

## Trade-Marks and the Internet

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Edward Hore  
Hazard & Hore  
141 Adelaide Street West, Suite 1002  
Toronto, ON M5H 3L5  
(416) 868-1340  
edhore@hazardandhore.com

Cybersquatting, a practice where a rogue registers a well known trade-mark as an Internet domain name — so its legitimate owner can't use it — has underscored the need for a better system of Internet name dispute resolution. Such a system may be closer than we think and may have some interesting consequences, like a “run” on our own “.ca” domain names.

**“Why, Watson, let us put their own devilish trade-mark upon them!”**

— *Sherlock Holmes*

One cool thing about the Internet is that you can do completely pointless research easily. Did Sherlock Holmes ever mention trade-marks? Yes, in *The Five Orange Pips* by A. Conan Doyle, as I recently discovered by going to a web-site devoted to the famous detective that allows a word search of the entire Holmes corpus.

In the same way, well-known brands can be instantly found by potential customers anywhere in the world, using a search engine. My three boys, aged four, six and eight, quickly found [www.beastwars.com](http://www.beastwars.com) where their favourite toys, Hasbro's Beastwars action figures are displayed and sold (for readers without male offspring under ten, Beastwars is a TV show, much hated by parents, about warlike transforming robots on a distant planet).

Search engines also allow vendors to grab the attention of customers looking for a well-known trade-mark, without owning the trade-mark. The most discussed variant of this has been “cybersquatting,” or the unauthorized registration of well-known marks as domain names. After much talk, an international system to deal with cybersquatting and domain name disputes may soon come into being, as discussed below.

But there are also other trade-mark issues raised by the Internet. For example, if you type “playboy” or “playmate” in Excite's search engine, many sites come up that are not related to Playboy magazine (and definitely not suitable for my boys). The site operators

have presumably put the word playboy or playmate in their site, so as to come up in a search for the famous brand.

What's more, you also get a banner advertisement, advertising a pornographic site unrelated to Playboy. The banner ad has been sold by Excite specifically programmed to come up in response to the search term "playboy" or "playmate".

Is this an infringement? Or, is it like building a store next to Wal-Mart, hoping to attract some of Wal-Mart's customer traffic? Playboy Enterprises Inc. thinks the sale of the ads by Excite is trade-mark infringement. It commenced litigation in the U.S. against Excite Inc. in February, 1999. Playboy claims that Excite, by selling such advertisements tied to the proprietary terms "playboy" or "playmate," is misappropriating its goodwill.

In short, the Internet has created complex intellectual property issues that were unknown only a few years ago.

## **IS A WORLDWIDE IP SYSTEM FOR DOMAIN NAMES COMING?**

A world-wide system of intellectual property protection against infringing Internet domain names seemed implausible only a few months ago, but is now a very real possibility. The system may include the ability to apply for and obtain "exclusions" for famous marks. An exclusion would create a kind of new intellectual property right, akin to a trade-mark right. Such exclusions may soon be part of the standard inventory of intellectual property rights that brand-owners will want. Therefore, trade-mark practitioners should be watching these issues as they develop.

This article will focus on the trade-mark issues raised by the Internet, why such a system may soon come to pass, and what it might be like.

## **THE DOMAIN NAME PROBLEM**

To go back to basics, a domain name, as everyone now presumably knows, is a website address. The most desirable domain names are those with "generic" (i.e. non-regional) top level domains (gTLDs) such as .net, .org, and of course .com. Domain names within those gTLDs are, for the time being, given out solely by one company, Network Solutions Inc., a private company in Virginia.

In order to get a domain name you pay a fee, usually [U.S.] \$100, to Network Solutions, which gives them out on a "first come, first served" basis. No one checks who you are or why you want the domain name.

In 1994, when cybersquatting first began to attract a lot of attention, many large companies had not given much thought to the Internet, and had taken no steps to register the domain name that corresponded to the best known form of their corporate name. Any computer-literate 15-year-old could register well-known corporate names as his or her personal domain name. "coke.com" for example was originally registered by some clever squatter in California, not by the Coca-Cola Company.

Owners of “famous” marks are of course much more aware of the Internet, which now has about 80 million users, and is growing. As well, various court cases both in the U.S. and U.K. have held that cybersquatting is passing off (see, for example, British Telecommunications PLC v. One in a Million Ltd. et al. [1999] F.S.R. 1, a decision of the English Court of Appeal).

Nevertheless, the problem is getting worse not better, according to various representatives of well-known trade-mark owners who appeared at recent international consultations on domain names conducted by the World Intellectual Property Organization (WIPO) last fall.

Phone colossus AT&T, for example, told WIPO that it is getting into new disputes with cybersquatters at the rate of 15 to 20 a month. A spokesman from Porsche said that company had been confronted with “several hundred Internet domain names that have been registered throughout the world using Porsche or a variation of Porsche ... the variations on domain names using Porsche is virtually endless.”

A representative from chip-maker Intel complained that various variations on “Intel” and “Pentium” had been registered by cybersquatters and were being used for porn sites. Warner Brother’s in-house lawyer said he was spending more money on Internet-related issues than on consumer products privacy. Others complained of sites using a confusing domain name to sell competing goods, without making clear they were not associated with the trade-mark owner.

Although most cybersquatters are obviously operating in bad faith, it’s possible to become a cybersquatter inadvertently. In a recent case, a new father registered “veronica.com” for a website devoted to his infant daughter Veronica. This got him into a dispute with the publishers of Archie comic books, who claimed Veronica is a well-known character in Archie comics, and a registered trade-mark.

## **DOMAIN NAME FIGHTS BETWEEN “LEGITIMATE” CLAIMANTS**

Disputes also can arise when two parties have a competing interest in a domain name. If there are two Acme companies, Acme Dynamite Company and Acme Slingshot Company, both of which have long-standing use of the name “acme” in different industries or countries, which is entitled to register acme.com? (“acme.com” was in fact registered as long ago as 1991 by Jef Poskanzer, a software developer in Berkeley, California.)

The practical answer now probably is, whichever got it first, unless one party has a trade-mark registration for “Acme,” and the other does not. Trade-mark registrations enter the picture because of Network Solutions’ Domain Name Dispute Policy, itself the subject of much controversy.

## **THE NETWORK SOLUTIONS DISPUTE POLICY, AND DIFFERENT JURISDICTIONS**

Network Solutions, it will be recalled, is the company that at present has sole right to give out generic Top Level Domains domain names. In response to complaints from trade-mark owners, and numerous lawsuits, Network Solutions was forced to develop a dispute policy, now in its third revision (it can be found at [www.internic.net](http://www.internic.net)).

In a nutshell, the policy works like this. If a third party complainant has an exactly identical trade-mark registration that is prior to the domain name creation date, Network Solutions will then ask the domain name owner to produce his or her own trade-mark registration, which can be from any national jurisdiction. If the domain name owner can produce such a registration obtained prior to the complaint, Network Solutions will do nothing further. If the registrant cannot produce such a registration, then Network Solutions will likely put the offending domain name “on hold,” meaning that it is not available to anyone, pending the outcome of the dispute. If either the domain name owner or complainant commences a civil action in any jurisdiction, Network Solutions will abide by whatever order the court makes.

In short, Network Solutions will only put a domain name on hold if the complainant has a pre-existing trade-mark registration, and the domain name owner does not. The registration must be exactly the same. For example, the owner of the trade-mark “Chanel Boutique” could not get the domain name “chanel-boutique.com” put on hold. The owner of the mark “Playstation” could not get the domain name “playstation.com” put on hold.

Many of the witnesses at the WIPO consultations expressed dissatisfaction with the dispute policy, calling it “overly mechanical.” Often, the owner of common law trade-mark rights may not have a trade-mark registration, or at least not an exactly identical one.

As well, Network Solutions will not transfer a domain registration to a complainant, unless ordered to do so by a court. That is, litigation must be commenced in some national court somewhere, if the complainant wants the domain name for itself.

Trade-mark owners also complain they often cannot find the owner of an offending domain name. The Network Solutions’ website allows a “who is” search that is supposed to identify who owns a particular registration. But the name and address provided to Network Solutions by porno operators and cybersquatters is, unsurprisingly, not always accurate.

## **DOMAIN NAME DISPUTES, AND DIFFERENT JURISDICTIONS**

Internet domain name disputes raise serious problems for Canadian trade-mark owners, due to the fact that the registrant will often be outside Canada, usually in the U.S.

Let us suppose your client Acme Hockey Puck Company has been using the mark “Acme” for decades, and has a Canadian trade-mark registration for Acme in association with hockey pucks. It is upset at the aforementioned Mr. Poskanzer, owner of [acme.com](http://acme.com). Since Acme Hockey Puck had a trade-mark registration and Mr. Poskanzer (let us assume

for the sake of argument) does not, Acme Hockey Puck can perhaps get Network Solutions to put the domain name “on hold” meaning neither Mr. Poskanzer, nor Acme Hockey Puck can use it, pending the outcome of the dispute. But Network Solutions will only transfer the domain name from Poskanzer to Acme Hockey Puck if ordered by a court to do so.

This raises a problem for Canadian complainants, and indeed for any party to a domain name dispute if the adversary is in another country. Does the Federal Court of Canada, for example, have jurisdiction to make an order against Mr. Poskanzer, registrant of acme.com?

Mr. Poskanzer lives in Berkeley, California, and presumably has no business connection with Canada, except that you can view his website from any computer in Canada, as you can from anywhere in the world. Is the fact you can view his website in Canada enough to give a Canadian court jurisdiction? It is doubtful. In any event, what principles should be applied to resolve the dispute?

Should Acme Hockey Puck sue Mr. Poskanzer in the United States? The trouble is, Acme Hockey Puck may have no rights under U.S. law, because it has (let us suppose) no business presence in the United States and no trade-mark registration under the U.S. Lanham Act, the equivalent of Canada’s Trade-mark Act.

Of course, this multi-jurisdictional aspect of Internet issues is not unique to Canada, and is one of the factors that, as already mentioned, may lead to the creation of an international dispute resolution procedure.

### **AN INTERNATIONAL DOMAIN NAME-IP SYSTEM TAKING SHAPE?**

Although trade-mark/domain name problems have been widely discussed for at least the last three years (see for example, past surveys of trade-mark law in *Canadian Lawyer*), there has been much controversy and delay in implementing any solutions, due to the lack of any governing authority on the Internet. But it now seems as though something might happen.

A decision-making body known as the Internet Corporation for Assigned Names and Numbers (ICANN) appeared on the scene in late 1998. It is non-governmental, but has the blessing of the U.S. government, and evidently has the power to set up an international system to address domain name/trade-mark disputes.

ICANN has been meeting frequently in various countries around the world, to avoid looking too much like an arm of the U.S. government, and seems to intend to act quickly. It has an international board, headed by Internet luminary Esther Dyson.

On March 4, 1999, at a meeting in Singapore, ICANN began to make its first substantive decisions. It created a body known as the Domain Name Supporting Organization (DNSO), which will be an “advisory body within ICANN responsible for recommending

policies concerning the Domain Name System.” The big task facing this committee will be the cybersquatting issue.

On March 4, ICANN also set rules governing the selection of new domain name registrars. The plan will go ahead immediately. This is a response to widespread complaints that Network Solutions Inc. has a lucrative monopoly on granting Internet domain names in the most popular gTLDs. Five new registrars are to be chosen within months to compete with Network Solutions, with many more to follow. Fees will be paid to ICANN by the new registrars, including a small fee (i.e. a tax) for each new domain name granted, thus securing ICANN’s funding.

Once the registrar issue is disposed of, the next issue will be domain names and IP. Here, the World Intellectual Property Organization (WIPO) is playing an important role. WIPO is an international body based in Geneva, created by international treaties. Originally, WIPO intended to appoint itself take the lead on the domain name issue. In February 1997 WIPO released the final report of its advisory committee, the International Ad Hoc Committee (IAHC). The report made certain recommendations as to what should happen

Tempers flared when the U.S. Commerce Department in effect declared, in the “Green Paper” and “White Paper,” both released in 1998, that, au contraire, since the Internet was an American invention, no bunch of croissant-eating Europeans was going to call the shots. Instead the “private sector” would be in charge, meaning ICANN, which would operate under the watchful eye of the U.S. Secretary of Commerce. Thus, ICANN was created in late 1998, WIPO was to have a fact-finding and recommendation-making role.

WIPO has been busily holding consultation meetings around the world. It issued its Interim Report on Dec. 23, 1998, (available at WIPO’s website at [www.wipo.org](http://www.wipo.org)). Since then there have been further international consultations, including one held in Toronto on Jan. 19, 1999. There will be final report in late March, not yet released at the time of writing.

The interim report released by WIPO on Dec. 23, in effect recommended a new international system that would deal with trade-mark issues and domain names. There seems to be a very real possibility that this document is the blueprint for the international system that ICANN may set up. The interim report envisions what amounts to a kind of international intellectual property system for domain names.

The three most important recommendations are as follows:

- An administrative dispute resolution procedure be set up for domain name disputes

A dispute panel would be set up. When anyone got a domain name, they would agree to abide by the administrative dispute process, in the event of a dispute. All registrars would also agree to abide by its rulings. However, using the administrative process would not preclude either party from also suing in the national courts.

The process would be fast, with determinations supposedly made within two months. Interim measures (similar to an interlocutory injunction) could also be obtained within a week. All this would take place on on-line. Whether there would be evidence filed, and, if so, whether the other side could cross-examine, is not set out. Decisions would be published on the net, creating a body of “law.”

There would be various principles that would govern in such disputes, one of which would be the “first come, first served” principle. However, this could be overcome by the complainant if it could establish that it had intellectual property rights that were infringed.

- There should be “exclusions” for “famous” marks. Because of the many problems with cybersquatting, WIPO recommends

that an “exclusion” could be obtained for famous marks. Whether a mark was “famous” would depend on a number of enumerated criteria.

A trade-mark owner would have to apply for an exclusion to an panel, that would function like a trade-mark examiner. The applicant would have to satisfy the various criteria. There would be publication and possible input from third parties who might object to the exclusion (i.e. a kind of opposition process). If the exclusion were granted, it would then create an evidentiary presumption in favour of the holder of the exclusion in the administrative dispute resolution process.

Upon showing that someone else held a domain registration that was the same as, confusingly similar to, or diluted the mark, the owner of the offending domain name would have the burden of establishing that it was entitled to the domain name.

- An exclusion could also be obtained for a “country code” Top Level Domain (ccTLD)

If you could not establish that your mark was “famous” around the world, and therefore entitled to an exclusion in a generic TLD such as .com, you might be able to establish that it was entitled to an exclusion in, for example, the Canadian country TLD, .ca.

- More study on new gTLDs

Various bodies had called for the creation of more gTLDs, such as .firm and .shop (disagreeing as to how many new ones there should be). The idea was that if there are more gTLDs then the number of trade-mark disputes will be lessened. However, the WIPO interim report is (rightly, I think) skeptical of this, and calls for further study of the question.

The intention seems to be that the threshold to qualify for an “exclusion” would be high. The authors of the report envisioned that the total number of exclusions for the gTLDs would number in the “hundreds” rather than the “thousands,” although presumably many more would exist in the country code Top Level Domains.

Which brings us to the impending changes in Canada’s country code, “.ca.”

.ca Top Level Domain names soon to be up for grabs  
Right now, no one cares much about “.ca” TLDs.

The .ca domain has the opposite problem from the more common gTLDs such as “.com.” Rather than being too easy to get, .ca domain names are too hard to get.

But at some given date, not yet known, but possibly late in 1999, “.ca” domains will be given out on a first come, first served basis.

The Registrar of the .ca domain for many years has been John Demco, a professor in the computer faculty at the University of Toronto. To get a .ca domain, you had to show Demco that you had a federally incorporated company with a name the same as or similar to the domain name you wanted, or, if you had a provincially incorporated company, that it did business in several provinces. As well, you were allowed only one .ca domain name, or, at most, a French and English version of the same domain name.

It’s the Canadian way — before the settlers set out, send out the Mounties to ensure law and order are respected. No rootin’, tootin’ Wild West for us.

The trouble was, hardly anyone in Canada got .ca domain names, because they were too hard to get, took longer to apply for, and in any event did not have the cachet of the more common “.com” and other generic top level domains.

In late October, a body called the Canadian Domain Name Consultative Committee released a report which recommended moving to a first come, first served basis, and throwing out all the various restrictions, such as the one per customer rule. This might make “.ca” more widely used. It may also lead to all the woes associated with a first come, first served system, such as cybersquatting.

In others words, on a particular day (not yet chosen), a whistle will blow, and the gold rush will start. Any available .ca domain can be grabbed by the first person to ask for it. There will probably be a rule preventing the registration of domain names the same as a registered trade-mark (except by the trade-mark owner) for at least a few months. The details as how and when all this will happen are being considered by a new body, the Canadian Internet Registration Authority (CIRA).

The “.ca” domain does not raise the same multi-jurisdictional problems as the generic top level domains. Both complainant and registrant will, probably, be in Canada. It is likely that a Canadian court would find cybersquatting was passing off, as the U.K. Court of Appeal recently did.

Still, it may be a very un-Canadian, Wild West-style shoot-out when the big day comes.