

**IN THE HIGH COURT OF NEW ZEALAND
AUCKLAND REGISTRY**

**CIV-2016-404-625
[2016] NZHC 1448**

UNDER	the Fair Trading Act 1986 the Trade Marks Act 2002
IN THE MATTER	of misleading and deceptive conduct, passing off, Trade Mark infringement
BETWEEN	YELLOW HOLDINGS LTD Plaintiff
AND	EUROBELT LTD Defendant

Hearing: 8 June 2016

Counsel: D L Marriott for Plaintiff
K T Glover for Defendant

Judgment: 29 June 2016

JUDGMENT OF BREWER J

*This judgment was delivered by me on 29 June 2016 at 3:00 pm
pursuant to Rule 11.5 High Court Rules.*

Registrar/Deputy Registrar

Solicitors: Potter IP Ltd (Auckland) for Plaintiff
Hudson Gavin Martin (Auckland) for Defendant

Introduction

[1] The plaintiff is the registered proprietor of a large number of New Zealand registered trade marks comprising or including the word and/or the colour YELLOW. It pleads that by reason of the long-term and widespread use of the YELLOW trade marks in New Zealand, the word and/or colour YELLOW has become distinctive of the plaintiff. It pleads further that members of the relevant purchasing public, seeing the word and/or colour YELLOW used as a trade mark in relation to business directory or information, computer and technology related products and services, will associate that mark exclusively with the plaintiff.

[2] As part of its use of its YELLOW trade marks, the plaintiff has registered a number of internet domain names, such as www.yellow.co.nz.

[3] In 1998, the defendant registered the internet domain name www.yellow.net.nz. For most of its history, the directing mind of the defendant has been that of Mr Henk Klos. His wife, Mrs Johanna Klos, became the principal of the company after her husband died earlier this year.

[4] The plaintiff sues the defendant, alleging that in the hands of the defendant or any person other than the plaintiff, the defendant's domain name is an instrument of fraud, "in that it was registered to enable passing off and/or is adapted to be used for passing off and/or if used, is likely to be fraudulently used".¹

[5] The plaintiff also sues the defendant for breach of the Fair Trading Act 1986, pleading that the actions of the defendant in maintaining registration of the domain name comprised conduct in trade which is misleading or deceptive, or are likely to mislead or deceive.

[6] Simultaneously with the filing of its substantive proceeding, the plaintiff filed an interlocutory application for interim injunctions:

- (a) Restraining the defendant, its servants or agents, and any other company or person, subsidiary, or closely related to the defendants,

¹ Statement of claim dated 1 April 2016, at para 10.

from directly or indirectly using the YELLOW trade marks or the internet domain name www.yellow.net.nz or registering or using any other internet domain name which is confusingly similar to the plaintiff's YELLOW trade marks;

- (b) Directing that the defendant immediately assign the internet domain name www.yellow.net.nz to the plaintiff.

[7] This Judgment decides the applications for interim injunctions.

Background

[8] The defendant registered www.yellow.net.nz on 22 May 1998. But, it has never used it. There is no evidence as to when the plaintiff discovered that the domain name existed. However, the existence of the defendant's domain name became relevant when the plaintiff attempted to register the domain name www.yellow.nz. The attempt was unsuccessful because the Domain Name Commission considered it to be too close to the defendant's domain name.

[9] On 10 June 2015, the plaintiff wrote to the defendant and offered to buy the defendant's domain name. The defendant and the plaintiff subsequently entered into negotiations but have been unable to agree upon a price.

[10] The plaintiff also tried to transfer the registration of the defendant's domain name using the Domain Name Commission's disputes procedure. The application was refused, hence these proceedings.

Issues

[11] The issues I have to decide are:

- (a) Is there a serious question to be tried?
- (b) Where does the balance of convenience lie?
- (c) Where lies the overall justice of the case?

[12] If there is a serious question to be tried, then in assessing the balance of convenience I will have to have regard to whether damages would adequately compensate the plaintiff if an interim injunction were denied and it succeeded at trial. I should also consider whether damages would adequately compensate the defendant if an interim injunction were granted and the plaintiff failed at trial.

Is there a serious question to be tried?

[13] The plaintiff's submission is that given the depth and extent of its intellectual property, the mere presence of the defendant's domain name is sufficient to establish a passing off and breach of the Fair Trading Act.

[14] The defendant points to the age of its ownership of the domain name and the fact that it has done nothing with it. Its mere existence cannot amount to "cyber squatting",² as that term has been used in various cases.

[15] The leading case in this area is *British Telecommunications PLC and Others v One in a Million Ltd and Others*.³ It involved the deliberate registration of domain names that were identical or similar to well-known business trade names.⁴ The Court held that an injunction would be granted in three types of passing off case. First, where passing off is established or it is threatened. Second, where the defendant is a joint tortfeasor with another in passing off, either actual or threatened. Third, where the defendant has equipped himself with, or intends to equip another with, "an instrument of fraud".⁵

[16] I consider first whether the defendant's registration of the domain name could constitute passing off. The first question is whether the plaintiff has established goodwill in the trade name YELLOW. If so, the time at which the plaintiff established goodwill is critical. That is because the relevant date for determining

² The term "cybersquatting" refers to the deliberate registration of domain names that are similar or identical to well-known company or brand names in the hope of later selling them at a profit.

³ *British Telecommunications PLC and Others v One In A Million Ltd and Others* [1999] 1 WLR 903.

⁴ The case has been adopted in New Zealand on a number of occasions. See for example *Oggi Advertising Ltd v McKenzie* (1998) 12 PRNZ 535; *Qantas Airways Ltd v The Domain Name Company Ltd* HC Auckland CP26-SD99, 12 December 1999; *DB Breweries Ltd v The Domain Name Company Ltd* HC Auckland M724-SW00, 2 August 2000.

⁵ *One In A Million*, above n 3, at 920.

whether a plaintiff has established the necessary goodwill or reputation of the name is at the commencement of the conduct complained of. In *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd*, the Privy Council held:⁶

[The Judge], it is conceded, misdirected himself in holding that the relevant date for determining whether a plaintiff has established the necessary goodwill or reputation of his product is the date of the commencement of the proceedings (i.e. June 1, 1977). The relevant date is, in law, the date of the commencement of the conduct complained of, i.e. April 8, 1975, when the defendant began to market "Pub Squash".

[17] The position appears to be the same in New Zealand. In *Frucor Beverages Ltd v Red Bull GMBH*, Potter J cited with approval the following passage from Christopher Wadlow *The Law of Passing Off*:⁷

... it cannot matter that at a later date the claimant may have generated goodwill or that the claimant may have rendered the mark distinctive of himself. In particular, it is not sufficient for the claimant to have goodwill and reputation at the date the writ is issued if those came into existence too late. *Dicta* giving importance to the date of proceedings must be taken as overruled by *Cadbury Schweppes v Pub Squash Co* and being inconsistent with basic principles.

Justice Potter went on to hold that the plaintiff had not established goodwill in its product at the date of the start of the defendant's allegedly objectionable conduct. On this basis, her Honour held that there could not have been a misrepresentation by the defendants.

[18] The plaintiff must be able to show, therefore, that it had goodwill or reputation in "YELLOW" at the date of the start of the alleged objectionable conduct. The position is different, however, when it comes to threatened passing off. That is because the conduct complained of is yet to commence.

[19] In *One In A Million*, the United Kingdom Court of Appeal held that mere registration could be sufficient to constitute the tort of passing off.⁸ So, had the plaintiff established sufficient goodwill and reputation in the trade name YELLOW in May 1998 when the defendant registered the domain name yellow.net.nz?

⁶ *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] 1 All ER 213, PC at 221 citing *Norman Kark Publications Ltd v Odhams Press Ltd* [1962] 1 WLR 380.

⁷ *Frucor Beverages Ltd v Red Bull GMBH* (2010) 88 IPR 198 at [46] citing Christopher Wadlow *The Law of Passing Off* (3rd ed, Sweet & Maxwell, London, 2004) at 5-134.

⁸ *One In A Million*, above n 3, at 924.

[20] Mr Marriott for the plaintiff argues that since at least 1996 the plaintiff has had a broad monopoly in relation to the use of “YELLOW” in relation to the provision of online services including directories and digital marketing. He notes that from 1996 the YELLOW business directory listings have been published online by the plaintiff (and its predecessors in business) through the domain names yellowpages.co.nz and yellow.co.nz. Thus, at the time of the defendant’s registration, the word and/or colour YELLOW had become distinctive of the plaintiff. Members of the relevant purchasing public seeing the word and/or colour YELLOW used as a trade mark in relation to business directory or information, computer and technology related products and services would associate that mark exclusively with the plaintiff.

[21] Mr Glover for the defendant argues that as at 1998 the plaintiff (and its predecessor Telecom) did not use YELLOW by itself. The application to protect the word “yellow” as a trade mark (as distinct from “Yellow Pages”) was not filed until 2009. One of the plaintiff’s lawyers, Michael Travis, deposes that the plaintiff’s predecessors used yellow.co.nz from September 1997 onwards but Mr Glover notes that it was used only for redirection to yellowpages.co.nz until 2007.

[22] The history of the dispute between the parties is relevant to this issue. In August 2015 the plaintiff lodged a complaint with the Domain Name Commissioner (DNC) regarding the defendant’s registration of yellow.net.nz. One of the issues was whether the defendant’s registration was an “unfair registration”. The DNC Expert, Hon Barry Paterson QC, dismissed the complaint. The plaintiff appealed. A tribunal of three experts (Hon Robert Fisher QC, Terence Stapleton QC and Maria Dew) dismissed the appeal. Mr Marriott argued before me that these decision-makers were “hamstrung by the fact that they had to consider the situation at the time of registration”. As regards this particular issue, namely whether mere registration amounts to passing off, I am in exactly the same position. I reproduce two paragraphs from the decision of the Appeal Panel which I consider relevant.⁹

13.20 Even assuming for the moment that the unqualified word “yellow” had been capable of supporting a common law trade mark (about which we share the reservations expressed by the Expert) we have been unable to find

⁹ *Yellow Holdings Ltd v Eurobelt Ltd*, Decision of Appeal Panel, DRS Decision 1116.

any evidence that the Appellant or its predecessors had established such a reputation by May 1998. “Yellow Pages” and its derivatives cannot be equated to the unqualified word “yellow”.

13.21 It is true that between 1986 and 1998 the Postmaster-General and Telecom companies registered “Yellow Pages” and “White Pages” as trade marks and “yellow.co.nz”, “yellowpages.co.nz” and “whitepages.co.nz” as domain names. But there is no evidence that the unqualified word “yellow” was actually used by any of those companies in trade until much later.

[23] After weighing the evidence and considering the state of affairs as they stood in 1998, I think it is unlikely that the plaintiff had established sufficient goodwill in YELLOW so that registration of yellow.net.nz renders the defendant liable for passing off.

[24] I do not overlook that in 1998 the business predecessor of the plaintiff (Telecom) successfully obtained an injunction against the defendant for operating a website called Yellow Web Pages.¹⁰ The website initially used the domain name www.yellowhomepages.co.nz and later www.yellowweb.co.nz. Telecom sought to restrain the defendant from using the description “Yellow Pages” or “Yellow Web Pages” and/or “the colour yellow” in relation to any business directory, including any business directory on the Internet. In deciding to grant an interim injunction, Potter J found that:¹¹

The headings are similar if not identical and they relate to products which are similar, if not identical. The defendants’ website refers to and is directed towards the product as a New Zealand directory, which is the jurisdiction the plaintiffs’ trade marks protect.

In my view, the position is different in respect of the inactive domain name yellow.net.nz. That domain name does not by itself present as a business directory. It is a domain name that could be used by a wide range of websites. Thus, in my view, Telecom’s success in the earlier proceedings does not materially assist the plaintiff in the present one.

[25] I am reluctant to find that there is no serious question to be tried in relation to this issue. But my view is that the plaintiff’s case, on the material before me, is

¹⁰ *Telecom Corporation of New Zealand Ltd v Yellow Web Ltd* HC Auckland M316-SW99, 14 April 1999.

¹¹ At 7.

weak as regards the contention that registration of yellow.net.nz in 1998 amounted to passing off.

[26] The position is different when it comes to threatened use of the website. If, for example, the defendant were to activate the website and begin to use it in the course of business that would constitute fresh conduct to be judged against any goodwill the plaintiff has established in YELLOW. I now consider:

- (a) Whether the plaintiff has sufficient goodwill in YELLOW to give rise to a claim to passing off if the defendant began to use its domain name in some way; and
- (b) Whether the evidence shows there to be a threat of future use.

[27] The plaintiff has been operating under the name YELLOW since 2007. Mr Marriott notes that a large number of the trade marks used by the plaintiff comprise or include the word and/or the colour YELLOW. He submits that the family of trade marks together create a clearly identifiable monopoly in the form of registered trade mark rights in respect of the use of YELLOW whether in isolation or in conjunction with other words, in relation to any internet related services. In his written submissions, he notes that over 1.7 million people use one of the YELLOW branded products or services every month. Mr Marriott argues that the defendant's domain name is a .net domain name, thus signifying internet related services, which he says is an area of business in which the plaintiff and its trade mark are particularly well-known. He argues it is almost inconceivable that any consumer of internet related services would not be familiar with either the plaintiff's products and services or not associate YELLOW used in that context with the plaintiff.

[28] Mr Glover argues for the defendant that its domain name is a generic word. Anyone can register a generic word as a domain name without infringing another party's rights if they do not use it. It is not, in his submission, inevitable that any use of the domain name would take advantage of the plaintiff's rights and result in a misrepresentation. The domain name could be attractive to businesses which sell

products which are yellow (e.g. butter) or which use the colour yellow prominently in their branding.

[29] In my view, it is seriously arguable that the plaintiff has established sufficient goodwill in the trade name YELLOW to support its contention that any future use of the defendant's domain name would amount to passing off. The plaintiff now operates under the unqualified brand YELLOW. Since 2007 its primary domain name has been yellow.co.nz. Mr Travis deposes that the online YELLOW directory has over 374,800 users per month who, between them, visit the directory over a million times per month.¹² I find that there is a serious question to be tried as to whether the plaintiff has sufficient goodwill in YELLOW such that any future use of the defendant's domain name would result in passing off.

[30] Injunctions have been granted to protect against threatened conduct that would amount to passing off. This is known as *quia timet* relief.¹³ In *One In A Million* the Court said:¹⁴

[The appellants'] letters and activities make it clear that they intended to do more than just retain the names. Their purpose was to threaten use and disposal sometimes explicitly and sometimes implicitly. The judge was right to grant *quia timet* relief to prevent the threat becoming reality.

[31] There has been a number of cases in New Zealand involving domain names where injunctions have been granted to counter the threat of passing off. They have mostly involved defendants described by the courts as "dealers in domain names" who made readily apparent threats of passing off.¹⁵ Here the situation is different. The defendant cannot be fairly described as a dealer in domain names nor is there any evidence that it has approached anyone to sell the domain name. In fact, it was the plaintiff that approached the defendant to buy the domain name. This litigation arises from a failure to agree price.

¹² Affidavit of Michael Travis dated 1 April 2016 at [34].

¹³ *Quia timet* (Latin for "because he fears") is an injunction to restrain wrongful acts which are threatened or imminent but have not yet commenced.

¹⁴ *One In A Million*, above n 3, at 924.

¹⁵ See *Qantas*, above n 4; *Oggi Advertising*, above n 4; *Hirepool Auckland Limited v Uren* CP 292/00, 31 July 2000.

[32] However, Mrs Klos has now indicated that she intends to wind up the defendant. That could include the sale of the domain name. It is that possibility which founds the defendant's objection to the restraining interim injunction sought by the plaintiff (set out at [6](a) above). I think it is seriously arguable that such a sale would amount to passing off. It is seriously arguable that, in selling the domain name, the defendant would be equipping another person with a name, the use of which would be likely to give rise to a false representation that the user was in some way associated with the plaintiff. *One In A Million* and the line of New Zealand cases following it make it clear that the Court has jurisdiction to intervene in such circumstances.

[33] Mr Glover submits that the apprehended act must have a realistic prospect of occurring. It must be more than fanciful. He argues that to find otherwise would be to permit *quia timet* injunctions in virtually any case where a plaintiff wants to launch a pre-emptive strike. I accept that due consideration will have to be given to this issue at the substantive stage. But at the interim stage I only have to consider whether it is seriously arguable that the defendant should be restrained *quia timet*. Mrs Klos deposes to her intention to wind down the assets of the defendant. At the hearing, Mr Glover confirmed to me that Mrs Klos wants to sell the domain name. That is sufficient for me to conclude that there is a serious question to be tried in relation to threatened passing off. Whether I should grant the interim restraining injunction will turn on where the balance of convenience and overall justice lie.

[34] I have avoided, to this point, discussion of the term "instrument of fraud". That is because the cases I have read declaring domain names to be "instruments of fraud" have involved plaintiffs who had clearly established goodwill in the domain name at the time of the impugned registration. When discussing whether a name is an instrument of fraud, the Court in *One In A Million* referred to the "intention of the defendant" and to the domain name being "produced to enable passing off".¹⁶ On my analysis, the plaintiff's case is stronger in relation to a threat of conventional passing off.

¹⁶ *One In A Million* at 920. See also *Qantas*, above n 4, at [6].

[35] My conclusions are the same in respect of the plaintiff's claim under the Fair Trading Act. For the reasons given, I think it unlikely that registration in 1998 of the domain name yellow.net.nz amounts to misleading or deceptive conduct. It is seriously arguable, however, that using or selling the domain name would constitute misleading or deceptive conduct given the goodwill that the plaintiff has accumulated in YELLOW in recent years.

Where does the balance of convenience lie?

[36] There are two considerations. The first is the balance of convenience in relation to the restraining injunction being sought and the second is the balance of convenience in relation to the mandatory injunction being sought.

[37] As to the restraining order, the plaintiff's argument is that because of the depth and extent of its intellectual property, any use by the defendant of its domain name would infringe its intellectual property. Therefore, restraining it from using or disposing of the domain name cannot do it any harm. Further, it has made no use of the domain name since 1998 and all it can point to now is a wish by Mrs Klos, who controls the defendant, to wind up the defendant and sell its assets. Therefore, the granting of the injunction would do no more than delay the sale of the domain name if the defendant were to succeed. Any loss could be payable in damages and there is no doubt as to the ability of the plaintiff to honour its undertaking in that regard in the event of a victory by the defendant.

[38] The defendant submits that there is no cause to disturb the status quo. The defendant has had property in its domain name since 1998 and has done nothing with it to attack the interests of the plaintiff. There is no reason why it should not be permitted to sell the domain name now as part of the orderly winding up of the defendant. Obviously, if it were to sell the domain name to a competitor of the plaintiff, then it would do so at its peril. But that is another matter. Further, the defendant submits that damages would be very difficult to calculate in its favour since it would be damages for lost opportunity, with all the inherent difficulties of such an analysis.

[39] In *Hirepool*, Cartwright J was also faced with a situation where the impugned domain name was not in use at the time of the proceedings. Her Honour said:¹⁷

It is of immediate relevance that the defendant has not yet established his business deploying hirepool.com. There is therefore no immediate commercial risk for him. By contrast Hirepool is, by reason of the defendant's registration of hirepool.com, prevented from developing its own domain name and expanding its existing business. On balance this favours the plaintiffs.

[40] Similarly, in the present case the defendant is not using the domain name. It is sitting inactive. The only way in which the defendant would be inconvenienced by a restraining injunction is that it would not be able to sell the domain name as part of winding up its assets. I consider that damages would provide adequate compensation if the defendant were to win at trial, and the plaintiff is clearly in a position to pay them. I agree it can be difficult, sometimes, to value loss of opportunity. But it is not impossible.

[41] By contrast, if the defendant did sell the domain name to a third party the plaintiff would have to consider taking legal action against that party to prevent use of the domain name which, it says, would erode its goodwill.

[42] Mr Marriott drew my attention to a passage in *DB Breweries* where Salmon J granted an interim restraining injunction:¹⁸

As to the balance of convenience, I accept that the grant of the injunctions will have little or no impact on the defendants other than the inability to sell the name should the defendants ultimately succeed. That is an impact which can be met in damages which the plaintiff is clearly in a position to pay. On the other hand, I accept that there is at least the potential for the use of the domain name by the defendants or others to mislead or deceive consumers and thus have a detrimental impact.

There are clear parallels between that case and the present as far as the restraining injunction is concerned.

[43] Accordingly, I find that the balance of convenience favours the plaintiff in relation to the restraining injunction. I record that in reaching this conclusion I have

¹⁷ *Hirepool*, above n 15, at [14].

¹⁸ *DB Breweries Ltd v The Domain Name Company Ltd*, above n 4, at [25].

taken into account Mr Glover's submission that damages would not adequately compensate Mrs Klos for stress caused by a delay in resolving the defendant's affairs and moving on with her life. I do not regard this submission as tipping the scales in favour of the defendant.

[44] As to the mandatory injunction sought, the plaintiff submits that by reason of the depth and width of its intellectual property, it is the only entity in New Zealand entitled to register the domain name yellow.nz. It submits that the defendant must have indicated to the Domain Name Commission (by using an available online box tick) that it is also interested in the name yellow.nz. It would have had to have done that in 2015 when the .nz domain names became available.

[45] The nub of the plaintiff's submission is that the only reason the defendant refuses to allow the plaintiff to register yellow.nz is to use its position as the owner of its domain name to increase the price of its domain name. The plaintiff submits that this is illegal. It cites case law which appears largely to deal with situations where predatory commercial interests have chosen to register domain names similar to well known businesses for the purpose of forcing the businesses to buy them out.

[46] The defendant submits that the present situation is not covered by the cases relied upon by the plaintiff. First, it denies that the extent of the plaintiff's intellectual property is as wide and as deep as the plaintiff submits. The defendant submits that there are legitimate uses that can be made of its domain name. Other businesses interested in the use of the word YELLOW can use it legitimately so long as there is no likelihood of misleading/deceiving/confusing the public or segments of it. Further, part of the value of its domain name is that nobody can register yellow.nz without the consent of the owner of the defendant's domain name. The defendant says that this is quite legitimate. There is nothing illegal about it. The defendant submits that if I were to grant the mandatory injunction, the plaintiff would acquire substantive victory. It would take advantage of the transfer of the registration of the domain name to at once acquire the name yellow.nz. At that point, it could discontinue the proceeding having acquired what it really wants.

[47] In assessing the balance of convenience, I accept Mr Glover's argument that allowing the plaintiff to take possession of the defendant's domain name so as to secure the yellow.nz domain would significantly reduce the value of yellow.net.nz to the defendant if it prevailed at the substantive stage. The risk is that the defendant will be stripped of its bargaining strength even though the Court may later find that this strength flows from a legitimate right to its domain name. That risk weighs heavily in my assessment.

[48] On the other hand, Mr Marriott argues that, one way or another, the domain name is never going to sell for anything other than a fair price and that fair price is going to be dictated by the price that the plaintiff is prepared to pay. The Court, he says, could reasonably calculate that price.

[49] I disagree. I do not think the exercise of calculating what the plaintiff would have been prepared to pay after the fact would be at all easy. Further, the adequacy of damages point is a consideration which must be weighed against the strength of the plaintiff's case. I have assessed that case to be weak in relation to the defendant's registration of its domain name. As Mr Marriott argued, the decisive issue is whether granting the injunction carries a higher risk of injustice than refusing the injunction. In the circumstances of this case, I find the risk that the defendant will be deprived of a legitimate opportunity to exploit the full value of its domain name yellow.net.nz outweighs the risk of injustice to the plaintiff.

[50] Mr Marriott argues further that the damage the plaintiff will suffer if it is not granted the mandatory injunction but prevails at the substantive stage is difficult, if not impossible, to quantify. This is not a case where any business will be deflected away from the plaintiff towards other confusingly similar websites because the domain name yellow.net.nz is inactive and the domain name yellow.nz is not currently registered. Instead, Mr Marriott submits that blocking the plaintiff from securing registration of the first tier domain name yellow.nz will prevent the plaintiff from modernising its business in accordance with its customers' expectations, which will in turn harm its reputation. He relies on the evidence of Mr Travis who deposes that given the nature of the plaintiff's business it is "vital that [it] remains at the

forefront of online innovation and the yellow.nz registration is an important part of how customers will perceive that [it is] doing so”.¹⁹

[51] I do not find this submission to be cogent. There is simply insufficient evidence before me to conclude that any real harm will come to the plaintiff’s reputation if it fails to secure yellow.nz in the period between now and substantive judgment. I tend to the view that any damage of this nature occurring in the interim period would be minimal.

[52] Weighing all these factors, I conclude that the balance of convenience favours the defendant when it comes to the mandatory injunction.

Where lies the overall justice of the case?

[53] The overall interests of justice, standing back, will favour the party whose position I assess, on the facts, to be strongest at law. The legitimate interest of the plaintiff is to be free to exploit commercially its intellectual property and to expand that to include acquisition and use of www.yellow.nz. But only if the law is as the plaintiff submits.

[54] The legitimate interest of the defendant is to maintain the value of its domain name so as to sell it for the best price. But only if it is not acting unlawfully by maintaining its registration of its domain name and by refusing to permit the plaintiff to acquire www.yellow.nz.

[55] My conclusions under this inquiry largely reflect those reached in relation to the balance of convenience. I have found that the strongest aspect of the plaintiff’s case relates to possible future conduct. A restraining injunction will ensure that the feared future conduct does not occur before the substantive determination. On the other hand, I do not think the plaintiff has a strong case that the act of registering yellow.net.nz amounts to passing off. Given that conclusion, the overall justice of the case militates against allowing the mandatory injunction at the interim stage. In my view, this is not a case like *Qantas* “where the plaintiff’s goodwill attaching to its

¹⁹ Affidavit of Michael Travis dated 1 April 2016 at [70].

name is so manifest and the conduct of the defendant so deceptive” that the plaintiff was entitled to immediate relief.²⁰

[56] Lastly I address for completeness the issue of delay. Mr Glover says it is fair to infer that when the plaintiff purchased its business in 2007 it would have emerged in due diligence that it did not hold the domain name yellow.net.nz. He also argues that the fact the plaintiff registered its www.yellowpages.net.nz domain name in September 2006 strongly suggests that it has known about the defendant’s domain name for a considerable period of time. I am unwilling to make these inferences in the absence of evidence. I consider it equally possible to infer that the plaintiff only discovered the existence of the defendant’s domain name when it attempted to register yellow.nz in 2015. I do not place any emphasis on delay.

Decision

[57] The plaintiff’s application for an interim restraining injunction is granted. I make an order restraining the defendant, its servants or agents, and any other company or person, subsidiary, or closely related to the defendants, from directly or indirectly using the YELLOW trade marks or the internet domain name www.yellow.net.nz or registering or using any other internet domain name which is confusingly similar to the plaintiff’s YELLOW trade marks.

[58] The plaintiff’s application for an interim mandatory injunction is denied.

Costs

[59] If costs are not agreed, then the plaintiff is to file its memorandum by 15 July 2016. The defendant is to respond by 5 August 2016.

Brewer J

²⁰ *Qantas*, above n 4, at [5].