

SOUTH AFRICA / JUDGMENT

Rostruct Mining (Pty) Limited v Rosond (Pty) Limited and Another (2013/76243) [2017] ZAGPPHC 402; 2017 BIP 194 (GP) (28 July 2017) [2017] ZAGPPHC 402

COURT

North Gauteng High Court, Pretoria

BEFORE

L Adams

CASE / FILE NUMBER

2013/76243

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IN

THE HIGH COURT OF SOUTH AFRICA

GAUTENG

DIVISION, PRETORIA

CASE

NO: 2013/76243

Not

reportable

Not

of interest to other judges

Revised.

28/7/2017

In

the matter between:

ROSTRUCT
MINING (PTY)
LIMITED Applicant
and
ROSOND
(PTY)
LIMITED First
Respondent
UNIFORUM
SA Second
Respondent

JUDGMENT

ADAMS J:

[1]. This is an application in terms of the Electronic Communications and Transactions Act, 25 of 2002 ('the ECT Act') for a declaratory order that the domain name www.rostruct.co.za in the name of the first respondent is an abusive domain name registration (as envisaged in the regulations). The applicant also seeks an order that the domain be transferred to it.

[2]. The applicant is a South African company which changed its name from Rodio (Cape) (Pty) Ltd to Rostruct Mining (Pty) Ltd in May 2010.

[3]. The first respondent carries on the business of civil and geotechnical engineering, exploration drilling and pack support systems. On the 6th September 2010, the first respondent registered the domain name; www.rostruct.co.za, which forms the subject-matter of this application and is central to the dispute between the parties herein

[4]. During April 2013, the applicant filed a complaint with www.DomainNameDisputes.co.za in terms of the dispute resolution provisions of the ECT Act. The referral was adjudicated by an Adjudicator appointed in terms of the regulations and on the 24th June 2013 he ruled against the applicant. The adjudicator refused the complaint by the applicant on the basis that the applicant had no registered trade mark rights in respect of the 'ROSTRUCT' trade mark and on the basis that the applicant failed to prove any common law rights in the 'ROSTRUCT' trade mark.

[5]. The applicant and the first respondent are at present entangled in protracted litigation relating to the use of trade marks and related issues. It is not necessary to deal in detail with the particulars of the disputes in those litigation processes, suffice to mention that it is the case of the applicant that the first respondent had registered the disputed domain name with one purpose and one purpose only and that is to frustrate the applicant in the other litigation, which resulted from the following facts and circumstances.

[6]. The first respondent was previously named Richtrau 393 (Pty) Ltd and was incorporated for the purposes of acquiring the business (including the assets and goodwill) of three companies as part of a management buy – out. In particular, the first respondent acquired the assets and goodwill of Rodio South Africa (Pty) Ltd ('Rodio South Africa'), Rosond (Pty) Ltd and Rosond Exploration (Pty) Ltd ('Rosond Exploration') ['the Rodio / Rosond Group'] from a Swiss Company, Geosond Holding ('Geosond').

[7]. In 2009, Rostruct (Africa) Ltd, the applicant's holding company, entered into negotiations with Geosond (the holding company of Rodio SA (Pty) Ltd, which was also the first respondent's holding company) for the purchase of certain shares, including the entire shareholding of the applicant.

[8]. On the 6th June 2012, the first respondent changed its name to Rosond (Pty) Ltd and Rosond (Pty) Ltd was renamed Richtrau 393 (Pty) Ltd.

[9]. The applicant's Mauritian parent company (Rostruct (Africa) Ltd) was granted a licence to use the RODIO logo trade mark until 31 December 2012. Notwithstanding the fact that the licence terminated at the end of December 2012, Rostruct (Africa) Ltd and its

subsidiaries continued to use the RODIO logo trade mark and do so in conjunction with the ROSTRUCT trade mark, in a logo format that is confusingly or deceptively similar, according to the first respondent, to the RODIO logo. The first respondent claims that the Rosond / Rodio Group do so in order to deceive or confuse members of the public in believing that the ROSTRUCT companies are part of the Rosond / Rodio Group in order to capitalise on the substantial goodwill of the latter group.

[10]. The matter turns on the application to the facts of certain provisions of the Electronic Communications and Transactions Act no 25 of 2002 (the Act), and certain regulations promulgated under the Act. The relevant provisions of the Act and the applicable regulations provide as

follows.

[11]. Section 59 of the Act provides for the establishment of a juristic person to assume responsibility for the .za domain name space, and section 61(4)(k) provides that the memorandum and articles of association of such a juristic person must provide for the procedures and criteria for the establishment and disestablishment of second domain names (such as the .co.za domain name) and for delegations to such second domain names.

[12]. Section 68 of the Act provides for regulations that may be enacted by the authority established in terms of section 59. Section 68(b) of the Act provides inter alia that the authority may, with the approval of the Minister of Communications ('the Minister'), make regulations regarding the circumstances and manner in which registrations may be refused or revoked by registries with due regard to the express recognition of the rights of groups and members of groups within the Republic to identify with, use or communicate

cultural, linguistic, geographical, indigenous or any other expressions of heritage, including any visual or audible elements or

attributes thereof.

[13]. Section 68(e) of the Act provides inter alia that the authority may, with the approval of the Minister, make regulations regarding inter alia the terms of the domain name registration agreement which registries and registrars must adopt and use in registering domain names, including issues in respect of privacy, consumer protection and alternative dispute resolution.

[14]. Section 69(1) provides that the Minister, in consultation with the Minister of Trade and Industry, must make regulations for an alternative mechanism for the resolution of disputes in respect of the .za domain name space. Section 69(2) provides that the regulations must be made with due regard to existing international precedent, and section 69(3) provides what such regulations may prescribe.

[15]. The South African Institute of Intellectual Property Law ('SAIIPL') has been appointed as the entity responsible for the adjudication of disputes in the .co.za domain name space.

[16]. On the 22nd November 2006 the Minister published certain regulations in terms of the Act, including alternative dispute resolution regulations ('the regulations'), in Government Gazette No. 29405

[17]. The relevant regulations are as follows.

[18]. In regulation 1, the following definitions are provided for thus:-

'abusive registration' means a domain name which either-

(a). was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair

advantage of or was unfairly detrimental to the complainant's rights; or

(b) has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the complainant's rights;

'rights' and 'registered rights' include intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law, but is not limited thereto;

[19]. Under the heading 'Dispute Resolution Service', regulation 3 provides that:

(1) A registrant must submit to proceedings under the rules if a complainant asserts, in accordance with the procedure, that-

(a) the complainant has rights in respect of a name or mark which is identical or similar to the domain name and, in the hands of the registrant the domain name is an abusive registration; or

(b) the domain name, in the hands of the registrant, is an offensive registration.

(2) The complainant is required to prove on a balance of probabilities to the adjudicator that the required elements in subregulation

(1) are present.

[20]. Regulation 4 which is titled 'Evidence of Abusive or Offensive Registration' and provides as the follows:

'Factors, which may indicate that the domain name is an abusive registration include:-

(a) Circumstances indicating that the registrant has registered or otherwise acquired the domain name primarily to-

(i) ...

- (ii) block intentionally the registration of a name or mark in which the complainant has rights;
- (iii) disrupt unfairly the business of the complainant; or
- (iv) prevent the complainant from exercising his, her or its rights.

[21].= Regulation 5 deals with how a registrant may indicate that domain name is not an abusive registration and provides as follows:

‘(a) Before being aware of the complainant’s cause for complaint, the registrant has:

- (i) used or made demonstrable preparations to use the domain name in connection with a good faith offering of goods or services;
 - (ii) been commonly known by the name or legitimately connected with a mark which is identical or similar to the domain name; or
 - (iii) made legitimate non-commercial or fair use of the domain name.
- (b) the domain name is used generically or in a descriptive manner and the registrant is making fair use of it;
- (c) that the registrant has demonstrated fair use, which use may include web sites operated solely in tribute to or fair criticism of a person or business: provided that the burden of proof shifts to the registrant to show that the domain name is not an abusive

registration if the domain name (not including the first and second level suffixes) is identical to the mark in which the complainant

asserts rights, without any addition; and

- (d) in order to succeed in terms of regulation 4(3), the registrant must rebut the presumption by proving that the registration of the domain name is not an abusive registration’.

[22]. Regulation 7 provides for the initiation of a dispute and appointment of the Adjudicator and provides that the procedure in chapter 3 of the Regulations prescribes the process for initiating and conducting a dispute and for the appointment of an Adjudicator.

[23]. Regulation 11 which is titled ‘Appeal, Availability of Court Proceedings, Implementation of Decision and Repeat Disputed’ states inter alia the following:

‘11(1) Nothing done in terms of these Regulations prevents any party from litigating on any related matter in the High Court of the Republic of South Africa.

11(3) A second level domain administrator must implement the decision, as contemplated by Regulation 30, unless it has come to the second level domain administrator’s attention, by way of notice of motion or summons citing the second level domain administrator as a party, that either party has commenced legal action in the High Court of the Republic of South Africa concerning the domain name.

11(7) Subject to Regulation 32, either party may appeal a decision under these Regulations.

11(8) An appeal panel shall consider appeals on the basis of a full review of the matter and may review procedural matters.

11(9) The Authority may refer questions of interpretation of these Regulations to the appeal panel: Provided that a decision rendered as a result of the Authority's referral will not affect any previous decision made in terms of these Regulations.

11(10) The Authority shall publish decisions of the appeal panel on its website.'

[24]. Regulation 32 which is titled 'Appeal' provides as follows;

'Either party shall have the right to appeal a decision by submitting a statement of intention to appeal together with the appeal fee provided for in Regulation 34(3), which must within 15 days be followed by an appeal notice: Provided that the only a decision by a single adjudicator, and not a decision of three adjudicators, can be appealed.'

[25]. The first respondent has raised two points in limine, that being that this Court lacks the necessary jurisdiction to adjudicate this matter if regard is had to the 'Alternative Dispute Resolution' regulations, and res judicata. I shall deal with those prior to considering the merits of the application.

[26]. The applicant seeks an order declaring the domain name www.rostruct.co.za to be an abusive registration within the meaning of Regulation 3(1)(a) of the Regulations under the ECT Act and for an order transferring the domain name to it in terms of Regulation 9(a). It is also the applicant's case that this application was brought in accordance with Regulation 11(1) of the regulations.

[27]. Mr Puckrin, Counsel for the first respondent, contended that there is no provision in the regulations which empowers this Court to consider an application of this nature at this stage. In this regard, the applicant chose to follow the dispute resolution mechanisms provided for in the regulations and then, after receiving the Adjudicator's decision (which was against the applicant) simply abandoned the process and failed to lodge an appeal in terms of the appeal procedure provided for in the regulations. The applicant accordingly failed to exhaust the internal remedies provided for in the regulations under the ECT Act and prematurely made application to this Court. Alternatively, so the argument goes on behalf of the first respondent, the matter is res judicata.

[28]. Mr Michau, who appeared on behalf of the applicant, countered this submission by placing reliance of the provisions of regulation 11(1). I find myself in agreement with Mr Puckrin's submission in that regard that the applicant has misconstrued the meaning of Regulation 11(1), which simply means that the existence of a pending domain name dispute, properly lodged in terms of the regulations, does not preclude the possibility of High Court litigation running parallel with the proceedings in connection with the dispute concerning a corresponding trade mark. In other words, the existence of the domain name dispute would not preclude the

possibility of parallel proceedings relating, for example, to trade mark infringement or the cancellation of a trade mark. Implicit in the wording of Regulation 11(1) is that a party who elects to follow the procedure provided for in the regulations must complete the procedure and only approach the Court for relief once the internal remedies are exhausted.

[29]. This application is not styled as a review and not couched as an appeal either. It is a lone standing application brought before this court in terms of the regulations. The applicant clearly disagrees with the decision of the Adjudicator and it has brought the application on the same basis as the Application to the Adjudicator. Therefore, although not styled as such, the application may very well be intended as an application for a review of the initial pronouncement of the Adjudicator on the basis that it was an administrative decision as envisaged in the Promotion of Administrative Justice Act, 3 of 2000 ('PAJA'). This means that the applicant would have been required to follow the appeal procedure laid down in regulation 32, which it failed to do. It has therefore not exhausted its internal remedies.

[30]. I am therefore in agreement with the submission on behalf of the first respondent that the application is premature and, until such time as the applicant has exhausted its internal remedies, this Court does not have jurisdiction to hear this application.

[31]. As support for the foregoing conclusion, I can do no better than to quote directly from the judgment in the matter of *Koyabe and Others v Minister for Home Affairs and Others*, 2010 (4) SA 327 (CC) (25 August 2009). The Constitutional Court considered the authorities pertaining to the exhaustion of internal remedies of

administrative bodies and stated the following in paragraphs 34 to 39 of the judgment with reference to relevant authorities:

'The duty to exhaust internal remedies

[34] Under the common law, the existence of an internal remedy was not in itself sufficient to defer access to judicial review until it had been exhausted. However, PAJA significantly transformed the relationship between internal administrative remedies and the

judicial review of administrative decisions. Section 7(2) of PAJA provides:

"(a) Subject to paragraph (c), no court or tribunal shall review an administrative action in terms of this Act unless any internal remedy provided for in any other law has first been exhausted.

- (b) Subject to paragraph (c), a court or tribunal must, if it is not satisfied that any internal remedy referred to in paragraph
- (a) has been exhausted, direct that the person concerned must first exhaust such remedy before instituting proceedings in a court or tribunal for judicial review in terms of this Act.
- (c) A court or tribunal may, in exceptional circumstances and on application by the person concerned, exempt such person from the obligation to exhaust any internal remedy if the court or tribunal deems it in the interest of justice."

Thus, unless exceptional circumstances are found to exist by a court on application by the affected person, PAJA, which has a broad scope and applies to a wide range of administrative actions, requires that available internal remedies be exhausted prior to judicial review of an administrative action.

[35] Internal remedies are designed to provide immediate and cost-effective relief, giving the executive the opportunity to utilise its own mechanisms, rectifying irregularities first, before aggrieved parties resort to litigation. Although courts play a vital role in providing litigants with access to justice, the importance of more readily available and cost-effective internal remedies cannot be gainsaid.

[36] First, approaching a court before the higher administrative body is given the opportunity to exhaust its own existing mechanisms

undermines the autonomy of the administrative process. It renders the judicial process premature, effectively usurping the executive role and function. The scope of administrative action extends over a wide range of circumstances, and the crafting of specialist administrative procedures suited to the particular administrative action in question enhances procedural fairness as enshrined in our Constitution. Courts have often emphasized that what constitutes a “fair” procedure will depend on the nature of the administrative action and circumstances of the particular case. Thus, the need to allow executive agencies to utilise their own fair procedures is crucial in administrative action. In *Bato Star, O’Regan J* held that—

“a court should be careful not to attribute to itself superior wisdom in relation to matters entrusted to other branches of government. A court should thus give due weight to findings of fact and policy decisions made by those with special expertise and experience in the field. The extent to which a court should give weight to these considerations will depend upon the character of the decision itself, as well as on the identity of the decision maker A decision that requires an equilibrium to be struck between a range of competing interests or considerations and which is to be taken by a person or institution with specific expertise in that area must be shown respect by the courts. Often a power will identify a goal to be achieved, but will not dictate which route should be followed to achieve that goal. In such circumstances a court should pay due respect to the route selected by the decision-maker.”

Once an administrative task is completed, it is then for the court to perform its review responsibility, to ensure that the administrative

action or decision has been performed or taken in compliance with the relevant constitutional and other legal standards.

[37] Internal administrative remedies may require specialized knowledge which may be of a technical and/or practical nature. The same holds true for fact-intensive cases where administrators have easier access to the relevant facts and information. Judicial review can only benefit from a full record of an internal adjudication, particularly in the light of the fact that reviewing courts do not ordinarily engage in fact-finding and hence require a fully developed factual record.

[38] The duty to exhaust internal remedies is therefore a valuable and necessary requirement in our law. However, that requirement should not be rigidly imposed. Nor should it be used by administrators to frustrate the efforts of an aggrieved person or to shield the administrative process from judicial scrutiny. PAJA recognises this need for flexibility, acknowledging in section 7(2)(c) that exceptional circumstances may require that a court condone non-exhaustion of the internal process and proceed with judicial

review nonetheless. Under section 7(2) of PAJA, the requirement that an individual exhaust internal remedies is therefore not absolute.

[39] What constitutes exceptional circumstances depends on the facts and circumstances of the case and the nature of the administrative action at issue. Thus, where an internal remedy would not be effective and or where its pursuit would be futile, a court may permit a litigant to approach the court directly. So too where an internal appellate tribunal has developed a rigid policy which renders exhaustion futile.”

[32]. I am accordingly of the view that, if this application was unwittingly intended to be a review application, it should fail for the reasons mentioned above.

[33]. However, if the Adjudicator's decision cannot be regarded as an administrative decision to which the provisions of PAJA would apply, then it can only be a judicial decision, in which case the law relating to *res judicata* finds application.

[34]. The *exceptio res judicata* is based on the irrebuttable presumption that a final judgment upon a claim submitted to a competent court is correct. The ratio underlying the *exceptio res judicata* is public interest. As was said in the matter of *Bafokeng Tribe v Impala Platinum & Others*, 1999(3) SA 517 (BHC) at 566 D – E, this exception has:

‘... the endeavour of putting a limit to needless litigation and in order to prevent the recapitulation of the same thing in dispute in diverse actions, with the concomitant deleterious effect of conflicting and contradictory decisions’.

[35]. A plea of *res judicata* is not dependent on, or determined by, the nature of the proceedings or the relief sought, but whether the court is called upon to consider the same issue. This principle is well established. See: *Kommissaris van Binnelandse Inkomste v Absa Bank Beperk*, 1995(1) SA 653 (A) at 668 B – H.

[36]. As regards the meaning of the concept ‘issue’ and what it entails, the following was stated in the matter of *Horowitz v Brock & Others*, 1988(2) SA 160 (A) at 179 G - H:

‘An issue, broadly speaking, is a matter of fact or question of law in dispute between two or more parties which a Court is called upon by the parties to determine and pronounce upon in its judgment, and is relevant to the relief sought.’

[37]. The res judicata doctrine applies not only to issues upon which the court was actually required by the parties to form an opinion and pronounce a judgment, but to every issue which properly belonged to the subject of litigation and which the parties, exercising reasonable diligence, might have brought forward at the time. See: *Consol Ltd t/a Consol Glass v Twee Jongen Gezellen (Pty) Ltd*, 2005(6) SA 23 (C). This is res judicata in its extended form or, as more commonly referred to, 'issue estoppel'.

[38]. The applicant's original complaint lodged with the SAIPL requested the Adjudicator to order the transfer of the disputed domain name to the applicant. In this matter the exact same declaratory relief is also sought. The parties in the complaint lodged and in this application are the same and the issue to be decided in the application is the same as the issue which formed the subject – matter of the complaint.

[39]. I am accordingly of the view that the defence of res judicata should be upheld.

[40]. As far as the merits of the application are concerned, the applicant is required to show that the domain name amounts to 'abusive registration' as envisaged in terms of regulation 4. To that end, the applicant placed reliance on Regulations 4(1)(a)(ii), (iii) and (iv). It is therefore the applicant's case that the first respondent has registered the domain name primarily to block intentionally the registration of a name or mark in which the applicant has rights, to disrupt unfairly the business of the applicant, or to prevent it from exercising its rights.

[41]. Central to the case of the applicant is that it has statutory and / or common law rights in and to the 'ROSTRUCT' trade mark, in addition to rights arising from its company name. There can be little, if any doubt that the applicant has no statutory right to the trade mark. An application for the registration of the mark was in fact made by an entity other than the applicant.

[42]. As far as the applicant's claim that it has a common – law right in the trade mark is concerned, I am not persuaded that the applicant has proven this alleged right, which, in any event is the subject of litigation between the parties in other fora. The sum total of the evidence before me in support of the claim that the applicant has a common law right in the trade mark

'ROSTRUCT' is proof that during 2010 adverts were placed in a publication in the name of Rostruct and the brand was used in print on vinyl decals. In the absence of any rights to the trade mark 'ROSTRUCT' the applicant does not possess, in my view, any rights derived purely and solely from the fact that its company name is the same.

[43]. In light of this finding, it is not necessary for me to consider the reason(s) why the first respondent registered the domain name into its name. The applicant has failed to prove it has any rights in relation to the name 'Rostruct', which means that regulation 4 does not apply.

[44]. Accordingly, I am of the view that the applicant has not proven that the registration of the domain name is an abusive one. The application therefore stands to be dismissed.

order:

Accordingly, I make the following order:-

1. The application is dismissed.
2. The applicant shall pay the first respondent's cost of this application, including the cost consequent upon the employment of two Counsel.
3. The applicant shall pay the first respondent's wasted cost occasioned by the postponement of the application on the 3rd of December 2014, including the cost consequent upon the employment of two Counsel.

L ADAMS

Judge of the High Court

Gauteng Division, Pretoria

HEARD ON: 5th June 2017

JUDGMENT

DATE: 28th July 2017 FOR THE APPLICANT: Adv R Michau SC, with Adv I Joubert NSTRUCTED BY: Berdou Attorneys FOR THE FIRST RESPONDENT: Adv C E Puckrin, with Adv L G Kilmartin INSTRUCTED BY: Adams & Adams

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