



THE CHARTERED INSTITUTE OF ARBITRATORS (AUSTRALIA) LIMITED ACN 118 131 016

.au Dispute Resolution Provider

ADMINISTRATIVE PANEL DECISION

**Asset Housing Pty Ltd
v.
Kitome Pty Ltd**

Reference: auDRP 06-01

Date: 27 April 2006

1. The Parties

- 1.1 The Complainant is Asset Housing Pty Ltd (ABN 43 099 690 310) trading as Country Kit Homes, 105 Russell Street, Emu Plains, NSW, 2750. Telephone 02 4735 5581 Fax 4735 8884 Email countykithomes@bigpond.com ("Complainant").
- 1.2 The Respondent is Kitome Pty Ltd (ABN 52 074 917 347) 19 Pullman Place, Emu Plains, NSW 2750. Telephone 02 4735 7811 Fax 02 4735 6908 Email kitome@ozemail.com.au ("Respondent").

2. The Domain Name and Registrar

The domain name at issue is <www.countrykithomes.com.au> ("Domain Name"), currently registered by the Respondent. The Registrar is TPP Internet.

3. Procedural History

- 3.1 This is an administrative proceeding pursuant to the .au Dispute Resolution Policy ("auDRP") adopted by auDA on 13 August 2001, which commenced operation on 1 August 2002; the auDA Rules for .au Dispute Resolution Policy ("Rules") and the CIArb Supplemental Rules for .au Domain Name Dispute Resolution Policy ("Supplemental Rules").
- 3.2 The Complainant submits the complaint for decision in accordance with au Dispute Resolution Policy (2002 – 22) and the rules there-in.

- 3.3 The complaint was lodged with The Chartered Institute of Arbitrators (the “Dispute Resolution Provider”) electronically, by the Complainant on 21 March 2006. A hard copy of the material and the required fee was received by the Dispute Resolution Provider on 21 March 2006.
- 3.4 A copy of the Complaint was sent by the Dispute Resolution Provider to the Respondent on 24 March 2006 requiring them to submit all materials that it wished to have considered by the Panel.
- 3.5 The Respondent submitted its reply to the Dispute Resolution Provider by fax, thus the hard copy of the response as required pursuant to Paragraph 5 of Schedule B of the Rules was received by the Dispute Resolution Provider on 12 April 2006.
- 3.6 The Dispute Resolution Provider appointed a single member Panel on 13 April 2006. The Panellist had submitted a Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Dispute Resolution Provider in compliance with paragraph 7 of the Rules.
- 3.7 The Panel finds that the Complaint complies with the requirements of the .au Domain Administration Dispute Resolution Policy, its Rules and the Supplemental Rules of the Dispute Resolution Provider.

4. Factual Background

- 4.1 The Complainant is the registered owner of the business name “Country Kit Homes”. The name was registered in New South Wales, being number BN98166451, on 7 September 2005.
- 4.2 The Complainant is a contractor for the supply and erection of kit homes in New South Wales (Licence no. 178906C) issued by the NSW Department of Fair Trading on 6/10/2005, subject to the condition that its licence is only for contracts not requiring home warranty insurance from 06/10/2005 to 24/04/2006.
- 4.3 The Respondent operates as a contractor for the supply of kit homes, carports, sheds and garages throughout Australia, with an annual turnover of approximately \$20 million. It has manufacturing facilities in NSW, Victoria and Queensland and nine sales and show room facilities. It has held a contractor’s licence, issued by the NSW Department of Fair Trading (licence no. 88040C) for this activity continuously since 17/11/1997.
- 4.4 The domain name, the subject of this complaint, was registered by the Respondent, according to the information of the Complainant, on 13 December 2005.

5. Parties’ Contentions

Complainant

The Complainant stated that:

- 5.1 The Respondent has registered the domain name in bad faith as it has no legitimate rights to the domain name based on the fact the Respondent has no direct links with the phrase "Country Kit Homes".
- 5.2 The Respondent is not using the domain name for legitimate or professional reasons. It has intentionally and deliberately attempted to attract internet users that may have been searching for the Complainant's company and diverted them to the Respondent's own website purely for commercial gain.
- 5.3 When www.countrykithomes.com.au is entered into a browser, the user is redirected to www.kitome.com.au. This is a ploy to confuse potential customers into thinking that www.kitome.com.au is our website, when they are in fact our competitor.
- 5.4 The Complainant believes that the Respondent's primary purpose for registering the domain name was to disrupt its business and capture web traffic from its marketing. The Respondent does not have any relationship with the word "country" or the phrase "country kit homes" and therefore breaches the "close and substantial connection" policy.

Respondent

The Respondent stated that:

- 5.5 Kitome is a registered company, which has been operating as a licensed builder of kit homes throughout Australia, since it was established on 19 July 1996.
- 5.6 Kitome markets and promotes its activities throughout Australia. Over a period of ten years, it has built a reputation particularly in country areas, as the premier provider and installer of kit homes.
- 5.7 It is developing its business under two separate companies, with manufacturing under Kitome Pty Ltd and the sales of kit homes under Country Kit Homes (NSW) Pty Limited.
- 5.8 Dean Neville is the sole director and with his wife the sole shareholders in Country Kit Homes (NSW) Pty Ltd. This company was originally incorporated on 8 February 1999 as Independent Property Group (Australia) Pty Ltd but has now changed its trading name to Country Kit Homes (NSW) Pty Ltd.
- 5.9 The words "country kit home" are merely descriptive of the business in which the Respondent has been a market leader for more than 10 years.
- 5.10 In the opinion of the Respondent, if confusion exists in the marketplace, it is because of the actions of the Complainant in registering a business name which is descriptive of Kitome's business.
- 5.11 It is not the intention of the Respondent to sell the domain name. The Respondent's web site at www.countryhomes.com.au is essential to the Respondent's sales and marketing strategy as it currently stands and it will develop over the succeeding months and years.

6. Discussion

- 6.1 It appears that the nub of this complaint may have arisen from a conversation that the parties agree occurred in the offices of the Respondent on 13 December 2005. Apparently, on that day, Mr William Klohn, a director of the Complainant visited Mr Dean Neville, the principal of the Respondent to advise that the Complainant was setting up a business in competition to that of the Respondent from premises directly around the corner from those of the Respondent. It is said by the Complainant that the domain name was registered by the Respondent on that day.
- 6.2 However, the issue to be answered in this complaint is whether the registration of the domain name constitutes a breach of the auDRP such that the domain name should be transferred to the Complainant. This depends on the facts of the case as found in the material provided.
- 6.3 Paragraph 15(a) of the Rules requires the Panel to “*decide a complaint on the basis of the statements and documents submitted in accordance with the [auDRP and Rules], and any rules and principles of law that it deems applicable.*”
- 6.4 The auDRP is contained in Schedule A, paragraph 4(a) requires a Complainant to prove that:
- 6.4.1 the Disputed Domain is identical or confusingly similar to a name, trade mark or service mark in which the Complainant has rights; and
 - 6.4.2 the Respondent has no rights or legitimate interests in respect of the Disputed Domain; and
 - 6.4.3 the Disputed Domain has been registered or subsequently used in bad faith.
- 6.5 In Section 4(b) the following are deemed, non–exhaustively, to be evidence of registration or use in bad faith:
- 6.5.1 circumstances indicating that the domain name has been registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to another person for valuable consideration in excess of documented out-of-pocket costs directly related to the domain name, or
 - 6.5.2 the domain name has been registered 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
 - 6.5.3 the domain name has been registered primarily for the purpose of disrupting the business or activities of another person; or
 - 6.5.4 the domain name has been used to intentionally attempt 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.
- 6.6 Section 4(c) states that, in responding to a complaint, rights to and legitimate interest in a domain name may be demonstrated by a Respondent evidencing one of the following, non-exhaustive, situations:
- 6.6.1 before any notice of the subject matter of the dispute, bona fide use, or demonstrable preparations were made 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 acquired for the purpose of selling, renting or otherwise transferring), or
- 6.6.2 it (as an individual, business, or other organisation) has been commonly known by the domain name, even if it has acquired no trademark or service mark rights, or
- 6.6.3 it 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.

7. Findings

7.1 The domain name is identical or confusingly similar to a name, trade mark or service mark in which the Complainant has rights.

- 7.1.1 The Complainant is the registered owner of the business name “Country Kit Homes” which is identical to the disputed domain name.
- 7.1.2 But contrary to the Complainant’s contention that: “*the Respondent has no direct links with the phrase ‘Country Kit Homes’*”, the Respondent is also the owner of a business which is similarly named to the disputed domain name.
- 7.1.3 According to ASIC records, the Independent Property Group (Australia) Pty Ltd changed its name to Country Kit Homes (NSW) Pty Ltd, on 29/3/2006.
- 7.1.4 This was only a week after the claim by the Complainant was lodged. The Department of Fair Trading, which is responsible for issuing business names, was prepared to accept the registration of the name “Country Kit Homes (NSW)” on behalf of the Respondent, as being distinct to the registered name of the Complainant, “Country Kit Homes”, despite their obvious, and one would think, confusing similarity.
- 7.1.5 I find that the domain name, <countrykithomes.com.au> is identical to the trading name, “Country Kit Homes”, in which the Complainant has proprietary rights. However, the domain name is also similar to the registered company name of one of the Respondent’s businesses.

7.2 The Respondent has no rights or legitimate interests in respect of the disputed domain name.

- 7.2.1 It is clear from the material provided that the Respondent has a significant business, over a number of States, in the manufacture, supply and installation of kit homes. It has been in business nearly ten years and has an annual turnover of around \$20 million dollars.
- 7.2.2 Known under the brand name “Kitome”, the Respondent employs in its advertising, that name with the upper stem of the “K” forming a stylised “roof” over the letters making the word “(h)ome”, thereby incorporating the meaning “kit home”. As the Respondent explains, 99% of its sales are in country/ non-metropolitan areas. Hence the domain name identifies both the particular nature of the Respondent’s business “kit homes” and its location “country”.

- 7.2.3 Apart from the practical connection with the domain name, the Respondent has registered the business name "Country Kit Homes (NSW)" and as of 29/3/2006 it renamed a company, that the Respondent says, will be used to sell and market the Respondent products.
- 7.2.4 In comparison, the Complainant has only established rights to the use of a business name, and then only in NSW. By its own admission, it is a new company intending to enter into competition with the Respondent.
- 7.2.5 The circumstances of the Respondent's business activities plus the fact that the Respondent has been able to achieve registration of the related business name and show a sufficient connection to the domain name to achieve registration of it, are significant indicators of the Respondent's legitimate rights and interests in the domain name.
- 7.2.6 I therefore find that the Respondent has a legitimate interest in respect of the domain name.

7.3 The Disputed Domain has been registered or subsequently used in bad faith.

- 7.3.1 The Complainant asserts that the Respondent has acted in bad faith by registering the domain name in a deliberate attempt to attract internet users that may have been searching for the Complainant's company. However the Complainant fails to identify where its web presence is located, from which users are being diverted. Also this complaint does not reflect the way web search engines actually identify likely sites, by using meta tags and links, rather than solely by use of the domain name.
- 7.3.2 Whilst the Respondent's original intention to register the domain name may have been principally inspired by a competitive imperative, its subsequent use is in connection with the promotion of the company's business. The Respondent has established a mirror of its web site at the address of the domain name. But according to the Respondent it is establishing not just a web presence but an entire infrastructure under the business name "country kit homes" to be the marketing and sales arm of its business, whilst the manufacturing will be retained under "Kitome". The Respondent has also set up a separate company to carry out this plan.
- 7.3.3 It is certainly true that the Respondent is using the domain name and the related website to attract customers for its commercial gain. But I do not infer from that activity, that the usage is for an improper purpose or in bad faith. Before the registration of the domain name, the Respondent had been offering of goods or services related to the domain name.
- 7.3.4 As the Respondent is the dominant of the two companies in the market place, there is little likelihood of it creating confusion with the Complainant's name. Rather the Respondent is making legitimate use of a generic name associated with the Respondent special business expertise.
- 7.3.5 I therefore do not find that the use of the disputed Domain Name by the Respondent has been in "bad faith".

8. Summary

- 8.1 The current auDA Guidelines for Accredited Registrars on the Interpretation of Policy Rules for Open 2LDs (Policy No. 2005-02 published 15/3/2005) provide guidance on the process by which domain name licenses are granted. The policy lays out the eligibility and allocation rules that apply.
- 8.2 The eligibility criteria require the registrant to provide relevant identification details for the 2LD that they want to license their domain name in. For example, if the registrant wants to license a domain name in com.au, they must provide identification details such as Australian registered company name and Australian Company Number (ACN).
- 8.3 The Allocation criteria require the registrant to give a reason why the requested domain name can be allocated to them. The reasons available in each 2LD are where the domain name is:
- a) an exact match of the registrant's name; or
 - b) an abbreviation or acronym of registrant's name; or
 - c) indicative of a close and substantial connection to the registrant.
- 8.4 However, as section 4.2 indicates, domain names are primarily allocated on a "first come, first served" basis. Provided that the registrant meets the relevant policy rules, the registrar may process the registration and issue a domain name licence to the registrant. Once issued the licence continues unless a Complainant can make a successful application for the domain name to be transferred to them.
- 8.5 In this matter the Respondent was the first to register the domain name. The Complainant has failed to establish the criteria necessary for the domain name to be transferred to it under the rules that apply.

9. Decision

The Panel having found that the Complainant has not made all of the three elements required by the abovementioned Section 4(a) of Schedule A of the Rules, it is the decision of the Panel that the Complaint be denied.



Derek Minus

Chartered Arbitrator and Sole Panellist