

Domain Names and Infringement of Trade Marks on the Internet

7.1 The Domain Name System

7.1.1 Introduction

Computers communicating through global information networks (like the Internet) are able to exchange information as each connected computer (often called a "host") has an Internet Protocol (IP) address or unique numerical address. Each computer is identified by means of this IP address. Each IP address consists of four sets of numbers ("integers"), separated by full stops (or "dots"). Each number can have a value from 0 to 255. An example of an IP address is 163.200.147.172.¹

However, these numbers are hardly user-friendly; to overcome this difficulty, the Domain Name System (DNS) was developed. The DNS was developed to improve the process of assignment and to maintain site names on the Internet. Until the 1980s, the Internet was managed by the DARPA.² Dr Jon Postel, a member of the ARPANET development team, began the maintenance of the list of host names and addresses in November 1983 through the HOST.TXT table.³ This file held a name-to-address mapping for every host connected to the ARPANET and was maintained by the Network Information Center (NIC) of the Stanford Research Institute (SRI) in Menlo Park, California. Changes for the file were submitted to the NIC and compiled into a new HOSTS.TXT once or twice a week. Problems arose with HOSTS.TXT as the number of hosts grew very large. The network traffic through and processor load on the SRI and NIC were becoming uncontrollable. In 1984 Paul Mockapetris, of the University of Southern California's Information Science Institute, designed the architecture of the new system, the DNS, to solve these problems.⁴

1 See Burk "Trademarks along the infobahn: A first look at the emerging law of cybermarks" 1995 (1) *Richmont Journal of Law and Technology* 1, available at www.richmond.edu/jolt/v1i1/burk.html (accessed 1 May 2001); Loundy "A primer on trademark law and Internet addresses" 1997 (15) *John Marshall Journal of Computer and Information Law* 465-467.

2 Defense Advanced Research Projects Agency (in the United States).

3 See Internet Names Authorization and Information Centre "History of the Internet DNS" www.iana.com/internet-dns-timeline.htm (accessed July 2008).

4 Ibid; Piou "Domain names part I: History of the system and ICANN" 23 March 1999, www.ahref.com/guides/industry/199903/0323piouprintable.html (accessed July 2008).

In 1991, the US government transferred responsibility for the non-military component of ARPANET to the National Science Foundation (NSF), a federal government agency. The NSF retained the Internet Assigned Numbers Authority,⁵ effectively Jon Postel, to manage the allocation of IP addresses.⁶ In 1998, the management of domain names was privatised and internationalised when the task was taken over by the Internet Corporation for Assigned Names and Numbers.⁷ The ICANN co-ordinates the management of the DNS and facilitates competition in the allocation and management of domain names. In addition, the ICANN maintains the directory linking domain names with the IP numbers of domain-name servers and the authoritative database of Internet registrations.⁸

The DNS maps numerical addresses to domain names thereby ensuring that the "traffic" on the net is routed effectively. A domain name is a mnemonic that is easy to remember and may also indicate the contents of the website it names. It is easier to remember *unisa.ac.za* than it is 163.200.147.172. The full address "<http://www.newcars.co.za>" is known as the Universal Resource Locator (URL) of a website. The URL represents a string of characters which identifies the specific communication protocol (http) and the IP address of the server site.

7.1.2 *Analogy to other names or numbers*

Domain names are analogous to real-space designators such as geographic names or telephone numbers.⁹ Typically, domain names operate like telephone dialling codes in reverse. Referring to our example, *www.newcars.co.za*, the first part of the name ("newcars") points to a specific site, the second ("co") to the broad category the site falls in,¹⁰ and the third ("za") is the code for the country in which the site is registered.¹¹ A telephone dialling code works the other way round. Take +27 12 123 4567, for example: 27 is the country code (South Africa), 12 is the city code (Pretoria), and 123 4567 is the telephone number.

To the extent that trade-mark law recognises such real-space designators as trade marks, it may be readily applicable to domain names, too. One should also bear in mind that trading names, personal names and company names can be registered as domain names – thus, while a domain name may incorporate a trade mark or a company name, it remains a separate and distinct form of designation. Website owners use either one of several globally available generic top-level domains (gTLDs)¹² or a country-code top-level domain (ccTLD).¹³ The most popular generic top-level domains are .com (which denotes a commercial organisation), .org (which denotes a

5 The IANA.

6 See Piou "Domain names part I: History of the system and ICANN".

7 The ICANN.

8 The InterNIC.

9 See the United States Patent and Trademark Office Examination Guide No. 2-99 "Marks composed in whole or in part, of domain names", www.uspto.gov/web/offices/tac/notices/guide299.htm (accessed October 2004).

10 "co" indicates a commercial site.

11 "za" is the country code for South Africa.

12 For example, .com, .edu, or .int. See Ng "A non-digital view of top level domains: Seeking distinctiveness on the right side of the dot" [2007] *European Intellectual Property Review* 266–273.

13 Such as, for example, .za for South Africa, .fr for France or .au for Australia.

non-profit private organisation) and .net (which indicates a computer network). Anyone from any country in the world may register her or his domain name under one of these generic top-level domains.

Akhtar and Cumbow¹⁴ note the following regarding gTLDs:

These extensions are short forms for the field of activity in which the particular TLD was originally intended to be used – ‘.com’ (commercial), ‘.net’ (Internet services), ‘.org’ (nonprofit organizations), ‘.edu’ (institutions of higher learning), and ‘.gov’ (governmental agencies). In practice, registration of domain names in the ‘.com’, ‘.net’ and ‘.org’ TLDs has not been restricted to users in the appropriate fields. Thus, numerous commercial entities own ‘.org’ domain names, many nonprofit organizations use ‘.com’ domain names, and relatively few of the registrants of ‘.net’ domain names are actually Internet service providers.

Looking at another example, unisa.ac.za, it is obviously a reference to Unisa’s web-site. This site is registered in the academic (.ac) domain in South Africa (.za). .za is the country-code top-level domain (ccTLD), and .ac (meaning “academic”) the second-level domain (SLD). The complete URL for Unisa is <http://www.unisa.ac.za>.

Domain names are allocated by domain-name registries on a first-come first-served basis. These registries do not have the resources to verify the rights of applicants to choose particular names or to examine applications for any conflict with the rights of others. A company wishing to register its well-known trade mark as a second-level domain name may well find that its mark has already been registered by another Internet user. This problem is compounded by the fact that most companies prefer to register in one of the generic top-level domains (gTLDs) rather than the relevant country-code top-level domains (ccTLDs).

Domain names are important for several reasons. First, they provide the basic connection between the physical and the virtual world. When setting up a business on the Web, the very first thing that is needed is a domain name. In order to register or obtain a domain name, one enters into a contractual agreement with a domain-name provider. This contract may be used to define the most basic obligations and rights of Internet participants.

Secondly, domain names are more user-friendly than a series of numbers. For example, commerce.gov is easier to remember and easier to share with friends or business partners than 98.37.241.30.

Thirdly, electronic commerce relies on the stable and effective functioning of the Internet. The successful operation of the Domain Name System facilitates this stability since domain names are tied to IP addresses that are used to route messages correctly. For example, IBM executives use their top-level domain name in e-mails that may contain confidential client information.

Finally, domain names often include trade marks within them (for example, disney.com, Disney being a registered trade mark). These names have begun to serve as online source indicators, allowing consumers to distinguish one competitor’s on-line offering of goods or services from that of another.

¹⁴ “Why domain names are not generic: An analysis of why domain names incorporating generic terms are entitled to trademark protection” 2000 *BC Intell Prop and Tech Forum* 110501 (5 November 2000), www.bc.edu/ip/tf (accessed October 2004).

7.2 Relationship between domain names and trade marks

7.2.1 Introduction

Domain names have become a standard mechanism for communication with customers. Registration of a domain name gives that name a global presence accessible from anywhere in the world via the Internet. Intellectual-property rights are publicly administered on a territorial basis and give rise to rights that are enforceable only within the associated jurisdiction.

A domain name does not function as a trade mark if it is used purely as an address of a particular trader and not in relation to that trader's offering of goods and services in the course of trade.¹⁵ However, a domain name may assume a role similar to that of a trade mark, to the extent that it identifies the origin of a business and its goods and services.¹⁶

A domain name may be registrable as a trade mark if it is distinctive and used in commerce in relation to goods or services. Often, however, a domain name consists of elements that may form a bar to its registration as a trade mark, such as generic and or descriptive words.¹⁷ These descriptive and generic names are specifically selected as domain names to enhance their ranking. The domain name cheapcomputer.com, for example, may attract millions of online buyers but will not be registrable as a trade mark for computer equipment as it will be deemed to be too generic and descriptive. The exponential increase in the popularity and commercialisation of the Internet has led to increased competition in the registration of prominent, conspicuous, relevant and mnemonically stimulating domain names.¹⁸

The relationship between domain names and trade marks is a consistent thread in discussions concerning the management of the DNS. The use of trade marks on the Internet has highlighted two areas of potential conflict between domain names and trade marks. Because a trade mark is registered for certain goods or services only, it is possible that a number of identical trade marks may be owned by different companies, provided the marks are registered and used for different goods or services. Furthermore, a trade mark is territorial by nature. It confers on its proprietor the exclusive right to use that mark in relation to the goods or services for which it is registered in the country of registration only. Thus, an identical trade mark may be owned by more than one company, provided the mark is registered in each country and no more than one company has the exclusive right to use it in each country.¹⁹

By contrast, the Internet is global in nature. It allows access to virtually every country in the world. Unlike a trade mark, a domain name (an address used to locate individual Internet users) is unique. A particular domain name cannot be owned by more than one company. Of all the companies that may own the identical

15 See Waelde "Trade marks and domain names: There is a lot in a name" *AHRB Centre Publication* 4.

16 See Lee "Parody and domain names" [2004] *European Intellectual Property Review* 263.

17 See Marx "Domain name protection in South Africa" 2004 *Obiter* 116-117; Akhtar and Cumbow "Why domain names are not generic: An analysis of why domain names incorporating generic terms are entitled to trademark protection" 2000 *BC Intell Prop and Tech Forum* 110501.

18 See Bradfield "Domain names in Australia - Legal and contractual dispute resolution" 2001 (2) *Journal of Law, Information and Science* 231-233.

19 See Marx "Domain name protection in South Africa" 2004 *Obiter* 117-118.

trade mark, only one may own the corresponding domain name, irrespective of how distinct their products or markets may be.

Most domain-name registries adopt a passive attitude and will only deregister a domain name or transfer it to the true owner on the basis of a court order or a decision of a recognised alternative dispute-resolution service provider. A trade-mark proprietor who finds that her or his well-known trade mark has already been allocated to another Internet user is faced with two courses of action: civil litigation for trade-mark infringement or alternative dispute-resolution.

The World Intellectual Property Organisation (WIPO) has also addressed the relationship between domain names and trade marks. Its Report²⁰ states that, as far as it is practicable, one should avoid having two autonomous systems operating in isolation from each other, "the DNS in cyberspace, and the intellectual property system of identifiers as developed before the arrival of the Internet".²¹

The Report notes that with open gTLDs²² users are assured of a simple, fast and relatively inexpensive process for the registration of a domain name on a first-come-first-served basis.²³ The applicant need not justify use of a particular name, no verification process for any contact details, no provision for the settling of disputes, and no requirement that any payment be tendered and confirmed before the domain-name holder starts using the name. These practices have led to registrations that may be considered abusive.²⁴

At the same time, though, the Report notes that the advantage of these practices is the establishment of low entry barriers.²⁵ By making domain-name registration fast and easy, these practices have encouraged the rapid growth of the Internet²⁶ and

20 "The management of internet names and addresses: Intellectual property issues", 30 April 1999, www.wipo.int/amc/en/docs/report-final1.pdf. The interim report was published in December 1998.

21 Ibid. para. 47.

22 The Report notes at para. 6-8 that gTLDs and ccTLDs are open in the sense that persons or entities may register domain names in them freely, without any restrictions. Restricted TLDs are restricted to persons or entities that satisfy certain criteria, such as those with a specific business focus or domicile in the territory. Examples of open gTLDs are .com and .info, whereas .mil is restricted to the military forces of the United States and .edu to colleges and universities that confer four-year degrees. The .za ccTLD is also open as registrants are not restricted.

23 Some argue that this is perhaps the only common feature of all domain-name registries: see, for example, Wood "Domain names around the world" January 1998 *Trademark World* 36-37.

24 "The management of internet names and addresses: Intellectual property issues", 30 April 1999, www.wipo.int/amc/en/docs/report-final1.pdf para. 48. See also chapter 3 of the Report.

25 Ibid. para. 49.

26 By 30 April 1999, 7 180 000 domain names had been registered, with some 4 500 000 in the gTLD .com. New domain names in all top-level domains are registered at an average of more than 21 000 per week (see "The management of internet names and addresses: Intellectual property issues", 30 April 1999, www.wipo.int/amc/en/docs/report-final1.pdf para. 49 n. 32). For further information and statistics about domain-name registrations, see www.netnames.com. In *District Court in Reno, Attorney General of the United States et al v American Civil Liberties Union et al* 929 F Supp 824 (ED Pa. 1996) (aff'd 117 S Ct 2329, 138 L Ed 2d 874 (1997)) a large number of factual findings relating to the Internet were made (830-849). One of them (831, finding 3), reflecting the "extraordinary growth" of the Internet, was that the number of "host" computers (also known as servers) - those that store information and relay communications - increased from about 300 in 1981 to approximately 94 million by the time of the trial in 1996. About 60 per cent of them were located in the

new commercial uses of websites, and fostered the acceptance by businesses and consumers of the Internet as a vital new medium for an expanding digital marketplace. The Report expresses the belief that attempts to resolve disjunction between the DNS and existing intellectual-property rights must take care not to unduly prejudice this highly efficient and successful DNS system.

7.3 Protection of well-known marks

7.3.1 *International protection of well-known marks*

Proprietors of well-known unregistered marks can rely on the protection provided for in article 6bis of the Paris Convention for the Protection of Industrial Property. Article 6bis(1) states:

The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or cancel the registration, and to prohibit the use, of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Four features of the protection provided for here may be noted. First, the protection extended to famous and well-known marks is against the registration and use of a trade mark that constitutes a reproduction, imitation or translation of a well-known or famous mark, or of an essential part of such a mark, which is liable to create confusion. The protection in article 6bis applies only to trade marks - marks used in respect of goods; it does not extend to service marks. By virtue of the Trademark Law Treaty (TLT), however, the provisions of the Paris Convention relating to trade marks are indeed extended to service marks.

Neither the Paris Convention nor the TRIPS Agreement²⁷ defines what is meant by a well-known mark. The determination of whether a mark is well known is left to the national registries and courts of the countries in which registration or use of the offending mark occurs.²⁸ The principle of "speciality" applies: the protection extends to the registration or use of the offending mark in respect of identical or similar goods or services. Also, the protection provided for in article 6bis suffers an important limitation - it extends only to the registration and use of an offending mark in

United States. Approximately 40 million people used the Internet at the time of trial; the court expected this number to rise to 200 million by 1999.

27 Agreement on Trade-Related Aspects of Intellectual Property Rights (15 April 1994, Marrakesh Agreement Establishing the World Trade Organization Annex 1C The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations) 320 (1999) 1869 UNTS 299 33 *ILM* 1197 (1994) (hereafter the TRIPS Agreement).

28 There is no consensus as to what constitutes a well-known mark. In the European Union, for example, it is sufficient that the mark enjoy a reputation in the member country concerned (see, for example, s 10(3) of the UK's Trade Marks Act, 1994). By contrast, the American Lanham Act 15 USC requires that the mark be "famous" (s 3). This appears to require a greater reputation than that required for a mark to be well known.

relation to identical or similar goods or services. Its application to the problems of Internet infringement is thus limited.

After a survey²⁹ of the international protection of famous and well-known marks in terms of the Paris Convention,³⁰ as extended by the TRIPS Agreement,³¹ WIPO's Report³² notes four areas of conceptual difficulty that need to be considered as far as the protection of famous and well-known marks in cyberspace is concerned.

The first problem is that the Paris Convention and TRIPS Agreement are directed at the protection of famous or well-known marks against the registration or use of infringing marks. Domain names are often not used to identify goods and services with their producer or seller.³³ The second problem is that the protection of famous and well-known marks under these international instruments extends only to those countries the competent authorities of which consider a mark famous or well known. Here the problem is to identify the relevant territory in the case of a gTLD.³⁴ Thirdly, while there is an international obligation to protect famous and well-known marks, there is no established treaty definition of what constitutes such a mark.³⁵ Instead, the interpretation of this concept is left to national legislation.³⁶

Fourthly, while the protection of famous marks has increasingly been implemented at national level, the protection of well-known marks exists often only in respect of the registration or use of a confusingly similar mark relating to the same goods or services as those for which the well-known mark is registered or used. Anyone may register a .com domain name without undertaking any commercial activity, or a .net name while undertaking commercial activity completely unrelated to the provision of Internet services.³⁷

7.3.2 *The Anticybersquatting Consumer Protection Act*

In November 1999 the US Congress passed the Anticybersquatting Consumer Protection Act (ACAP) and introduced a new federal cause of action and remedies against cybersquatting, a practice that has probably led to more litigation than any other Internet-related activity.³⁸

The ACAP creates a cause of action against anyone who, with bad-faith intent to profit from the goodwill of another's trade mark or service mark, "registers, traffics

²⁹ Ibid. 252–256.

³⁰ Art. 6*bis*.

³¹ Art. 16(2) and (3).

³² "The management of internet names and addresses: Intellectual property issues", 30 April 1999, www.wipo.int/amc/en/docs/report-final1.pdf.

³³ Ibid. para. 258.

³⁴ Ibid. para. 259.

³⁵ Art. 16(2) of the TRIPS Agreement merely states that when "determining whether a trade mark is well known, Members [of the World Trade Organisation] shall take account of the knowledge of the trade mark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trade mark".

³⁶ "The management of internet names and addresses: Intellectual property issues", 30 April 1999, www.wipo.int/amc/en/docs/report-final1.pdf, para. 260.

³⁷ Ibid. para. 261.

³⁸ The Anticybersquatting Consumer Protection Act of 1999, Pub. Law 1106-113 (29 November 1999) codified at 15 USC §§ 114, 116, 117, 1125, 1127, 1129 (1999).

in, or uses a domain name that is identical to or confusingly similar to or in the case of a famous mark, dilutive of, such a mark without regard to the goods or services of the party".³⁹ The legislative history of 15 USC § 1125(1)(A) indicates that it is intended to apply to domain names, and more particularly to cybersquatting.⁴⁰

The elements of this cause of action created by 15 USC § 1125(1)(A) are

- ☐ the ownership of a protectable mark;
- ☐ the defendant's bad-faith intent to profit from the mark;
- ☐ registration of, trafficking in or use of a domain name that infringes the mark, or dilutes a famous mark; and
- ☐ the fact that the defendant is the domain-name registrant or the registrant's licensee.

The ACAP lists nine factors to guide a court's determination whether a domain was registered with the requisite bad faith:

- ☐ the person's intent to divert consumers from the mark owner's website;
- ☐ the person's offer to transfer the domain name to the mark owner or a third party;
- ☐ the person's providing false contract information when applying for the registration;
- ☐ the person's registration of multiple domain names with the knowledge that the names are confusingly similar to the marks of others; and
- ☐ the extent to which the mark used in the domain name is distinctive or famous.⁴¹

The ACAP amends sections 34(a) and 35(a) of the Lanham Act expressly to allow the courts to grant the same injunctive and monetary relief and statutory damages for cybersquatting.⁴² The court may order forfeiture or cancellation of the domain name, or transfer the domain name to the owner of the mark.⁴³

To address the difficulty of locating domain-name registrants, the Act allows a plaintiff to file an *in rem* action against a domain name itself when he or she is unable to obtain *in personam* jurisdiction over the domain name's owner or when the owner cannot be located.⁴⁴ To verify that the registrant cannot be located, the plaintiff must try publish notification of his or her intent to bring a suit, by postal and electronic mail at the address the registrant provided to the registrar.⁴⁵

The ACAP also creates a new cause of action for domain registrations of individuals' names, subject to a good-faith exception.⁴⁶

³⁹ 15 USC § 1125(d)(1)(A).

⁴⁰ See Loundy "A primer on trademark law and Internet addresses" 1997 (15) *John Marshall Journal of Computer and Information Law* 474.

⁴¹ See 15 USC § 1125(d)(1)(B)(i)(I)-(IX).

⁴² See 15 USC § 1125(d)(2).

⁴³ 15 USC § 1125(d)(1)(C).

⁴⁴ See 15 USC § 1125(d)(2)(A)(i)-(ii).

⁴⁵ See 15 USC § 1125(d)(2)(A)(ii)(II)(aa).

⁴⁶ See 15 USC § 1125(d)(1)(A)(i).

Leaffer⁴⁷ notes that while the ACAP provides important tools for fighting cyber-piracy it does not address two significant problems arising from the domain system. First, the ACAP does not address the problem that occurs when two persons with legitimate rights in a mark wish to register the same domain name or when two persons unaware of each other's rights register a domain name.⁴⁸ He notes that each domain name must be unique to a single owner for its Internet function to work, whereas trade-mark law accommodates the use and registration of the same mark by two different parties when there is no likelihood of confusion.⁴⁹ A complicating factor is that domain names serve both a purely technical function and a trade-mark function.⁵⁰ Secondly, the ACAP does not deal with the problem of the "warehousing" of domain names.⁵¹ As Leaffer notes, this warehousing phenomenon imposes costs on the system and may lead to a scarcity of domain names.⁵²

7.4 Protection of well-known marks in South Africa

Well-known marks are protected against the registration of a trade mark that constitutes a reproduction, imitation or translation of that well-known mark, in relation to identical or similar goods or services, which reproduction, imitation or translation is liable to create deception or confusion.⁵³ Section 35 prohibits the unauthorised use of an unregistered mark, which is well-known in South Africa, in relation to goods or services for which the mark is well-known that is liable to create deception or confusion. This protection is extended to well-known marks irrespective of whether the marks are used in South Africa or not.

Trade-mark infringement traditionally occurs when unauthorised use is made in the course of trade of a mark which is identical or confusingly similar to a registered mark and in relation to goods or services that are the same as or similar to those to which the registered trade mark relates.⁵⁴ Section 34(1)(c) of the Trade Marks Act⁵⁵ offers trade-mark proprietors additional protection when their mark is also well known. It is an infringement to make unauthorised use of a well-known mark in the course of trade in any goods or services, if such use is likely to take unfair advantage of or be detrimental to the distinctive character or reputation of the well-known mark.

A trade-mark proprietor who wishes to rely on trade-mark dilution as a cause of action faces the following challenges in terms of section 34(1)(c) of the Trade Marks Act. He or she has to prove that the trade mark qualifies as a well-known mark, that the allegedly infringing mark has been used in the course of trade, albeit in relation to any goods or services, and that such use is likely to dilute the distinctive character

47 Leaffer "Current developments in trademark law" 19-1.

48 Ibid 19-6.

49 Ibid.

50 Ibid. 19-6-19-7.

51 "Warehousing" is the practice of registering domain names for the purpose of eventually selling them at a later for a profit.

52 Leaffer "Current developments in trademark law" 19-7.

53 See s 10(6) of the Trade Marks Act 194 of 1993.

54 See s 34(1)(a)-(b) of the Trade Marks Act 194 of 1993.

55 Act 194 of 1993.

of the registered trade mark.⁵⁶ When all these elements are present, trade-mark dilution is deemed to have taken place.

7.4.1 When is a mark well known?

The phrase "well known" is not defined in the Trade Marks Act. In *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Another; McDonald's Corporation v Dax Prop CC and Another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC*⁵⁷ the court held, in the context of section 35 of the Act, that the degree of knowledge required for a trade mark to be well known is similar to that in a passing-off action. It is sufficient, therefore, for the trade mark to have acquired a reputation in South Africa among a substantial proportion of the public or persons interested in the goods or services in question. In terms of the presumption that the same expression in every part of a statute bears the same meaning, courts may well give the same meaning to the phrase "well known" in the dilution provisions.⁵⁸

In *Safari Surf Shop CC v Heavywater and Others*⁵⁹ the court held that, when trade-marked goods are available in only one part of South Africa, it is sufficient, for the purposes of section 34(1)(c) of the Trade Marks Act, that the trade mark is well known in that part of South Africa. In such a case, knowledge of the trade mark need not pervade the whole country. But the court refrained from giving any guidelines on the degree of public awareness of the trade mark that is required.⁶⁰

7.4.2 Use in the course of trade

The phrase "use in the course of trade" in the context of the dilution provisions should be interpreted widely. Use in the course of any trade should suffice.⁶¹ Both American and British courts have given a liberal interpretation to the "use in commerce" requirement for trade-mark dilution.⁶² They have held that it is not necessary to "sell" or "trade" in any goods or services to clear the "use in commerce" or "use in the course of trade" hurdle: any trade will do.⁶³

Three American cases are of particular note. In *Planned Parenthood Federation of America Inc v Bucci*⁶⁴ the defendant was a political activist who solicited funds for his activities. The court found that his use of the plaintiff's trade mark as a domain

56 See Rutherford "Misappropriation of the advertising value of trade marks, trade names and service marks" 55-57 for an explanation of the reason for the introduction of anti-dilution provisions in trade-mark legislation.

57 1997 (1) SA 1 (A).

58 See Webster and Page *South African Law of Trade Marks* 4 ed para. 12.27.

59 [1996] 4 All SA 316 (D).

60 See Collen "Secondary meaning and the Internet mega-brand" (1998) 113 *Trademark World* 23.

61 Contra Partington "Telkom and domain name rights" 13 August 2004, www.legalbrief.co.za/view_1.php?artnum=17199 (accessed August 2004). Partington argues that the use of the name Telkom in the domain name is not use in the course of trade and therefore not a trade-mark infringement.

62 See Rutherford "Well-known marks on the Internet" 2000 SA *Merc LJ* 179. See also *Marks & Spenser plc v One in a Million Ltd*; *Virgin Enterprises Ltd v One in a Million Ltd*; *British Telecommunications plc v One in a Million Ltd* [1998] FSR 265; *Panavision International LP v Toeppen* 141 F 3d 1316 (9th Cir 1998), 945 F Supp 1296 (CD Cal 1996).

63 See Rutherford "Well-known marks on the Internet" 2000 SA *Merc LJ* 180 fn. 44.

64 42 USPQ 2d 1430 (SDNY 1997) aff'd 1998 WL 336163 (CA 2 1998).

name ("plannedparenthood.com") and use of the mark on his web page constituted use in commerce. The court advanced three reasons for its finding: first, the defendant's website promoted the sale of a book; secondly, he was a political activist who solicited funds for his activities; and, thirdly, his actions were designed to harm the plaintiff commercially by preventing it from promoting its reproductive-health-care services on the Internet.

In *Jews for Jesus v Brodsky*⁶⁵ the owners of the trade marks "Jews for Jesus" and "Jews f*r Jesus" brought an action for trade-mark infringement against the domain-name registration jewsforjesus.org, claiming that the domain name diluted the trade mark. The court held that, because the defendant's site made disparaging statements about the plaintiff's organisation and contained links to other sites containing information critical of and contrary to the plaintiff's teachings, the conduct amounted to "blurring" and "tarnishment".⁶⁶ On the question of the commercial use of the mark the court conceded that the defendant's site was not soliciting funds, as did that of the defendant in the *Planned Parenthood* case,⁶⁷ but held that the mere fact that a hyperlink on the website linking it to other commercial websites can by itself constitute use in commerce. The court found the defendant's site to be a conduit to a commercial site, the Outreach Judaism Organisation.⁶⁸

The ambit of commercial use was also analysed in *People for Ethical Treatment of Animals Inc v Doughney*.⁶⁹ In this case a trade-mark-infringement action arose from the registration of the domain name Peta.org, the website of which was set up by a group called People Eating Tasty Animals as a parody of the organisation People for the Ethical Treatment of Animals (PETA). The court held that, under the Lanham Act,⁷⁰ proof of use of the offending PETA mark in connection with the offering for sale, distributing or advertising of goods and services does not require showing that the defendant actually placed goods or services into the stream of commerce.⁷¹

The court held that the term "services" could include the dissemination of information, including purely ideological information.⁷² The use of the domain name was held to be use of the PETA trade mark in connection with goods or services because it was used in connection with the distribution of services.⁷³ The reasons for the court's conclusion were that the defendant's use of the domain name might prevent users of PETA's services from reaching its Internet website and that Peta.org had over thirty links to commercial operations offering goods and services.⁷⁴ Most importantly, the

65 993 F Supp 282 (DNJ 1998).

66 Ibid. 307.

67 *Planned Parenthood Federation of America Inc v Bucci* 42 USPQ 2d 1430 (SDNY 1997) affd 1998 WL 336163 (CA 2 1998).

68 *Jews for Jesus v Brodsky* 993 F Supp 282 (DNJ 1998) 308. The court held that the site is a conduit to this commercial site, notwithstanding the disclaimer on the site.

69 113 F Supp 2d 915 (ED VA 2000).

70 Trademark Act of 1946 (15 USC 1125).

71 113 F Supp 2d 915 (ED VA 2000) 919.

72 The court in *People for Ethical Treatment of Animals Inc v Doughney* 113 F Supp 2d 915 (ED VA 2000) 919 referred to *United We Stand America Inc v United We Stand America New York* 128 F 3d 86 89-90 and noted that the term "services" has been interpreted broadly as including the dissemination of information, including purely ideological information.

73 113 F Supp 2d 915 (ED VA 2000) 919.

74 Such as fur, leather, equipment and guide services.

court held that even one such link is sufficient to establish the commercial-use requirement under the Lanham Act.⁷⁵

7.4.3 Dilution

The most common form of dilution is dilution by blurring – the gradual disassociation in consumers' minds of the trade mark from the proprietor's product. Blurring takes place when the offending use, which is in relation to non-competing goods, dilutes the uniqueness and distinctiveness of the mark.⁷⁶ Ginsburg⁷⁷ notes that although prospective customers are not confused as to source, the offending use dilutes the uniqueness and distinctive ability of the trade mark to identify and distinguish one source.

Dilution may also occur by what is known as tarnishment. This occurs when the well-known trade mark is used in relation to inferior products, or in a degrading or offensive context which leads to an unfavourable association in the public's mind.

Thus, the trade mark is diluted not only by the erosion of its distinctive character but also by the tarnishing of its positive reputation and good name when it is parodied or used in an offensive or negative context.⁷⁸ In other words, detriment can entail either making the mark less attractive (tarnishing) or less distinctive (blurring).⁷⁹

7.4.3.1 Tarnishment

Tarnishment has also been described as a loss of positive associational value.⁸⁰ One of the famous cases on tarnishment involved perfume and sewage. The German Federal Supreme Court prohibited the use of the mark "4711" on the side of a van of a sewage company. The court held that even though the numbers represented the telephone number of the company, their use was offensive in that it tarnished the well-known mark "4711" in respect of perfume.⁸¹

In *Triomed (Pty) Ltd v Beecham Group plc*⁸² tarnishment was described as an unfavourable association between the well-known registered mark and the mark of a defendant.⁸³ The court noted that tarnishment is an impairment of the well-known mark's capacity to stimulate the desire to buy.⁸⁴

Well-known examples of tarnishment include the parody of the trade mark "Cabbage Patch Kids" by "Garbage Pail Kids", and "Enjoy Cocaine" in the famous "Coca-Cola" script.⁸⁵ Furthermore, a trade mark was held to have been tarnished when a

75 113 F Supp 2d 915 (ED VA 2000) 919. The court referred to *Planned Parenthood Federation of America Inc v Bucci* 42 USPQ 2d 1430 (SDNY 1997) affd 1998 WL 336163 (CA 2 1998) 1435 and *Jesus for Jesus v Brodsky* 993 F Supp 282 (DNJ 1998) 308–309.

76 See Webster and Page *South African Law of Trade Marks* para. 12.24.

77 "Trade-mark dilution" 37.

78 Ibid.

79 See *DaimlerChrysler AG v Javid Alavi (t/a Merc)* [2001] RPC 42.

80 See Ginsburg "Trade-mark dilution" 40.

81 See Webster and Page para. 12.24.

82 2001 (2) SA 522 (T).

83 Ibid. 557C.

84 Ibid. 557C–D.

85 Ibid.

well-known American beer manufacturer's slogan, "Where there is life . . . there's Bud", was adapted to "Where there is life . . . there's bugs".⁸⁶

In a recent case in the United Kingdom, *Premier Brands UK Ltd v Typhoon Europe Ltd*,⁸⁷ a well-known registered trade mark for tea, "Ty.Hoo", was alleged to have been tarnished by the trade mark "Typhoon" which was used in relation to kitchen ware. The court rejected the plaintiff's claim that the "Ty.Hoo" trade mark would be tarnished by the "Typhoon" sign because of the latter's association with the destructive power of tropical cyclones.⁸⁸ The court held that neither the trade-mark statute nor case-law in the United Kingdom suggests that it is unlawful to play on a mark to comic effect.⁸⁹

7.4.4 Freedom of expression: Parody and social comment⁹⁰

There are examples where of courts' upholding parodies of trade marks. For example, in the American case *Hormel Foods Corp v Jim Henson Productions*⁹¹ the use of the trade mark "Spa m" (a registered trade mark for spiced ham luncheon meat) for the name of a wild-boar character "Spa'am" in the *Muppets Treasure Island* film was held not to dilute the mark. The court held that there was no blurring: on the contrary, the joke magnified the mark and increased its fame. The court also held that the mark was not tarnished as the character was likeable and positive.⁹²

The question arose recently in South Africa whether the unauthorised use of someone else's registered trade mark in the registration of a "protest" domain name (with appropriate indications of disassociation, as in "telkomsucks.co.za" and "fuck-telkom.co.za"⁹³) could constitute trade-mark infringement.⁹⁴

This issue first arose in *SAB International t/a Sabmark International v Laugh It Off Promotions*⁹⁵ in which the court ruled on a dispute central to freedom of expression and the tarnishment of trade marks. This case, together with *Laugh It Off Promotions CC v SAB International (Finance) BV*,⁹⁶ is central to the debate about the relationship between freedom of expression and trade-mark protection. Two considerations may assist in the quest to determine where the thin line between freedom of expression, on the

86 See Reed *Internet Law: Text and Materials* 44, citing *Chemical Corporation of America v Anheuser-Busch Inc* 306 F2nd 433 (5th Cir 1952) and *Deere & Co v MTD Products Inc* 41 E 3d (2nd Cir 1994).

87 [2000] FSR 767 776.

88 See Dagg and Alonko "News" 2004 (79) *Marques Newsletter* 6-7.

89 Ibid. 7.

90 This discussion is partly based on Pistorius "Trade-mark tarnishment: Should we 'Laugh It Off' all the way to 'Telkomsucks' and 'Helkom'?" 2004 *SA Merc LJ* 727-740.

91 73 F3d 497 (2nd Cir 1996).

92 Ibid. 503-504. See also Edwards and Waelde *Law and the Internet: A Framework for Electronic Commerce* 151.

93 See Pistorius "Trade-mark tarnishment: Should we 'Laugh It Off' all the way to 'Telkomsucks' and 'Helkom'?" 2004 *SA Merc LJ* 727-740. This domain name was registered in protest against the actions against www.telkomsucks.co.za and www.hellkom.co.za - see www.itweb.co.za/sections/feedback/feedcopy.asp?CommentID=3481.

94 See Vecchiato "FXI slams Telkom over Hellkom" 13 August 2004, www.itweb.co.za/sections/telecoms/2004/0408131116.asp?S=Business&A=BUS&; Burt "Constitutional protection of parody not to be laughed off" 30 September 2003, www.legalbrief.co.za/view_1.php?artnum=12298 (accessed 21 August 2004).

95 [2003] 2 All SA 454 (C).

96 2006 (1) SA 144 (CC).

one hand, and statutory protection of trade marks, on the other, may be found: (a) what constitutes "commercial use" or "use in the course of trade in relation to goods or services" as far as websites are concerned and (b) when does protected freedom of expression cross the line to amount to infringing dilution – more specifically, to tarnishment?

7.4.4.1 *SAB v Laugh It Off*

In *SAB v Laugh It Off Promotions*⁹⁷ the applicant (SAB) applied for an interdict restraining the respondent from infringing its registered trade mark "Carling Black Label". The respondent sold T-shirts bearing marks which were similar to the applicant's trade mark. The T-shirt design in question depicted the words "Black Labour" (parodic replacements for "Black Label") together the slogan "Africa's lusty, lively exploitation since 1652" (parodying the SAB mark's "America's lusty, lively beer"), as well as "White" and "Guilt" (replacements for respectively "Carling" and "Beer"). SAB claimed that, in terms of section 34(1)(c) of the Trade Marks Act 194 of 1993, such use of their well-known trade mark was likely to take unfair advantage of or be detrimental to the distinctive character or repute of the mark, even in the absence of confusion or deception.⁹⁸ The respondent submitted that its use of the trade marks was lawful as it merely made social commentary in the form of lampooning or satire, which it is entitled to do by virtue of the Constitution of the Republic of South Africa, 1996 which guarantees freedom of speech.⁹⁹

Indeed, section 16(1) of the Bill of Rights in the Constitution guarantees everyone the right to freedom of expression, which includes freedom of the press and media, freedom to receive or impart information or ideas, and the freedom of artistic creativity, academic freedom and of scientific research. However, freedom of expression is not absolute and is limited by laws of general application, such as intellectual-property laws. A person's right to freedom of expression may thus be limited if it is in conflict with another person's right to a trade mark.¹⁰⁰

In *SAB v Laugh It Off Promotions*¹⁰¹ the court held that particulars had to be furnished of how the use of the mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the appellant's trade mark. The court concluded that marks will be likely to give offence to any class of persons if such marks *ex facie* offend because of their content.¹⁰² It held further that the fundamental right of freedom of expression should allow unauthorised use of a trade mark for the purposes of parody and social comment.¹⁰³ Referring to *Tommy Hilfiger Licensing Inc v Nature Labs*¹⁰⁴ the court added that parody and social comment may

97 *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C).

98 *Ibid.* 456i–457c. Of course, it is not necessary to prove confusion or deception in the case of infringement by dilution.

99 *Ibid.* 461i–462a.

100 In general, see *Burns Communications Law* 51–132.

101 *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C) 460b–d.

102 *Ibid.* 461c–d. Here the court referred to the opinion of Webster and Page para. 12.24 and their discussion of the meaning "likely to give offence" in the context of s 10(12) of the Trade Marks Act 194 of 1993.

103 *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C) 461i–462a.

104 LLC No. 99 CIV10713 MBM, as quoted in *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C) 462g.

not be offensive to the point where it exceeds a harmless clean pun and tarnishes a mark's reputation.¹⁰⁵

The court rejected the respondent's argument that the latter's use of the applicant's marks was justified because such use was an expression of the respondent's right to freedom of artistic activity.¹⁰⁶ The court held that such use exceeds the limits of freedom of speech and expression afforded the applicant by the Constitution. The dividing line between the freedom of speech and the statutory protection afforded the applicant is a thin one.¹⁰⁷

The court decided that the respondent's lampooning or parodying was not a "harmless clean pun" merely parodying or poking fun at the applicant's marks but went further by introducing the race factor, something which our Constitution and our new democracy are at pains to avoid.¹⁰⁸ While the respondent's use of the marks might not have amounted to hate speech as contemplated in section 16(2)(c) of the Constitution, it could be said to border on hate speech.¹⁰⁹ The court also referred¹¹⁰ to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act¹¹¹ in terms of which it viewed the respondent's use of the applicant's mark as intentionally hurtful or harmful to the applicant in as much as such actions were based on race, ethnic or social origin, and colour.¹¹²

The court said that the line between freedom of expression and the infringement of laws of general application is a thin one, one that had been transgressed by the respondent.¹¹³ The court held that the respondent had been deliberately exploiting the applicant's mark for commercial gain and that the respondent could not sell its products without using the mark.¹¹⁴ The court consequently upheld the applicant's claim that the trade mark had been infringed. The respondent appealed against the decision.

The much-anticipated appeal judgment was delivered by the Supreme Court of Appeal in *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International*.¹¹⁵ The issues central to this case were once again the interaction between trade-mark protection and freedom of expression. The court referred to the general concern regarding the pervasiveness of trade marks and noted that intellectual-property rights have no special status.¹¹⁶ In the court's view, it was venturing

105 See *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C) 462g.

106 Ibid. 462h.

107 Ibid. 462j.

108 Ibid. 463a-b.

109 Ibid. 463b.

110 Ibid. 463b-c.

111 Act 4 of 2000.

112 See Smith "No laughing matter: Free speech, race hate and trademark politics" (2003) 159 *Trademark World* 17-19; Alberts "Who's laughing now?" (2003) 159 *Trademark World* 20-22. Alberts (at 22) argues that various other alternative avenues of communication were open to Laugh It Off and that it is doubtful, having regard to the findings of the court, that Laugh It Off was more interested in making a point about racial exploitation than it was in exploiting a well-known trade mark.

113 *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C) 462h-i.

114 Ibid. 462i-463a.

115 [2004] 4 All SA 151 (SCA), 2005 (2) SA 46 (SCA).

116 2005 (2) SA 46 (SCA) 53F-G.

into the "virgin territory" of the impact of freedom of expression on intellectual-property rights.¹¹⁷

The court noted that section 34(1)(c) of the Trade Marks Act should be interpreted in the light of the Constitution so as not to restrict unduly freedom of expression. This requires a weighing-up of the right to freedom of expression against a trade-mark owner's rights of property, and freedom of trade, occupation and profession.¹¹⁸ The court noted that since neither trade-mark rights nor freedom of expression is absolute, a balance between them should be attained. The court found the appellant's interpretation of the message it sought to convey, namely a criticism of the methods used by the respondent to market its beer, strained,¹¹⁹ and upheld the respondent's contention that the message conveyed by the T-shirts would be likely to create a particularly unwholesome, unsavoury and degrading association with Sabmark's marks and that anyone who has seen the appellant's T-shirts would not thereafter be able to disassociate it from Sabmark's trade marks.¹²⁰

The court then turned to the justification of freedom of expression. It held that it is important to note what section 34(1)(c) does not forbid. A caricature of a mark may be used in the course of trade but not in relation to goods or services, or it may be used on goods or services but not in the course of trade.¹²¹ The court noted that, while a T-shirt is a powerful medium of communication in the same class as one-liners, sound bites and SMS messages,¹²² it is primarily a marketable commodity.¹²³

It noted further that, in general, sex- and drug-related parodies are frowned upon by courts, even if the parodies are clever or funny, simply because the prejudice to the trade-mark owner tends to outweigh the freedom of expression.¹²⁴ Similarly, unfair or unjustified racial slurs will in general not be countenanced.¹²⁵ Pure derisory parody of a mark should not be entitled to protection. The message a parodied mark conveys is important, as pure mockery or scorn do not fall within the realm covered by the freedom of expression.¹²⁶ As far as the fair use of a copyright work for the purpose of criticism or comment is concerned, the court noted that parody needs to mimic an original work to make its point, needs to use some elements of a prior author's composition to create a new one, as it comments on that author's work.¹²⁷ However, for parody to be fair, relevant factors need to be taken into account, such as the purpose and character of such use.

The court noted that the use of a parodied copyright work to advertise a product is treated with less indulgence than the sale of the parody itself¹²⁸ and held that, as is

117 Ibid. 53G–54A.

118 Ibid. 57D–F.

119 Ibid. 59B.

120 Ibid. 59D–E.

121 Ibid. 60C–D.

122 Ibid. 60A–B.

123 Ibid. 61C.

124 Ibid. 61A–B. The court discussed at 55A–D three cases in which trade marks such as "American Express" and "Mars" and slogans such as "Don't leave home without it" were used in relation to condoms, which use was held to constitute tarnishment.

125 Ibid. 61B.

126 Ibid. 61E–F.

127 Ibid. 62A–E.

128 Ibid. 62E–F.

the case with copyright infringement, parody cannot *per se* be a defence against trade-mark infringement. It is simply a factor to be used in determining whether the appellant's use of the respondent's mark is constitutionally protected.¹²⁹

The court referred to *Greenpeace France v Esso*¹³⁰ in which Greenpeace used the mark "E\$\$O", parodying the trade mark "ESSO", in commenting on Esso's poor environmental record. E\$\$O was used for polemic purposes and not to promote the products or services of Greenpeace; its use was thus regarded as non-commercial parody within the limits of the exception.¹³¹ The court also referred to the German legal protection against dilution "without due course"¹³² and concluded that the appellant's reliance on parody as a defence was misconceived. The court held that Laugh It Off's use of the SAB mark in relation to T-shirts was detrimental to the reputation of the mark, and concluded that no justification existed for the unfair use of the mark. The court found that the appellant had not exercised its freedom of expression: it abused it.¹³³ The appeal was accordingly dismissed. The appellant then appealed to the Constitutional Court.

7.4.4.2 The Constitutional Court: Questions about the medium, the message and the manner

In the Constitutional Court decision *Laugh It Off Promotions CC v SAB International (Finance) BV*¹³⁴ Moseneke J held that it is trite that in our constitutional democracy the requirements of section 34(1)(c) of the Trade Marks Act¹³⁵ ought to be understood through the prism of the Constitution and specifically that of the free-expression guarantee.¹³⁶ The Constitutional Court criticised the Supreme Court of Appeal's two-stage approach in terms of which one first finds an infringement of the section and only thereafter determine whether the infringement is excused by an assertion of freedom of expression.¹³⁷ The injunction to construe statutes in accordance with the Constitution means that, when reasonably possible, courts are obliged to promote the rights entrenched by the Constitution.¹³⁸

The Constitutional Court noted that the anti-dilution prohibition in section 34(1)(c) seeks, in effect, to oust certain expressive conduct in relation to registered

129 Ibid. 63A–B.

130 Ibid. See *Greenpeace France v Esso* (general index registration number 2002/16307, 2002/17820, Paris Court of Appeal, 14th Chamber, Section A, 26 February 2003) in 2004 (3) *International Review of Intellectual Property and Competition Law* 342–343.

131 Ibid. 63B–E. See also the court's discussion of the parody of the Barbie-doll lifestyle in *Mattel Inc v Walking Mountain Productions US* 353 F3d (9th Cir 2003).

132 *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International* [2004] 4 All SA 151 (SCA), 2005 (2) SA 46 (SCA) 64D–G.

133 Ibid. 64H–I.

134 2006 (1) SA 144 (CC).

135 Act 194 of 1993.

136 *Laugh It Off Promotions CC v SAB International (Finance) BV* 2006 (1) SA 144 (CC) para. 43.

137 Ibid.

138 Ibid. para. 44. In fn. 42 the court referred to s 39(2) of the Constitution; *Daniels v Campbell NO and Others* 2004 (7) BCLR 735 (CC), 2004 (5) SA 331 (CC) paras 43–46 and 81–82; *Investigating Directorate: Serious Economic Offences and Others v Hyundai Motor Distributors (Pty) Ltd and Others: In re Hyundai Motor Distributors (Pty) Ltd and Others v Smit NO and Others* 2001 (1) SA 545 (CC).

marks with repute,¹³⁹ thus limiting the right to free expression embodied in section 16(1)(a) to (c) of the Constitution. Section 34(1)(c) has to be construed in a manner most compatible with and least destructive of the right to free expression.¹⁴⁰ The reach of the statutory prohibition must be curtailed to the least intrusive means necessary to achieve the purpose of section 16.¹⁴¹ The anti-dilution safeguard of renowned trade marks must not be converted into a monopoly adverse to other claims of expressive conduct of at least equal cogency and worth in our broader society.¹⁴²

The court said that the internal limitations of section 34(1)(c) set standards of fairness and materiality. Infringement of a trade mark may occur only if "unfair advantage" is taken of or "unfair detriment" caused to the mark. Such advantage and detriment must not be flimsy or negligible, but likely to cause substantial harm to the uniqueness and repute of the mark.¹⁴³ The court noted that section 34(1)(c) does not limit use that takes fair advantage of the mark or does not threaten substantial harm to the reputation of the mark, or indeed that may lead to harm but in a fair manner. What is fair will have to be assessed case by case with due regard to the facts and context of the case.¹⁴⁴ The court noted that marginal detriment or harm unrelated to the commercial value that vests in the mark itself would be insufficient. It held that to be successful in a trade-mark dilution case, the trade-mark owner must establish "a likelihood of substantial economic detriment" to the mark.¹⁴⁵ The court noted that protection against tarnishment is in essence protection against detriment to the reputation of the mark, not against the dignity but the selling magnetism of the mark.¹⁴⁶ In an open democracy valuable expressive acts in public ought not to be lightly trampled upon by marginal detriment or harm unrelated to the commercial value that vests in the mark itself.¹⁴⁷

The respondent put forward no facts dealing with the probability of trade or commercial harm. No evidence, direct or inferred, was adduced to establish the likelihood of detriment, through either unfavourable associations that might have been created between the registered marks and the illustration on the T-shirts or the likelihood of loss of sales as a result of the reduced commercial magnetism of the mark.¹⁴⁸ The Constitutional Court noted that no likelihood of economic prejudice was established; therefore the action for trade-mark infringement failed.¹⁴⁹ Secondly, when no economic harm has been shown, the fairness of parody, satire or lampooning does not fall to be considered. The court held that the mere characterisation of an expression as parody or satire is not decisive of what is fair use in terms of the anti-dilution protection of section 34(1)(c) because ordinarily all categories of expression,

139 *Laugh It Off Promotions CC v SAB International (Finance) BV* 2006 (1) SA 144 (CC) para. 48.

140 *Ibid.*

141 *Ibid.*

142 *Ibid.*

143 *Ibid.* para. 49.

144 *Ibid.* para. 50.

145 *Ibid.* para. 56.

146 *Ibid.*

147 *Ibid.*

148 *Ibid.* paras 57–58.

149 *Ibid.* para. 65.

save those excluded by the Constitution itself, enjoy constitutional protection and may be restricted only in a way authorised by the Constitution.¹⁵⁰

The impact of the recent Constitutional Court judgment of the SAB saga must be considered carefully. This decision raises a serious question. According to the court's reasoning the economic impact on an intellectual-property right may decide the fairness of an expression. Will the court's emphasis on the economic impact of the allegedly infringing use on the trade-mark rights apply equally to the limitation of the protection of other intellectual-property rights when the constitutional right to freedom of expression comes into play? It is submitted that evaluating in purely economic terms the harm and reputation caused to a mark is not a holistic approach. Hard currency and a healthy bank balance should not be benchmarks in determining the appropriate levels of intellectual-property protection.

7.4.4.3 Cybergripping and tarnishment

We now revert to the issue of the unauthorised use of someone else's registered trade mark in the registration of a "protest" domain name (with appropriate indications of disassociation such as "suck" in, for example, *telkomsucks.co.za*).¹⁵¹ Are they regarded as free speech or tarnishment? Furthermore, what are the legal consequences of the use of trade marks and parodied marks of a third party on the protest website itself?

It has been successfully argued in other jurisdictions that the registration of a "suck" domain name may be viewed as the legitimate use of a trade mark for the purpose of freedom of expression and/or fair use.¹⁵² However, the prevailing view of scholars is that cybergrippers cannot register a well-known trade mark simply by using a derogatory term; the fair comment must also be evident from the contents of the website.¹⁵³ This view is echoed by Alberts,¹⁵⁴ who claims that in some instances the message, and in others the medium, will be decisive in tarnishment cases. Therefore, to determine whether the cybergriper's use of the mark, or its parodied variations, falls within the ambit of the freedom of expression, the message the parodies communicate is paramount. To determine whether the allegedly infringing mark is used by the cybergriper in the course of trade, the medium in which the infringing mark is communicated is paramount.

It is submitted that neither the cybergriper's message nor the medium will be decisive in tarnishment cases because of the Constitutional Court's decision in the *Laugh It Off* case.¹⁵⁵ The impact of the Constitutional Court's judgment on consumers'

¹⁵⁰ Ibid.

¹⁵¹ See, for example, *telkomsucks.co.za* and *fucktelkom.co.za*. See also Sorgen "Trademark confronts free speech on the information superhighway: 'Cybergrippers' face a constitutional collision" (2001) 22 *Loyola of Los Angeles Entertainment Law Review* 115-152; Katz and Carnahan "Battling the 'CompanyNameSucks.com' cyberactivists" (2001) 13 (3) *Intellectual Property and Technology LJ*.

¹⁵² See *Wachovia Corporation v Alton Flanders* D2003-0596 (WIPO) available at www.wipo.int/amc/en/domains/decisions/html/2003/d2003-0596.html (accessed 1 January 2008).

¹⁵³ Ibid.

¹⁵⁴ See Alberts "Who's laughing now?" (2003) 159 *Trademark World* 22 on *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International* [2004] 4 All SA 151 (SCA), 2005 (2) SA 46 (SCA).

¹⁵⁵ *Laugh It Off Promotions CC v SAB International (Finance) BV* 2006 (1) SA 144 (CC).

right to cybergripe is clear: it has opened the floodgates to all who wish to gripe about bad service and bad products. It would seem that the presence of numerous active and commercial links or other signs of commercial activity on cybergrippers' and cybersquatters' websites will not be a determining factor in whether a trade-mark infringement has taken place, as was found in *People for Ethical Treatment of Animals Inc v Doughney*¹⁵⁶ and *Jews for Jesus v Brodsky*.¹⁵⁷ (The unauthorised use of a well-known mark in the course of trade will only infringe the trade-mark owner's rights if such use has caused considerable economic harm.) The message will only be deemed to be of importance once substantial economic harm has been established. Cybergripping would seem to be a problem only when the protestor gripes so effectively as to run someone out of business.¹⁵⁸

In addition to the right to freedom of expression, a defendant may raise the defence that the use of the trade mark is essential to indicate the nature of the goods or services offered.¹⁵⁹ For example, it may be argued that, to enable someone to host a discussion forum for disgruntled Telkom customers, the trade mark "Telkom" must be used to indicate the characteristics of the service. Such use would thus be bona fide.

7.5 Use of meta-tags

Meta-tags are keywords, written in computer code, which are invisible to the end-user and describe the contents of websites. They are recognised by search engines searching for websites with tags corresponding to a keyword entered by an end-user. Thus, using another's trade mark as a meta-tag can divert traffic to an unrelated website. The more often a keyword appears in the hidden code of a website, the higher a search engine will rank the site in its search results.

Inappropriate use of meta-tags may lead to significant intellectual-property disputes. Legal issues arise when a company developing a website includes the names or descriptions of other companies in its own source code. For example, were British Airways to use the keyword "Lufthansa" in its meta-tags, without Lufthansa's authorisation, Web surfers who use search engines to obtain information about Lufthansa would be directed to British Airways' website. This could result in a case involving trade-mark infringement and unfair competition.

In the United States an action for trade-mark infringement in respect of a registered¹⁶⁰ or unregistered trade mark¹⁶¹ requires the plaintiff to prove that he or she has a valid mark that is protected by the Lanham Act,¹⁶² that the defendant made unauthorised use in commerce of the valid mark in connection with the selling or advertising of goods or services, and that there is a "likelihood of confusion".¹⁶³

156 113 F Supp 2d 915 (ED VA 2000).

157 993 F Supp 282 (DNJ 1998).

158 See also the discussion under para. 7.6.3.6D below.

159 See s 34(2)(b) of the Trade Marks Act 194 of 1993.

160 See 15 USCS § 1114.

161 See USCS § 1125(a)(1).

162 Trademark Act of 1946 (15 USC 1125).

163 The Lanham Act 15 USC § 114, 1125(a).

American courts interpreting the Lanham Act long ago established that likelihood of confusion must be present before they grant a claim for trade-mark infringement. Thus, it is fair to say that the two key elements in a case of trade-mark infringement are "use in commerce" and "confusion".¹⁶⁴

For the purposes of the Lanham Act a trade mark is used in commerce

when it issued or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.¹⁶⁵

The "use in commerce" requirement is established in terms of the Lanham Act when defendants use trade marks in meta-tags.¹⁶⁶ Similarly, courts have found "use in commerce" when defendants used trade-marked terms in keying practices.¹⁶⁷ In cases involving keying practices, the defendants' search engines sold trade-marked keywords to their patrons. This practice was deemed to constitute "use in commerce".¹⁶⁸

However, American courts have held that there is no "use in commerce" in terms of the Lanham Act when defendants, through software programs, generate pop-up competitor Internet advertisements to appear on a competitor's website or when a customer types the trade-mark word as a search word.¹⁶⁹ A key element here is the fact that the machine-generated display of trade marks does not constitute "use in commerce" under the Lanham Act.¹⁷⁰ In *1-800 Contacts Inc v Whenu.com Inc*¹⁷¹ the court held that

A company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual's private thoughts about a trademark. Such conduct simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services.¹⁷²

Courts in other jurisdictions have come to similar conclusions. In the United Kingdom, for example, it was held in *Road Tech Computer Systems Limited v Mandata (Management and Data Services) Limited*¹⁷³ that the defendant's use of the claimant's trade

164 Arias "Internet law - 'use in commerce': Possible defense for search engine companies" www.ibls.com/internet_law_news_portal_view.aspx?s=articles&id=C02D429A-AEFB-419F-8931-EEE08C5B4178 (accessed 1 February 2008).

165 15 USC § 1127.

166 *Bihari v Gross* 119 F.Supp.2d 309 (SDNY 2000); *Brookfield Communications, Inc. v West Coast Entertainment* 174 F.3d 1036 (9th Cir 1999).

167 See *Playboy Enterprises Inc v AsiaFocus International Inc* 1998 US Dist. LEXIS 10459, 1998 WL 724000 (ED Va. 10 April 1998); *Geico v Google Inc* 330 F.Supp. 2d 700 (ED Va. 2004).

168 See Arias "Internet law - 'use in commerce': Possible defense for search engine companies".

169 This practice is also known as keyword banner advertising. See Marx "Domain name protection in South Africa" 2004 *Obiter* 121; Ebersöhn "Framing and intellectual property law" 2003 (1) *Juta Business Law* 10-14; *U-Haul Int'l, Inc v Whenu.com Inc* 279 F.Supp. 2d 723 (ED Va. 2003) 727.

170 See also *Fargo & Co v WhenU.com Inc* 293 F.Supp 2d 734 (ED Mich. 2003) 762 and *Interactive Products Corp v a2z Mobile Office Solutions* 326 F.3d 687 (6th Cir 2003) 695; *1-800 Contacts Inc v Whenu.com Inc* 309 F.Supp 2d 467 (SDNY 22 December 2003), reversed in part and remanded 414 F.3d 400 (2d Cir 27 June 2005).

171 309 F.Supp 2d 467 (SDNY 22 December 2003), reversed in part and remanded 414 F.3d 400 (2d Cir 27 June 2005).

172 *1-800 Contacts Inc v Whenu.com Inc and Vision Direct Inc* 414 F.3d 400 (2d Cir 27 June 2005) 406.

173 [1996] FSR 805; See *Trademark World* No. 137, May 2001, 35.

mark "Road Runner" as a meta-tag constituted a trade-mark infringement.¹⁷⁴ This was confirmed in *Reed Executive plc v Reed Business Information*.¹⁷⁵ Similarly, in *Emmanuel Odin v Sarl le Ludion*¹⁷⁶ the Paris Court of First Instance ruled that a company's reproduction, without authorisation, of its competitor's trade mark "odin" on its website's source page constituted a trade-mark infringement. The court reasoned that this use was likely to harm the trade-mark holder in that Internet users searching for the keyword "odin" by means of search engines would be directed to the site of the infringer.¹⁷⁷

Courts in India and Italy have found that companies' use of competitors' names as meta-tags amounts to unfair competition.¹⁷⁸ Several courts in the United States have regarded the practice of meta-tagging as potentially entailing trade-mark infringement, stating that such use might suggest sponsorship or authorisation by the trade-mark owner and that consumers looking for the products of the trade-mark owner might be misdirected and diverted to a competitor's website.¹⁷⁹

Courts in several countries have held that using another's trade mark as a meta-tag or in keyword banner advertising amounts to trade-mark infringement. These cases should be distinguished from those relating to pop-up advertisements where the trade mark is generated automatically or mechanically. Thus, search-engine companies may be liable for unauthorised "use in commerce" of trade-marked terms if they sell keying lists containing trade marks or use such marks as meta-tags.¹⁸⁰ It is also important to note, however, that advertising companies may make use of trade marks in advertisements without incurring liability for infringement if the software products they deploy generate the advertisements automatically.¹⁸¹

7.6 Management of the Domain Name System

7.6.1 South Africa's .za Domain Name Authority

South Africa's domain name registration has grown very informally since the Internet made its first appearance in the country in the 1980s.¹⁸² Until the enactment of the Electronic Communications and Transactions Act¹⁸³ (the ECT Act) the .za domain-name space was administered by UNINET.

The proposal of the Department of Communications that an independent Domain Name Authority be established for South Africa¹⁸⁴ was met with disbelief and strong

174 *Trademark World*, No. 150, September 2002, 21.

175 [2004] RPC 40.

176 TGI Paris Oct 29 2002.

177 *INTA Bulletin* No. 2, 15 January 2003, 6.

178 See paras 128 and 129 of the IP Survey at www.wipo.int/copyright/ecommerce/en/ip_survey/ip_survey.html.

179 *Ibid.*

180 *Ibid.*

181 *Ibid.*

182 Vecchiato "Domain name policy welcomed" 4 June 2007, http://uk.mydigitallife.co.za/index.php?option=com_content&task=view&id=1425&Itemid=2 (accessed March 2008).

183 Act 25 of 2002.

184 "Discussion paper on the establishment of an independent Domain Name Authority", April 2000 – see www.ecomm-debate.co.za.

opposition from industry.¹⁸⁵ The South African government was convinced, however, that its involvement in the .za DNS was crucial for the emerging information economy. The government believed that the policy-formulation process in the ICT arena should be inclusive of all stakeholders, or representatives of stakeholders, and the public. The view was also expressed that the new economy, like all other free-market economies, is not perfect and therefore requires the government's intervention, particularly in the formulation of policy, to extend services to both public institutions and citizens who wish to access such services.

Section 59 of the ECT Act¹⁸⁶ establishes a .za Domain Name Authority (Zadna) as a section-21 company. The objects, powers, and matters incidental to the incorporation of the company are provided for in the Act.¹⁸⁷ The Minister is empowered to establish a national policy concerning the .za DNS.¹⁸⁸ The Authority is responsible for administering and managing the .za domain name space; complying with international best practice in the administration of the .za domain name space; licensing and regulating registries and registrars; and publishing guidelines on the general administration and management of the .za domain name space, the requirements and procedures for domain-name registration and the maintenance of and public access to a repository.¹⁸⁹ The Authority "must enhance public awareness on [*sic*] the economic and commercial benefits of domain name registration".¹⁹⁰

The Act also makes provision for alternative dispute-resolution in the event of disputes arising from abusive domain-name registrations or other matters related to domain-name registrations.¹⁹¹ On 18 May 2007 the Zadna assumed responsibility for the .za domain-name space.¹⁹² Since its inception the Zadna has focused its efforts on developing suitable policies and procedures for improved management of the .za domain space.¹⁹³ At present, several organisations administer the various .za domain names.¹⁹⁴ On 30 July 2007 the Zadna's policies and procedures were published.¹⁹⁵ In terms of these policies a single registry model would be adopted and role-players invited to apply for licences as registry operators and registrars.¹⁹⁶ However, the

185 See Namespace ZA "Comments on the Electronic Communications and Transactions Bill Draft ECT bill submission – 2002-04-24" www.namespace.org.za (accessed July 2008).

186 Act 25 of 2002.

187 See in general ss 59–67.

188 S 68.

189 S 65(1) of Act 25 of 2002. See also Marx "Domain name protection in South Africa" 2004 *Obiter* 125–127.

190 S 65(2) of Act 25 of 2002.

191 S 69.

192 In terms of GN 458 in *Government Gazette* 29903 of 18 May 2007.

193 Vecchiato "Domain name policy welcomed" 4 June 2007, http://uk.mydigitallife.co.za/index.php?option=com_content&task=view&id=1425&Itemid=2 (accessed March 2008).

194 For instance, .co.za is administered by UniForum and .org.za by Internet Solutions. Other domain names, such as .alt.za, .mil.za, and .gov.za, are administered by other organisations, such as the South African National Defence Force, the State IT Agency, or even private individuals who do not have the infrastructure to support public domain names. When the licensing regime is introduced the DNA will administer these domains.

195 See "Policies and procedures for the .za name space www.zadna.org.za/policy/za.policy.and.procedures.20070802-GM.pdf (accessed April 2008).

196 *Ibid.*

Zadna has yet to promulgate licensing regulations with clear technical requirements.¹⁹⁷

7.6.2 Uniform dispute-resolution procedures

7.6.2.1 Introduction

Generally, the lack of harmonisation between the Domain Name System and laws protecting intellectual property has allowed a number of illegal practices to emerge, including the deliberate, bad-faith registration of well-known trade marks as domain names, a practice known as "cybersquatting". The ICANN has developed the Uniform Dispute Resolution Policy (UDRP),¹⁹⁸ allowing trade-mark owners to recover domain names that have been registered in bad faith, on the basis of recommendations in the First WIPO Internet Domain Name Process.¹⁹⁹

The UDRP is an essential part of the contract between each domain-name registrar involved in the registering of gTLDs and each domain-name registrant. To commence proceedings in terms of the UDRP, a complainant must submit a case to a provider of dispute-resolution services. The WIPO Arbitration and Mediation Center is internationally recognised as the leading dispute-resolution service provider in these disputes.²⁰⁰

ICANN also adopted UDRP Rules.²⁰¹ All administrative proceedings for the resolution of disputes under the UDRP are governed by these Rules and by the supplemental rules of the provider administering the proceedings.²⁰² The proceedings are designed to resolve conflicts between domain names and trade marks in open generic top-level domains (gTLDs). The UDRP proceedings are a purely administrative procedure conducted largely online, thus reducing the duration and costs of domain-name disputes. Useful especially when the parties reside in different countries, the UDRP is an efficient alternative to court litigation.²⁰³ However, it does not diminish either party's right to have the dispute resolved through the courts.

The panellists of the Center are guided by the following considerations in determining whether a domain name was registered and used in bad faith:

- 197 Du Toit "New domain name regulations" *ITWeb* 16 August 2007, <http://en.newspeg.com/actualite/Economy/New%20domain%20name%20regulations-3627098.news>.
- 198 See Uniform Domain Name Dispute Resolution Policy (adopted 26 August 1999 and implemented 24 October 1999) at www.icann.org/udrp/udrp-policy-24oct99.htm (accessed July 2008).
- 199 The Management of Internet Names and Addresses – Final Report of the WIPO Internet Domain Name Process, WIPO publication no. 439, available at <http://wipo2.wipo.int/process1/report> (accessed July 2008).
- 200 See <http://arbiter.wipo.int/domains>.
- 201 See the ICANN Rules for Uniform Dispute Resolution Policy (adopted 24 October 1999) at www.icann.org/udrp-udrp-rules-24oct99.htm (accessed July 2008).
- 202 See the WIPO Supplementary Rules for Uniform Dispute Resolution Policy (adopted 1 December 1999) at www.wipo.int/amc/en/domains/rules/supplemental/index.html.
- 203 See Christie "The ICANN domain name dispute resolution system: A model for other transborder intellectual property disputes on the Internet"; Donahey "Current developments in on-line dispute resolution"; Wilbers "Online arbitration of electronic commerce disputes" (1999) 27 *International Business Lawyer* 273; Ryan "Playing by the rules" 2001 (May) *De Rebus* 27–30; Hurter "An evaluation of selected aspects of the Alternative Dispute Resolution Regulations for the resolution of domain name disputes in the .za domain name space" 2007 *SA Merc LJ* 165–185.

- circumstances indicating that the domain name was registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain-name registration to the complainant who is the owner of the trade mark or service mark, or to a competitor of the complainant, for valuable consideration in excess of documented out-of-pocket costs directly related to the domain name;²⁰⁴
- the domain name was registered in order to prevent the owner of the trade mark or service mark from reflecting the mark in a corresponding domain name, provided that the holder has engaged in a pattern of such conduct;²⁰⁵
- the domain name was registered primarily for the purpose of disrupting the business of a competitor;²⁰⁶ or
- the domain-name holder has, by using the domain name, intentionally attempted to attract, for commercial gain, Internet users to a website or other on-line location, creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the domain-holder's website or location or of a product or service on that website or at that location.²⁰⁷

The Uniform Domain Name Dispute Resolution Policy also lists circumstances by which an accused domain-name holder may demonstrate her or his rights to or legitimate interests in the domain name:

- before any notice of the dispute is given to the domain-name holder, the holder uses, or makes demonstrable preparations to use, the domain name, or a name corresponding to the domain name, in connection with a bona fide offering of goods or services;²⁰⁸
- the domain-name holder (as an individual, business, or other organisation) has been commonly known by the domain name, even if the holder has acquired no trade-mark or service-mark rights;²⁰⁹ or
- the holder is making legitimate non-commercial or fair use of the domain name, without the intention of diverting consumers misleadingly for commercial gain or of tarnishing the trade mark or service mark at issue.²¹⁰

The WIPO receives complaints relating to a broad variety of trade marks, including well-known marks²¹¹ and the names of smaller enterprises and of famous individuals.²¹² Domain-name conflicts may also arise when the registrant of a domain name did not act in bad faith and uses the domain name for her or his own business or private purposes. In *Deutsche Shell GmbH (German branch of the oil company Shell) v Dr Andreas Shell*²¹³ Andreas Shell wanted to use his surname in the German ccTLD ".de"

204 See para. 4(b)(i) of the Uniform Domain-Name Dispute-Resolution Policy www.icann.org/udrp/udrp-policy-24oct99.htm.

205 See para. 4(b)(ii).

206 See para. 4(b)(iii).

207 See para. 4(b)(iv).

208 See para. 4(c)(i).

209 See para. 4(c)(ii).

210 See para. 4(c)(iii).

211 For example, bmw.org and nike.net.

212 For example, madonna.com.

213 Case decided by the German Supreme Court, 22 November 2001, reported in the *INTA Bulletin* 15 August 2002, 5.

for private purposes. He had no intention of competing with the Shell company or interfering with its business in any manner. Nevertheless the court ordered cancellation of the domain name because "Shell" is a famous trade mark and Internet users would expect a website shell.de to be run by the Shell company.²¹⁴

7.6.2.2 WIPO Panel Views on Selected UDRP Questions

The Overview of WIPO Panel Views on Selected UDRP Questions is a very useful document.²¹⁵ It summarises the views of adjudicators on the WIPO panel.²¹⁶

A Determination of rights

A complainant who owns a registered trade mark satisfies the threshold requirement of having trade-mark rights. The location of the registered trade mark and the goods and/or services it is registered for are irrelevant to the determination of the existence of rights in a mark.²¹⁷ However, in some special cases, a panel may examine the circumstances of a trade-mark's registration to determine whether the registration satisfies the UDRP's requirements. Trade-mark registrations that are automatic or unexamined²¹⁸ may be viewed in a different light.²¹⁹

To establish common-law rights the complainant must show that the name has become a distinctive identifier associated with the complainant or its goods and services. Relevant evidence of such "secondary meaning"²²⁰ includes the duration of the use of the mark and number of sales under the mark, the nature and extent of advertising, the results of consumer surveys and the media recognition the mark enjoys. The fact that the secondary meaning may only exist in a small geographical area does not limit the complainant's rights in a common-law trade mark. Unregistered rights can arise even when the complainant is based in a civil-law jurisdiction.²²¹

214 The court recognised Dr Shell's concern that people trying to contact him would not end up at his homepage. However, the number of potential users of his homepage was relatively small and might easily be informed of a change of his domain name. In balancing the respective rights of the parties, the court held that it was more appropriate for Dr Shell to distinguish himself from the Shell Company than vice versa. This decision caused much debated, since it clearly deviates from the general principle of "first to come, first to serve" and Dr Shell had not even used the term "Shell" as a mark and therefore committed no trade-mark or trade-name infringement.

215 Available at www.wipo.int/amc/en/domains/search/overview/index.html.

216 The WIPO Panel decisions may be accessed at www.wipo.int/amc/en/domains/cases.html.

217 See *Uniroyal Engineered Products, Inc. v Nanga Network Services* D2000-0503, Transfer; *Thaigem Global Marketing Limited v Sanchai Aree* D2002-0358, Transfer; *Consorzio del Formaggio Parmigiano Reggiano v La Casa del Latte di Bibulic Adriano* D2003-0661, Transfer.

218 Such as American state registrations as opposed to American federal registrations.

219 See *Lion Country Supply, Inc. v J Katz* D2003-0106, Transfer; *PC Mall, Inc. v Pygmy Computer Systems, Inc.* D2004-0437, Transfer. Similar issues may apply, in the context of the second UDRP element, to trade-mark registrations made by the respondent. See *Madonna Ciccone, p/k/a Madonna v Dan Parisi and "Madonna.com"* D2000-0847, Transfer.

220 In other words, evidence that the mark has become a distinctive identifier associated with the complainant's goods or services.

221 See *Uitgeverij Crux v W Frederic Isler* D2000-0575, Transfer; *Skattedirektoratet v Eivind Nag* D2000-1314, Transfer; *Amsec Enterprises, LC v Sharon McCall* D2001-0083, Denied; *Australian Trade Commission v Matthew Reader* D2002-0786, Transfer; *Imperial College v Christophe Dessimoz* D2004-0322 among others, Transfer.

Personal names that have been trade-marked are protected by the UDRP²²² but the Policy does not specifically protect personal names.²²³ A complainant may establish common-law trade-mark rights in a name in situations in which an unregistered personal name is being used for trade or commerce. Merely having a famous name is not necessarily sufficient to meet the threshold requirement.²²⁴

B Confusing similarity

The content of a website is irrelevant to the finding of confusing similarity. Trade-mark holders often suffer from "initial interest confusion", the confusion experienced by a potential visitor who does not immediately reach the intended site after typing in a confusingly similar domain name and is then exposed to offensive or commercial content on another site. The test for confusing similarity should be a comparison between the trade mark and the domain name to determine the likelihood of confusion.²²⁵

The majority view of the adjudicators on the WIPO panel²²⁶ is that a domain name consisting of a trade mark and a negative term is confusingly similar to the trade mark on its own.²²⁷ The minority view is that the use of a negative term differentiates between the domain name and the trade mark enough to make them not confusingly similar in that Internet users are not likely to associate the trade-mark holder with a domain name consisting of the trade mark and a negative term.²²⁸

C Burden of proof

The overall burden of proof rests with the complainant, but panels have recognised that this could result in the often impossible task of proving a negative, requiring information that is often primarily within the knowledge of the respondent.²²⁹ A

222 See *Julia Fiona Roberts v Russell Boyd* D2000-0210, Transfer; *Jeanette Winterson v Mark Hogarth* D2000-0235 among others, Transfer; *Dr Michael Crichton v In Stealth Mode* D2002-0874, Transfer.

223 See Bradfield "Domain names in Australia – Legal and contractual dispute resolution" 2001 (12) 2 *Journal of Law and Information Science* 233; *Bruce Springsteen v Jeff Burgar and Bruce Springsteen Club* D2000-1532 (WIPO) (25 January 2001).

224 See *Israel Harold Asper v Communication X Inc.* D2001-0540 among others, Denied; *Chinmoy Kumar Ghose v ICDSOft.com and Maria Sliwa* D2003-0248, Transfer.

225 See *Arthur Guinness Son & Co. (Dublin) Limited v Dejan Macesic* D2000-1698, Transfer; *Ansell Healthcare Products Inc. v Australian Therapeutics Supplies Pty, Ltd* D2001-0110, Transfer; *Dixons Group plc v Mr Abu Abdullaah* D2001-0843, Transfer; *AT&T Corp. v Amjad Kausar* D2003-0327, Transfer.

226 See the report at www.wipo.int/amc/en/domains/search/overview/index.html.

227 Confusing similarity has been found because the domain name contains a trade mark and a dictionary word; because the disputed domain name is very similar to the trade mark; because the domain name may not be recognised as negative; and because non-fluent English-language speakers may not recognise the negative connotations of the word that is attached to the trade mark. See *Wal-Mart Stores, Inc. v Richard MacLeod d/b/a For Sale* D2000-0662, Transfer; *A & F Trademark, Inc. and Abercrombie & Fitch Stores, Inc. v Justin Jorgensen* D2001-0900, Transfer; *Berlitz Investment Corp. v Stefan Tinculescu* D2003-0465, Transfer; *Wachovia Corporation v Alton Flanders* D2003-0596 among others, Transfer.

228 See *Lockheed Martin Corporation v Dan Parisi* D2000-1015, Denied; *McLane Company, Inc. v Fred Craig* D2000-1455, Denied; *America Online, Inc. v Johuathan Investments, Inc. and AOLnews.com* D2001-0918, Transfer, Denied in Part.

229 See *Croatia Airlines d.d. v Modern Empire Internet Ltd* D2003-0455, Transfer; *Belupo d.d. v WACHEM d.o.o.* D2004-0110, Transfer.

complainant is required to make out an initial *prima facie* case that the respondent lacks rights or legitimate interests whereupon the burden of demonstrating rights or legitimate interests in the domain name is transferred to the respondent. If the respondent fails to do so, a complainant is deemed to have satisfied paragraph 4(a)(ii) of the UDRP.²³⁰

D Legitimate interests

If the complainant makes out a *prima facie* case that the respondent has no rights or legitimate interests, and the respondent fails to prove one of the three circumstances under paragraph 4(c) of the Uniform Domain-Name Dispute-Resolution Policy,²³¹ the respondent may lack a legitimate interest in the domain name, even if it is a domain name consisting of a generic word or of generic words.

Factors in the determination of legitimate use include the status and fame of the mark, whether the respondent has registered other generic names, and what the domain name is used for. A respondent is likely to have a right to the domain name "apple" if that name is used for a site selling or otherwise about apples but not if the site is aimed at selling computers or pornography.²³² A respondent who uses a generic word to describe her or his product or business or to profit from the generic value of the word without intending to take advantage of the trade-mark owner's rights in that word has a legitimate interest.²³³

There are two schools of thought on the use a domain name for the purposes of free speech, where the use of the domain name is not for commercial gain.²³⁴ The first view is that the right to criticise does not extend to registering a domain name that is identical or confusingly similar to the owner's registered trade mark or conveys an association with the mark.²³⁵ The second is that, irrespective of whether the domain name as such connotes criticism, the respondent has a legitimate interest in using the trade mark as part of the domain name of a critical site if the use is fair and non-commercial.²³⁶

230 See *Croatia Airlines d.d. v Modern Empire Internet Ltd* D2003-0455, Transfer; *Belupo d.d. v WACHEN d.o.o.* D2004-0110, Transfer.

231 See para. 7.6.2.1 above.

232 See *402 Shoes, Inc. dba Trashy Lingerie v Jack Weinstock and Whispers Lingerie* D2000-1223, Transfer; *Classmates Online, Inc. v John Zuccarini, individually and dba RaveClub Berlin* D2002-0635, Transfer; *Emmanuel Vincent Seal trading as Complete Sports Betting v Ron Basset* D2002-1058, Transfer; *Owens Corning Fiberglas Technology, Inc v Hammerstone* D2003-0903, Transfer.

233 See *Allocation Network GmbH v Steve Gregory* D2000-0016, Denied; *Porto Chico Stores, Inc. v Otavio Zambon* D2000-0270, Denied; *Asphalt Research Technology, Inc. v National Press & Publishing, Inc.* D2000-1005, Denied; *Gorstew Limited v Worldwidewebsales.com* D2002-0744 among others, Denied.

234 See *Wal-Mart Stores, Inc. v Walsucks and Walmarket Puerto Rico* D2000-0477 among others, Transfer.

235 See *Skattedirektoratet v Eivind Nag* D2000-1314, Transfer; *Myer Stores Limited v Mr David John Singh* D2001-0763, Transfer; *Triodos Bank NV v Ashley Dobbs* D2002-0776, Transfer; *The Royal Bank of Scotland Group plc, National Westminster Bank plc a/k/a NatWest Bank v Personal and Pedro Lopez* D2003-0166, Transfer; *Kirkland & Ellis LLP v DefaultData.com, American Distribution Systems, Inc.* D2004-0136, Transfer.

236 See *Bridgestone Firestone, Inc., Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v Jack Myers* D2000-0190, Denied; *TMP Worldwide Inc. v Jennifer L. Potter* D2000-0536, Denied; *Howard Jarvis Taxpayers Association v Paul McCauley* D2004-0014, Denied. As to the imposition of further conditions for such domain-name registration and use, see *Covance, Inc. and Covance Laboratories Ltd v The Covance Campaign* D2004-0206, Denied.

7.6.3 *Alternative dispute-resolution in South Africa*

7.6.3.1 Introduction

South Africa's Alternative Dispute Resolution Regulations were promulgated by the Minister of Communications, Dr Ivy Matsepe-Casaburri, in November 2006, in terms of section 69, read with section 94, of the Electronic Communications and Transactions Act.²³⁷ These Regulations are intended to resolve disputes over domain names registered under the .co.za sub-domain. This sub-domain is used primarily for the domain names of commercial (profit-making) entities.

A party lodging a dispute must prove that the registrant, in registering the domain name, took unfair advantage of the applicant and/or that the registration of the disputed domain name is abusive.²³⁸

An "abusive registration" is defined as a domain name that either took unfair advantage of or was unfairly detrimental to the complainant's rights at the time of its registration, or has been used in a manner that takes unfair advantage of or is unfairly detrimental to the complainant's rights.²³⁹ Under paragraph 4(a)(iii) of the UDRP a domain-name holder must both register and use a domain name in bad faith for the conduct to amount to an abusive registration. The South African ADR Regulations, like the Australian Dispute-Resolution Policy, require either bad-faith registration or subsequent bad-faith use of the domain name. The .za Regulations effectively address domain-name warehousing and domain-name tasting. The same position obtains in the .au DRP.²⁴⁰

An "offensive registration" is a registration of a domain name in which the complainant cannot necessarily establish rights but the registration of which is contrary to law, *contra bonos mores* or is likely to give offence to any class of persons.²⁴¹ This means that the applicant can claim that the registered domain name is offensive on the grounds of religion, ethnicity, race, gender or incitement to cause harm.

"Rights" and "registered rights" are not a closed list of rights but include intellectual-property, commercial, cultural, linguistic, religious and personal rights protected under South African law.²⁴² It follows that business names also fall under the category of "rights."²⁴³

The ADR Regulations stipulate the administrative process to be followed when a dispute concerning a .co.za domain is lodged. The dispute must be decided by an

²³⁷ Act 25 of 2002. The regulations were published in GN R1166 in *Government Gazette* 29405 of 22 November 2006. See Hurter "Dispute resolution in cyberspace: A futuristic look at the possibility of online intellectual property and e-commerce arbitration" 2000 *SA Merc Lj* 199–208 for a general discussion of the advantages of domain-name ADR. For a critical evaluation of the Regulations see Hurter "An evaluation of selected aspects of the Alternative Dispute Resolution" 2007 *SA Merc Lj* 165–185.

²³⁸ See reg 3(1).

²³⁹ See the definition in reg 1.

²⁴⁰ See Bradfield "Domain names in Australia – Legal and contractual dispute resolution" 2001 (2) *Journal of Law, Information and Science* 234.

²⁴¹ See reg 1.

²⁴² *Ibid.*

²⁴³ See *Aziza (Pty) Ltd v Aziza Media* 2002 (4) SA 337 (C) 396 where the applicant objected to the domain name "aziza.com" on the basis of s 20(2)(b) of the Close Corporations Act 69 of 1984.

accredited alternative dispute-resolution service provider.²⁴⁴ Before the promulgation of the ADR Regulations the only possible action that could be taken in South Africa against the unauthorised registration of a .co.za domain name was court proceedings for trade-mark infringement.

7.6.3.2 Evidence of abusive or offensive registration

Factors which may indicate that the domain name is an abusive registration are listed in regulation 4(1) and include²⁴⁵

- (a) Circumstances indicating that the registrant has registered or otherwise acquired the domain name primarily to –
 - (i) sell, rent or otherwise transfer the domain name to a complainant or to a competitor of the complainant, or any third party, for valuable consideration in excess of the registrant's reasonable out-of-pocket expenses directly associated with acquiring or using the domain name;
 - (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 . . .²⁴⁶

A registration may also be deemed to be abusive when circumstances indicate that the registrant is using, or has registered, the domain name in a way that leads people or businesses to believe that it is registered to, operated or authorised by, or otherwise connected with the complainant.²⁴⁷ Evidence that the registrant is "engaged in a pattern of making abusive registrations" will also point to an abusive registration.²⁴⁸ Other factors include the provision of false or incomplete contact details in the "whois" database,²⁴⁹ or a relationship between the complainant and the registrant in which the complainant has "(i) been using the domain name registration exclusively; and (ii) paid for the registration or renewal of the domain name registration".²⁵⁰

As noted above, an offensive registration may be indicated if the domain name advocates hatred based on race, ethnicity, gender or religion and/or constitutes incitement to cause harm.²⁵¹ A rebuttable presumption of abusive registration applies if the complainant proves that the registrant has been found to have made an abusive registration in three or more disputes in the 12 months before the dispute was filed.²⁵²

244 To date, the Authority has accredited the Arbitration Federation of South Africa (AFSA) and the South African Institute of Intellectual Property Law (SAIIPL) (see www.domaindisputes.co.za).

245 Note that, like the similar lists in the Uniform Domain-Name Dispute-Resolution Policy and the Australian Dispute-Resolution Policy, this is not a "closed list" of factors. See Bradfield "Domain names in Australia – Legal and contractual dispute resolution" 2001 (2) *Journal of Law, Information and Science* 234.

246 Reg 4(1)(a).

247 Reg 4(1)(b).

248 Reg 4(1)(c).

249 Reg 4(1)(d). A whois database may be searched to check whether a domain name is available. If the name is registered, the whois database will display the contact information of the registrant and the details of the registration. See, for example, the .co.za whois database at <http://co.za/whois.shtml> (accessed July 2008).

250 Reg 4(1)(e).

251 Reg 4(2).

252 Reg 4(3).

Regulation 5 sets out factors which may indicate that the domain name is not an abusive registration. When the domain name is identical to the mark in which the complainant asserts rights, the burden of proof shifts to the registrant to show that the domain name is not an abusive registration.²⁵³ The relevant circumstances or factors must have existed before the registrant was aware of the complainant's cause for complaint. For example, the registrant must be able to show that he or she has used or made demonstrable preparations to use the domain name in connection with a good-faith offering of goods or services. In addition, the domain name is not an abusive registration if the registrant can show that he or she was commonly known by that name or legitimately connected with a mark which is identical or similar to the domain name. Lastly, the domain name is not an abusive registration if the registrant can show that he or she has made legitimate non-commercial or fair use of it.²⁵⁴ Fair use of a domain name used generically or in a descriptive manner also defeats a claim of abusive registration.²⁵⁵

7.6.3.3 Precedent and applicable law

The appointed adjudicator must decide the dispute on the documents placed before her or him²⁵⁶ and be guided by national, foreign and international law.²⁵⁷ Regulation 29(1) stipulates that an adjudicator must decide a dispute in accordance with the principles of law and on the documents submitted in accordance with the Regulations. Regulation 13(1) provides that an adjudicator must consider and be guided by previous decisions of other adjudicators²⁵⁸ and of foreign dispute-resolution providers.²⁵⁹ Furthermore, "An adjudicator must provide in his or her decision the full reference to national and foreign decisions as well as national, foreign and international law that he or she considered".²⁶⁰

7.6.3.4 The decision

The adjudicator must forward her or his decision to the provider within 14 days of her or his appointment under regulation 20.²⁶¹ The decision must be in writing, provide the reasons on which it is based, indicate the date on which it was rendered and

253 Reg 5(d).

254 Reg 5(a).

255 Reg 5(b).

256 Reg 27.

257 Reg 13(2).

258 "[N]ational decisions."

259 "[F]oreign decisions." International precedents include the WIPO's decisions based on the Uniform Domain-Name Dispute-Resolution Policy (see www.wipo.int/amc/en/domains/search/index.html (accessed 2 February 2008)); the National Arbitration Forum's decisions, also based on the UDRP (<http://domains.adrforum.com/decision.aspx> (accessed 2 February 2008)); the Nominet UK's decisions based on the .uk Dispute Resolution Service (www.nominet.org.uk/disputes/drs/decisions (accessed 2 February 2008)); and decisions of the New Zealand Office of the Domain Name Commissioner (<http://dnc.org.nz/drs/index.php?clsid=1013> (accessed 2 February 2008)). Members of the UDRP panels are not bound by each other's decisions (see Bradfield "Domain names in Australia – Legal and contractual dispute resolution" 2001 (2) *Journal of Law, Information and Science* 237 and Hurter "An evaluation of selected aspects of the Alternative Dispute Resolution Regulations" 2007 *SA Merc LJ* 178).

260 Reg 13(3).

261 Reg 29(2).

the name of the adjudicator.²⁶² When three adjudicators consider a dispute, the consentient views of at least two adjudicators shall constitute the decision.²⁶³ When one adjudicator has a dissentient view, that view should also accompany the decision.²⁶⁴ Decisions and dissentient views must comply with the guidelines as to length set forth in the provider's supplementary procedure.²⁶⁵

Regulation 9 limits the possible decisions an adjudicator may make to

- (a) in the case of abusive registrations the refusal of the dispute or the transfer of the disputed domain name to the complainant;
- (b) in the case of offensive registrations the refusal of the dispute or the deletion and prohibition of the domain name from future registration;
- (c) a refusal of the dispute as the dispute constitutes reverse domain name hijacking.²⁶⁶

7.6.3.5 Appeal, availability of court proceedings, implementation of decision and repeat disputes

Only Internet domain names registered in the .co.za second-level domain are open to alternative dispute-resolution under the Regulations.²⁶⁷ Regulation 11(1) states that the Regulations do not prevent any party from litigating on any related matter in the High Court of the Republic of South Africa.

If an adjudicator decides that a disputed domain name should be transferred to the complainant, the provider must communicate the decision to the second-level domain administrator to be implemented in terms of regulation 30(4).²⁶⁸ The commencement in the High Court of legal action concerning a domain name bars the implementation of an adjudicator's decision in the same matter.²⁶⁹

Any party to the dispute may appeal against a decision of a single adjudicator. An appeal panel considers appeals on the basis of a full review of the matter and may review procedural matters.²⁷⁰ The Zadna may also refer questions of interpretation of the Regulations to the appeal panel: a decision rendered as a result of the Zadna's referral does not affect any previous decision made in terms of the Regulations.²⁷¹

7.6.3.6 Brief overview of the first SAIPL decisions²⁷²

A Registrations before the promulgation of the Alternative Dispute Resolution Regulations²⁷³

In *Telkom SA Ltd & TDS Directory Operations (Pty) Ltd*²⁷⁴ the registrant maintained that the Alternative Dispute Resolution Regulations and proceedings in terms thereof are

262 Reg 29(3).

263 Reg 29(4).

264 Reg 29(5).

265 Reg 29(6).

266 "Reverse domain name hijacking" is the use the Regulations in bad faith in an attempt to deprive a registrant of a domain name.

267 Reg 2(2).

268 Reg 11(2).

269 Reg 11(3).

270 Reg 11(8).

271 Reg 11(9).

272 All the SAIPL ADR decisions may be accessed at www.domaindisputes.co.za/content.php?tag=6.

273 Published in GN R1166 in *Government Gazette* 29405 of 22 November 2006.

274 ZA2007-0005 available at www.domaindisputes.co.za/content.php?tag=6 (accessed 1 January 2008).

only applicable to domain names registered after the promulgation of the Regulations. The registrant's registration of the disputed domains occurred before the promulgation of the Electronic Communications and Transactions Act²⁷⁵ in August 2002.

The adjudicator rejected the registrant's procedural objection on several grounds. First, the registrant had agreed to be bound by the terms and conditions of UniForum SA and any subsequent changes to them.²⁷⁶ UniForum SA issued an advisory bulletin²⁷⁷ in terms of which the Regulations were made applicable to all current and future .co.za domain-name registrations with immediate effect.²⁷⁸ The adjudicator found that the registrant was bound by the implementation and administration of an ADR Mechanism for .za.²⁷⁹

This interpretation is in line with foreign decisions.²⁸⁰ Registrants, bound by almost identical contractual provisions, have unsuccessfully tried to challenge the application of the ICANN's Uniform Domain Name Dispute Resolution Policy and Supplemental Rules adopted after their domain names were registered.²⁸¹ South African registrants thus have no legal recourse against the retrospective application of the ECT Act²⁸² and the Alternative Dispute Resolution Regulations.

B Rights

The complainant is required to prove, on a balance of probabilities, that he or she has rights in respect of a name or mark which is identical or similar to the domain name and that, in the hands of the registrant, the domain name is an abusive registration.²⁸³ "Rights" are defined comprehensively and include intellectual-property, commercial, cultural, linguistic, religious and personal rights protected under South African law.²⁸⁴

In *Mr Plastic Mining and Promotional Goods v Mr Plastic CC*²⁸⁵ the adjudicator held that a claim of passing-off by the registrant would, if upheld, place the domain name in dispute and render its use by the registrant an abusive registration.²⁸⁶ The complaint was refused because the complainant had failed to establish any "rights" in respect of a name or mark which is identical or similar to the disputed domain name.²⁸⁷ In *Holistic Remedies (Pty) Ltd & Amka Pharmaceuticals (Pty) Ltd v Oxygen For Life (Pty) Ltd*²⁸⁸ it was held that the *Mr Plastic Mining* decision requires a complainant to

275 Act 25 of 2002.

276 Para. 14 of UniForum SA's terms and conditions is of relevance.

277 "Alternative dispute resolution mechanism for CO.ZA domain names" 28 November 2006, www.coza.net.za/ect/ect-act-advisory.shtml (accessed 10 January 2008).

278 *Telkom SA Ltd & TDS Directory Operations (Pty) Ltd* ZA2007-0005, 10–11.

279 *Ibid.* 12.

280 Of which adjudicators must take note (reg 13(1)).

281 See *Boardwalk Bank v Patrick Thorogood* D2000-0213 (WIPO) www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0213.html (accessed 20 October 2007); *Robert Ellenbogen v Mike Pearson* D00-0001 (WIPO) www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0001.html (accessed 20 October 2008).

282 Act 25 of 2002.

283 Reg 3(1)(a).

284 Reg 1.

285 ZA2007-0001.

286 *Ibid.* 11.

287 *Ibid.* 16.

288 ZA2007-0009.

illustrate, on a balance of probabilities, that it has goodwill and a reputation protectable by way of a passing-off action.²⁸⁹ To meet this standard the complainant must prove that its unregistered mark is distinctive of it and that the trade or the public necessarily connects the complainant's trading activities to the mark.²⁹⁰

In the *Mr Plastic Mining* case the adjudicator noted that it is trite that the more descriptive a name or mark, the less it is inherently adaptable to distinguish the goods or services of a particular trader from those of another.²⁹¹ A name or mark, which is inherently lacking in distinctiveness, can acquire distinctiveness through extensive use. Mere use and a reputation do not equal distinctiveness;²⁹² it must be shown that the consequence of the use and reputation is that the mark has acquired a secondary meaning which denotes one trader and no other. To succeed in showing that its inherently descriptive names have acquired secondary meaning a complainant must prove that it had acquired trade-mark rights at common law in the marks. Relevant evidence of such secondary meaning may include evidence relating to the duration and number of sales of goods or services under the mark. The nature and extent of advertising, the results of consumer surveys and media recognition are also relevant.²⁹³

C Confusingly similar

When a registrant has merely added a descriptive/generic word to a distinctive trade mark, the domain name will still be deemed to be confusingly similar to the trade mark.²⁹⁴ *Yahoo! Inc. v Hangzhou Hi2000 InfoTech Co. Ltd a/k/a Hangzhou Shixin Info Tech Co. Ltd*²⁹⁵ it was held that "it is also well-established under the Policy that a domain name composed of a trademark coupled with a generic term still is confusingly similar to the trademark".²⁹⁶

In *Experian Information Solutions, Inc. v BPB Prumerica Travel (a/k/a SFXB a/k/a H. Bousquet a/k/a Brian Evans)*²⁹⁷ the panel concluded that "The Disputed domain name

289 *Holistic Remedies (Pty) Ltd & Amka Pharmaceuticals (Pty) Ltd v Oxygen For Life (Pty) Ltd* ZA2007-0009, 13-14.

290 *Mr Plastic Mining and Promotional Goods v Mr Plastic* CC ZA2007-0001, 12; Webster and Page paras 3.4.3 and 15.10.

291 ZA2007-0001, 14. See also *Reddaway v Banham* (1886) RPC 218 224.

292 See *Bergelder Bpk v Shoprite Checkers (Pty) Ltd* 2006 (4) SA 275 (SCA).

293 See *Uitgeverij Crux v W Frederic Isler* D2000-0575, Transfer; *Shattedirektoratet v Eivind Nag* D2000-1314, Transfer; *Amsec Enterprises, LC v Sharon McCall* D2001-0083, Denied; *Australian Trade Commission v Matthew Reader* D2002-0786, Transfer; *Imperial College v Christophe Dessimoz* D2004-0322.

294 See *Telkom SA Ltd v Cool Ideas* 1290 CC ZA2007-0003. See the discussion of the similarity of the Nike domain names at *Telkom SA Ltd v Cool Ideas* 1290 CC page 13. In *Nike Inc v Azumano Travel* D2000-1598 "niketravel" and "nikesportstravel" were found to be similar to "Nike", as was "nikestore" in *Nike International Ltd v Robert Morrison* DRS04601. In *Nokia Corporation v Nokia Ringtones* DRS01493 "nokia-ring-tones" was found to be similar to "Nokia".

295 NAF/FA141825 at <http://domains.adrforum.com/domains/decisions/141825.htm> (accessed July 2008).

296 The panellist held under the discussion of "confusingly similar" that "In this case, for example, the Panel finds that most people would readily assume that both <chemical@yahoo.com> and <yahoo-chem.com> are related to the Yahoo! web search service related to chemical products and so on for textiles and the other disputed domain names".

297 D2002-0367 www.wipo.int/amc/en/domains/decisions/word/2002/d2002-0367.doc (accessed July 2008).

contains Complainant's EXPERIAN trademark in its entirety. The addition of the generic term 'automotive' does not distinguish Respondent's domain name from Complainant's mark".²⁹⁸

In *Multichoice Subscriber Management Services (Pty) Ltd v JP Botha*²⁹⁹ it was confirmed that it is a well-established legal principle that a domain name that comprises a trade mark coupled with a generic term is still confusingly similar to the trade mark.³⁰⁰ The adjudicator held that *mwebsearch.co.za* is indeed confusingly similar to the trade mark "MWEB", incorporating as it does the whole of the distinctive mark "MWEB" in conjunction with the generic and non-distinctive "search", which is in common use.

"Typosquatting" or "domain mimicry" takes place when domain names are registered with one letter or number altered.³⁰¹ For instance, *microsOft.com* will be deemed confusingly similar to the trade mark Microsoft Corporation.³⁰² Regulation 3(1)(a) requires the complainant to show that the domain name is identical or similar to the her or his mark. In the case of typosquatting the domain name will be similar to the mark and the owner of the mark or name will thus have a course of action against the registrant irrespective of whether the latter engaged in cybersquatting or typosquatting.

D Evidence of abusive registration

The adjudicator must examine all the circumstances of the case to determine whether the registrant has acted in bad faith. Bad faith may be indicated when, for example, the complainant has rights in a well-known trade mark, the registrant fails to respond to the complaint, the registrant has attempted to conceal her or his identity, and when good-faith use of the domain name cannot be conceived.³⁰³

In *Fédération Internationale de Football Association v X Yin*³⁰⁴ the domain name *fifa.co.za* was at issue. The adjudicator noted that regulation 4(1)(b) is not a paragon of drafting clarity.³⁰⁵ The adjudicator noted that it is difficult to conceive how a domain name can be registered "in a way" that leads people or businesses to believe that the domain name is registered to or operated or authorised by or otherwise connected with the complainant.³⁰⁶ The adjudicator nevertheless assumed that the intention of the regulation is to incorporate within the ambit of the circumstances there postulated the import of the name *per se*. In the adjudicator's view, the domain-name

298 Ibid. 4.

299 ZA2007-0010.

300 Ibid. 6. See also *Telkom SA Ltd v Cool Ideas 1290 CC ZA2007-0003* and *Telkom SA Limited and TDS Directory Operations (Pty) Ltd v The Internet Corporation ZA2007-0004*.

301 See Bradfield "Domain names in Australia – Legal and contractual dispute resolution" 2001 (2) *Journal of Law, Information and Science* 234.

302 See Loundy "A primer on trademark law and Internet addresses" 1997 (15) *John Marshall Journal of Computer and Information Law* 465.

303 See *Telstra Corp Ltd v Nuclear Marshmallows D2000-0003*; *Jupiters Limited v Aaron Hall D2000-0574*; *Ladbroke Group plc v Sonoma International LDC D2002-0131*.

304 ZA2007-0007.

305 Ibid. 16.

306 In terms of reg 4(1)(b) the adjudicator must ask whether there are circumstances indicating that the registrant has used or registered the domain name in a way that leads people or businesses to believe that the domain name is registered to, or operated or authorised by or otherwise connected with the complainant.

registration was likely to take advantage of or be detrimental to the complainant's rights, particularly given FIFA's funding of World Cup tournaments. The issue in this regard is not the extent to which the registration will prejudice such licensing and franchising efforts, but its potential for doing so.³⁰⁷

On whether the domain-name registration has the requisite quality of "unfairness", the adjudicator held that the considerations applied by the Constitutional Court in *Laugh It Off Promotions CC v SAB International (Finance) BV*³⁰⁸ would not necessarily apply to domain names. The Constitutional Court held that

The section [s 16 of the Constitution] does not limit use that takes fair advantage of the mark or that does not threaten substantial harm to the repute of the mark, or indeed that may lead to harm but in a fair manner. What is fair will have to be assessed case by case with due regard to the factual matrix and other context of the case.³⁰⁹

The adjudicator was of the view that, given the limitless access to the fifa.co.za site and the possibilities of its use (and abuse), demonstrating a likelihood of substantial economic detriment cannot be the sole standard for assessing unfairness in the context of domain names. In this regard, the adjudicator noted that evidence was put forward of the registrant's intention to continue to avail himself of the benefit and advantage to be accrued by the use of the mark "FIFA" in a domain name, which use was deemed to be unfair.³¹⁰ Although the adjudicator concluded that the website www.fifa.co.za would have only insubstantial consequences for FIFA, the domain name fifa.co.za was held to be an abusive registration.³¹¹

E Factors negating an allegation of abusive registration

The adjudicator must examine all the surrounding circumstances of the case to determine whether there is evidence of bad-faith registration and use. The registrant may provide evidence of its use of, or demonstrable preparations to use, the disputed domain name in connection with a bona-fide offering of goods or services before becoming aware of the complainant's complaint.³¹² First, the phrase "demonstrable preparations to use" requires "real preparations that are calculated to result in deployment of an operational website address addressed by that name".³¹³ Secondly, the steps in preparation to use the domain name must be taken *before* the registrant becomes aware of the complainant's complaint.

Passive use may amount to use in bad faith. Many foreign decisions have held that the "use" requirement includes both positive action and inaction.³¹⁴ It has been held

³⁰⁷ ZA2007-0007, 17.

³⁰⁸ 2006 (1) SA 144 (CC).

³⁰⁹ *Ibid.* para. 49. S 16 of the Constitution guarantees the freedom of expression.

³¹⁰ ZA2007-0007, 19.

³¹¹ *Ibid.* 20.

³¹² See reg 5(a)(i).

³¹³ See *Sydney Markets Ltd v Nick Rakis trading as Shell Information Systems* D2001-0932, 13–14 www.wipo.int/amc/en/domains/decisions/word/2001/d2001-0932.doc (accessed July 2008); *Treeforms Inc v Cayne Industrial Sales Corp* NAF 0095856 under rights or "legitimate interests" at <http://domains.adrforum.com/domains/decisions/95856.htm> (accessed July 2008).

³¹⁴ *Barney's Inc v BNY Bulletin Board* D2000-0059; *CBS Broadcasting Inc v Dennis Toeppen* D2000-0400; *Video Networks Limited v Larry Joe King* D2000-0487; *Recordati SPA v Domain Name Clearing Company* D2000-194; *Revlon Consumer Products Corporation v Yoram Yosef aka Joe Goldman* D2000-0468.

that failure to make any bona-fide use of a domain name during a two-year period following registration constitutes bad faith.³¹⁵

Inaction alone might be insufficient to establish bad faith. The leading case on passive use is *Telstra Corp Ltd v Nuclear Marshmallows*.³¹⁶ The adjudicator in that case held that

The question that then arises is what circumstances of inaction (passive holding) other than those identified in paragraphs 4(b)(i), (ii) and (iii) can constitute a domain name being used in bad faith? This question cannot be answered in the abstract; the question can only be answered in respect of the particular facts of a specific case. That is to say, in considering whether the passive holding of a domain name, following a bad faith registration of it, satisfies the requirements of paragraph 4(a)(iii), the Administrative Panel must give close attention to all the circumstances of the Respondent's behaviour. A remedy can be obtained under the Uniform Policy only if those circumstances show that the Respondent's passive holding amounts to acting in bad faith.³¹⁷

Legitimate interest in the use of a domain name has two requirements. The first is that the registrant must use a generic word to describe her or his products or business. The second is that the generic use of the word must be without the intent to take advantage of a complainant's rights in that word.³¹⁸

F Concluding remarks

Trade marks and domain names are uneasy bedfellows. Alternative dispute-resolution procedures are an effective means of addressing the interface between them. The first few .za alternative-dispute-resolution cases have illustrated the ability of dispute-resolution service providers to implement an alternative-dispute-resolution system for the benefit of both rights holders and domain-name owners.

315 See *Hexagon v Xspect Solutions Inc* D2005-0472; *Mondich & American Wine Biscuits Inc v Brown* D2000-0004.

316 D2000-0003.

317 Ibid. para. 7.11.

318 See *Allocation Network GmbH v Steve Gregory* D2000-0016; *Document Technologies Inc v International Electronic Communications Inc* D2000-0270; *Asphalt Research Technology, Inc v National Press & Publishing Inc* D2000-1005; *Gorstew Limited v Worldwidewebsales.com* D2002-0744; *Champagne Lanson v Development Services* D2006-0006; *Cream Holdings Limited v National Internet Source, Inc* D2001-0964; *Energy Source Inc v Your Energy Source* NAF 96364; *Ultrafem Inc v Warren R Royal* NAF 97682. See also *Telkom SA Ltd & TDS Directory Operations (Pty) Ltd* ZA2007-0005 where the adjudicator concluded, on a balance of probabilities, that the registrant had rights and a legitimate interest in the disputed domain names by virtue of having been the first to register them.