



ADMINISTRATIVE PANEL DECISION
Roses Only and Lush Flowers v. Flowers On the Net Pty Ltd
LEADR Case No. auDA 05_06

Domain Name: flowersonly.com.au
Name of Complainant: Roses Only and Lush Flowers Pty Limited
Name of Respondent: Flowers on the Net Pty Ltd
Provider: LEADR
Panel: D S Ellis

THE PARTIES

- 1 The complainant is Roses Only and Lush Flowers Pty Limited (ACN 065 255 692) (“complainant”). The registered office of the complainant is care of DC Carr & Associates, level 6 65 York Street Sydney New South Wales.
- 2 The respondent is Flowers on the Net Pty Limited (ACN105 311 297) of 4 – 12 Edmonds Road, Prahan, Victoria (“respondent”).

THE DOMAIN NAME, REGISTRAR AND PROVIDER

- 3 The domain name in dispute is “flowersonly.com.au” (“the Domain Name”).
- 4 The registrar of the Domain Name is Melbourne IT of level 2, 120 King Street, Melbourne, Victoria.
- 5 The provider in relation to this administrative proceeding is LEADR (“the provider”).

PROCEDURAL HISTORY

- 6 The complaint was submitted under the auDRP Policy No 2002/22 (“the Policy”), the auDRP Rules (“the Rules”) and the provider’s Supplementary Rules.
- 7 The provider provided a document entitled “Procedural History” from which it appears:
 - (a) The completed application was received from the complainant by the provider on 8 May 2006;

- (b) Copies of the complaint were provided to the respondent by the complainant on 8 May 2006 and by the provider on 10 May 2006;
- (c) A copy of the complaint was provided to the registrar of the domain name on 10 May 2006; and
- (d) The response was provided by the respondent on 30 May 2006.

FACTUAL BACKGROUND

8 A number of the facts relevant to this matter were conceded by the respondent or not disputed.

The Domain Name

9 The relevant events in relation to the Domain Name may be summarised as follows:

Date	Event
22 June 2000	The Domain Name, together with the business name “floweronly”, was purchased by an associate of the complainant for \$800. The complainant became the registrant in respect of the Domain Name shortly thereafter. The Domain Name was used by the complainant to redirect traffic towards the “rosesonly.com.au” domain name operated by the complainant.
11 November 2001	Registration of the Domain Name lapsed.
17 February 2002	Colin Johnston became the registrant in respect of the name.
September 2004	A search in respect of the Domain Name was undertaken by the complainant, and there was contact between representatives of the complainant and Mr Johnston.
22 January 2006	Mr Johnston’s registration in respect of the Domain Name

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lapsed.

5 February 2006 The respondent became registered in respect of the Domain Name.

The Parties

10 The complainant is a company incorporated in New South Wales. On 19 March 1999 it adopted the name, “Roses Only Pty Ltd”. On 22 October 1999 it changed its name to “Roses Only and Lush Flowers Pty Limited”.

11 The complainant carries on business as an on-line florist. The complainant says that “rosesonly.com.au” is its primary website. The complainant provided a printout of from the website. It appears from that printout that the “rosesonly” website also provides for the purchase of flowers other than roses, including tulips, gerberas, lilies and mixed seasonal flowers. The business also supplies goods other than flowers, including wine, fruit and chocolates. The business has ‘rosesonly’ retail outlets in Melbourne and Sydney. The complainant provides a branded gifting service through a network of affiliates in Australia, New Zealand and the United Kingdom.

12 The complainant is registered in respect of the following trade marks:

- (a) Roses Only (No 768804);
- (b) Flowers Only (No 979752); and
- (c) Fruit Only (No 1105358).

The “Flowers Only” trade mark (“Trade Mark”) was registered on 25 November 2003. It is a composite mark consisting of the words “flowers only” and an image of two branches with thorns. The Trade Mark is registered in respect of classes 35, 39 and 44.

13 In addition, the complainant is registered in respect of the following business names in New South Wales:

- (a) Roses Only;

- (b) Flowers Only;
 - (c) Tulips Only;
 - (d) Gerberas Only; and
 - (e) Roses Only International.
- 14 The complainant is also registered in respect of a number of domain names, both here and overseas, which incorporate the word “only”. While there are a number of countries overseas where the “rosesonly” expression forms part of the respondent’s domain names, the “floweronly” domain name is not registered overseas.
- 15 The complainant asserts that it “aggressively promotes” its “Only” brand and points to a current annual advertising expenditure of about \$1,000,000. The respondent disputes the extent to which the promotional actively relates to the expression “floweronly”.

The respondent

- 16 The respondent was incorporated on 27 June 2003 and is a wholly owned subsidiary of Interflora Australia Unit Ltd (“Interflora”).
- 17 Prior to the incorporation of the respondent, a different company, also called Flowers on the Net Pty Ltd (Old FOTN) carried on a business described by the respondent as “selling, marketing and distributing floral relay orders (orders interchanged between members of a floral relay system) delivered using the internet”. The respondent asserted that Old FOTN had carried on this business since at least September 2002.
- 18 By an agreement dated 22 July 2003, Interflora acquired the share in Old FOTN. On that day, Old FOTN changed its name from “Flowers on the Net Pty Ltd” and the respondent assumed that name. By a further agreement dated 5 September 2003, the respondent purchased the intellectual property of Old FOTN. The intellectual property included the following domain names:
- (a) floristsaustralia.com;

- (b) floristaustralia.com.au;
- (c) florists.com.au;
- (d) flowers.com.au;
- (e) flowersonthenet.com.au; and
- (f) 13flowers.com.au.

The intellectual property also included the business name “Florists Australia” and two applications for trade marks. The trade mark applications consist of:

- (a) The expression “Florist.com.au Australia’s leading on-line Florists’ Directory” with an image of “2 flowers, grot on stems”; and
- (b) The expression “flowers.com.au Australia’s leading on-line Flower Shop” with the same image as the other application.

The respondent was registered in respect of the trade mark applications on 4 November 2004.

- 19 The respondent carries on business described in paragraph 18 above. The respondent’s relay business is carried on through Interflora using the “flowers.com.au” domain name and the “flowers.com.au Australia’s leading on-line Flower Shop” trade mark.
- 20 The respondent is also registered in respect of a suite of 56 domain names, including the “floweronly.com.au” domain name. The domain names include “floweronly.cn”, “floweronly.com.cn”, “floweronly.sg”, “floweronly.com.tw”, “floweronly.co.nz”, “floweronly.hk” and “floweronly.jp”. I have no information when these domain names were registered.

Additional Factual Matters

- 21 In addition to these matters, the complainant asserts that in late March 2006, a representative of the complainant contacted Messrs Korn and White of the respondent concerning the Domain Name. This was not disputed, although there was some dispute about the titles of the respondent’s representatives. The

respondent also disputed the accuracy of the conclusion expressed by the complainant's representative in one of those conversations.

22 By letter dated 5 April 2006, the solicitors for the complainant foreshadowed that a complaint would be lodged if certain demands were not complied with by 13 April 2006. This time limit was later extended to 20 April 2006.

23 The complainant asserted that the Domain Name had not been activated. The "google search" supporting this contention was dated 26 April 2006. However, the respondent asserted that the Domain Name was activated in April 2006, and directed viewers to the "flowers.com.au" website. I accept that the Domain Name was activated, but only after 26 April 2006.

ISSUES

24 Pursuant to Rule 15 of the Rules, the Panel is required to determine the dispute in accordance with the Policy, the Rules, any rules of the provider and any additional rules and principles of law that it deems applicable.

25 Paragraph 4(a) of the Policy sets out the matters which must be established by the Complainant:

- “(i) [the respondent's] domain name is identical or confusingly similar to a name, 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 name; and
- (iii) [the respondent's] domain name has been registered or subsequently used in bad faith.

These elements are cumulative. The complainant bears the onus of establishing each of them.

26 Paragraph 4(a)(iii) has a note, which is relevant and reads:

“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.”

DELIBERATIONS

27 It is convenient to consider each of the elements of paragraph 4(a) of the Policy in turn.

Paragraph 4(a)(i): Similarity between the domain name and a name in which the complainant has rights.

28 The respondent conceded at paragraph 35 of its response that the complainant has rights or a legitimate interest in the domain name within the meaning of paragraph 4(a)(i) of the Policy, by virtue of the Trade Mark. The concession was made for the purposes of these proceedings only and is accepted on that basis.

Paragraph 4(a)(ii): Respondent's rights or legitimate interests in respect of the domain name.

29 The complainant contended that the respondent has no rights or legitimate interests in the Domain Name because:

- (a) The respondent does not have any name, trade mark, service mark, or business name in Australia which incorporates either the expression "Flowers Only" or the word "only". It used different branding in its business activities and primary web presence;
- (b) The respondent has not used the word "only" in its business or in any advertising in connection with the word "flowers"; and
- (c) The respondent was not eligible for registration in accordance with the eligibility criteria set out in Schedule C of the Domain Name Eligibility and Allocation Policy Rules for Open 2LDs (policy 2005-01).

30 The respondent contends that:

- (a) The fact that it has carried and carried on business using the "flowers on the net" business name and using the "flowers.com.au Australia's leading on-line Flower Shop" gives it legitimate rights in respect of the "floweronly.com.au" domain name;

- (b) The “floweronly.com.au” is substantially the same as the “flowers.com.au” domain name, in respect of which the respondent clearly has rights; and
- (c) The complainant is, in effect, seeking to obtain a monopoly in respect of domain names involving “only”. If the argument was upheld, it would be entitled to prevent the registration of domain names such as “daffodilonly.com.au”.

31 It must firstly be noted that the applicability of this portion of the Policy is to be determined by reference to the wording of the Policy, rather than Domain Name Eligibility and Allocation Policy Rules for Open 2LDs (policy 2005-01). This is reflected in the note to paragraph 4(a)(iii) of the Policy.

32 It is clear that the respondent has no “rights” in respect of the domain name. (“Rights” in this context does not include the respondent’s registration in respect of the Domain Name.) The Domain Name does not reflect any business name, trade or service mark or some existing distinctive feature of business which might confer on it some goodwill in respect of the expression “floweronly”.

33 The concept of a “legitimate interest” in respect of a domain name is broader than the concept of a “right” in respect of a name. The issue must be determined having regard to the nature and branding of the activities carried on by the respondent and its affiliates and the nature of its existing web presence. A person may have a legitimate interest in the adoption of a domain name which is descriptive of its existing or proposed activities. A person may also have a legitimate interest in the adoption of a domain name which is, or may legitimately become, distinctive of its existing or proposed activities. In the present case, the respondent carries on business as a florist, particularly an online relay florist through the website at “flowers.com.au”. The “flowers” part of the respondent’s website is descriptive of the respondent’s activities. However, the use of a domain name which incorporates “only” does not produce a domain name which is more descriptive of the respondent’s business than “flowers.com.au”. The “floweronly.com.au” domain name does not allude to any distinctive aspect of

the respondent's business. The expression "only" could not, as a matter of fact, become distinctive of the business of the respondent, given the extensive use of that expression by the respondent.

34 It is noted that paragraph 4(c) of the Policy provides a list of matters which, if proven, would enable a respondent to establish rights or legitimate interests in a domain name:

- “(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 you have acquired for the purpose of selling, renting or otherwise transferring); or
- (ii) [the respondent] (as an individual, business, or other organisation) have 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 did not specifically address paragraph 4(c).

35 I conclude that the respondent has no right or legitimate interest in the Domain Name. That does not, of course, preclude the respondent continuing to be registered in respect of the Domain Name, unless paragraph 4(a)(iii) of the Policy is also satisfied.

Paragraph 4(a)(iii): “bad faith” registration or use.

36 The complainant must also establish that the domain name has been registered or subsequently used in “bad faith”. Paragraph 4(b) provides a list of matters which provide evidence of bad faith registration or use of a domain name, if the Panel finds that they exist. It reads:

- “(i) circumstances indicating that [the respondent has] registered or [the respondent 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] have 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.”

Bad faith use may be established by other matters as well.

37 The complainant invites the Panel to infer that there had been bad faith registration or use of the domain name. While the point is put in a variety of ways, the fundamental contentions of the complainant is that bad faith can be inferred from the following:

- (a) the use of the expression “only” is a significant element associated with the complainant’s business;
- (b) the respondent has no legitimate interest in a domain name incorporating “only”; and
- (c) the parties are competitors, and the respondent would not have registered the Domain Name apart from that fact.

38 The case of the respondent was directed more closely to the language of paragraph 4(b) of the Policy. It is convenient to deal with the issues in that way.

39 Dealing firstly with paragraph 4(b)(i) of the Policy, there is no material before me which suggests that the respondent registered or used the domain name for the purpose of trafficking in it within paragraph 4(b)(i). The complainant asserted that it did not know whether or not this was the case. Although there was evidence of a conversation between representatives of the parties, there was no

evidence of any offer by the respondent to sell the domain name to the complainant. The complainant did not establish that paragraph 4(b)(i) applies.

40 As to paragraph 4(b)(ii) of the Policy, the respondent argued that:

- (a) an adverse inference about the intention of the respondent could only be made if the respondent was aware of the Trade Mark; and
- (b) there was no evidence from which the Panel might infer the respondent was aware of that mark.

The respondent pointed out that:

- (a) the evidence provided by the complainant as to its promotional activities did not distinguish between the “roses only” brand and “flowers only”;
- (b) there was no evidence of use of the Trade Mark; and
- (c) the complainant had not used the “flowers only” domain name since its registration lapsed in November 2001.

41 I am prepared to accept that the respondent was not aware of the registration of the Trade Mark. However, it does not follow that the respondent did not have the intention of preventing the complainant becoming registered in respect of the “floweronly.com.au” domain name. I note:

- (a) The respondent did not put forward any reason for seeking registration of the Domain Name which was related to its business and, in particular, the branding of its business.
- (b) The respondent was already registered in respect of the “flowers.com.au” domain name. Apart from a possible association with the complainant’s branding, the Domain Name offers no apparent advantage to a registrant, compared to the “flowers.com.au” domain name.
- (c) The complainant on the one hand and the respondent and its affiliates on the other are clearly major players in the floristry industry in Australia and competitors in that market.

- (d) The fact that the parties were competitors makes it likely that each would have knowledge of the other's activities. It is inconceivable, for example, that officers of the respondent had not visited the "rosesonly.com.au" website. The respondent should be taken to have been aware of the fact that the complainant carried on business as an internet florist and that it also provided a range of other products using the expression "only" in connection with them.
- (e) The business of the respondent is, in large part, based on the internet. Each of the parties uses a number of domain names in its business activities.

In these circumstances, I consider that the respondent registered the Domain Name in order to prevent the complainant reflecting the expression "flowersonly" in a domain name. As that expression is the subject of a trade mark, I consider that the intention required by paragraph 4(b)(ii) is satisfied, even though the respondent was not aware of the existence of the Trade Mark.

- 42 In relation to paragraph 4(b)(iii), the respondent argues that it could not have had the intention of disrupting the business activities of the complainant because the complainant has not shown any basis on which the respondent could or should have been aware of the Trade Mark. This argument assumes that the only way in which registration of the Domain Name might have disrupted the business activities of the complainant was through the use of the complainant of the Domain Name. However, the respondent points out the complainant had not been in a position to use the Domain Name in its business since 17 November 2001, when it allowed its registration of the Domain Name to lapse. The Domain Name cannot, therefore, have been part of the business of the complainant since 2001. There is no evidence of actual use of the Trade Mark in the business of the complainant. I am not prepared to conclude that the respondent registered the Domain Name with the intention of disrupting the business activities of the respondent within paragraph 4(b)(iii) of the Policy in these circumstances.

- 43 If I am wrong in my opinion that the conduct of the respondent falls within the strict language of paragraph 4(b)(iii), I consider that the respondent's conduct is so closely analogous that it provides evidence of bad faith in any event.
- 44 Paragraph 4(b)(iv) of the Policy requires a complainant to firstly establish that the respondent has intentionally attempted to attract Internet users to a website. The Internet users must be attracted for the purpose of commercial gain and through the use of the domain name. This was clearly the intention of the respondent: the Domain Name has been used to divert customers to the "flowers.com.au" website.
- 45 Secondly, the attraction must have been effected by "creating a likelihood of confusion with the complainant's name or mark". The respondent specifically addressed this issue. It contended that its activities could not fall within the language of paragraph 4(b)(iv) as the complainant had not established any likelihood of confusion in the minds of members of the public between the Domain Name and the Complainant's roses only business or the Trade Mark. The respondent referred to the passage in *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre* (1978) 140 CLR 216 at p229 where Stephen J warned of the dangers of having a name which is descriptive of the nature of the business- the name might legitimately be used to describe a number of businesses. In the present case, however, the respondent already had the domain name "flowers.com.au", which is descriptive of the nature of the business carried on through that site. The addition of the expression "only" does not make the domain name more descriptive than "flower.com.au". One might ask "why would a member of the public bother to enter "floweronly" or "floweronly.com.au" in a search engine or net browser rather than "flowers" or "flowers.com.au?" I consider that a likely reason would be some recollection of the complainant's business, and, in particular the repeated use of "only" in relation to its products. Where this recollection existed, there would also be confusion, at least, about the link or affiliation between the Domain Name and the complainant's business.

46 I am satisfied that the complainant has made out the necessary elements of paragraph 4(b)(iv) of the Policy.

47 I consider that the complainant has established that there was conduct by the respondent falling within paragraphs 4(b)(ii) and 4(b)(iv) of the Policy and, consequently, bad faith use or registration of the Domain Name by the respondent within paragraph 4(a) of the Policy.

RELIEF

48 The complainant sought revocation of the respondent's registration in respect of the Domain Name and transfer of the disputed name to the complainant.

49 The complainant asserted and the respondent did not dispute that the complainant:

- (a) is Australian, as defined under the applicable Eligibility and Allocation Rules;
- (b) is an Australian registered company;
- (c) is the owner of the Trade Mark; and
- (d) the Domain Name exactly matches the complainant's registered name.

I am satisfied that the complainant is eligible for registration in respect of the Domain Name.

50 In the circumstances, it is appropriate that the Domain Name be transferred to the complainant.

DECISION

51 The Panel is satisfied as to the elements of paragraph 4(a) of the Policy and directs that the Domain Name be transferred to the complainant.

Date: 16 June 2006.

DS Ellis
Sole Panelist