed Domain Names under the auDA Eligibility and Allocation Rules;
- (c) If the Complainant is eligible, the Panel directs that the Disputed Domain Names, esat.com.au and esat.net.au, be transferred by Enetica to the Complainant;
- (d) If the Complainant is regarded as ineligible to take a transfer of the Disputed Domain Names, the Panel directs the cancellation of the Disputed Domain Names;
- (e) The Panel dismisses the Complainant's claim in respect of recovery of its costs.

Dated: 11 July 2003

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Steven Jerrard
Sole Panelist