

Study unit 8

Well-known marks on the Internet

Overview

In this study unit you will be introduced to issues surrounding the use of well-known marks on the Internet. You will canvass the special provisions in international instruments, and consider whether protection against trade-mark dilution is a suitable remedy.

Learning outcomes

After completion of this study unit you will be able to —

- ☐ understand the notion of a well-known mark
- ☐ identify the main issues relating to the use of well-known marks in the Internet context
- ☐ understand dilution as a form of trade-mark infringement

Discussion

Introduction

exchange information

marketing

The Internet is a means by which people exchange information and transmit data. It has proven to be a low-cost method of communicating with people across the globe. Companies have come to realize its potential for communicating with customers or potential customers, and for advertising and selling products. Trade marks are important agents in the marketing of products and have become a vital aspect of trading on the Internet.

The use of trade marks on the Internet has highlighted two shortcomings flowing from the nature of traditional trade-mark law:

specialty

- ☐ A trade mark is registered for certain goods or services only. So it is possible that a number of identical trade marks may be owned by different companies, provided they are registered and used on different goods or services.

territoriality

- 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. So the identical trade mark may be owned by different companies, provided they are used and registered in different countries. 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 trade mark, only one may own the corresponding domain name, irrespective of how distinct their products or markets may be.

first-come first-served

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 chose particular names or to examine applications for 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). The most popular generic top-level domains are '.com' (which denotes a commercial organization), '.org' (which denotes a nonprofit and private organization), and '.net' (which indicates a computer network). Anyone from any country in the world may register her second-level domain name under one of these generic top-level domains.

passive attitude

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. A trade-mark proprietor who finds that his well-known trade mark has already been allocated to another Internet user is often compelled to resort to civil litigation and institute proceedings for trade-mark infringement.

*new forms of trade-mark
infringement*

The growth of the commercial use of the Internet has led to new instances of trade-mark infringement. Trade-mark infringement on the Internet may take on a variety of forms. The most prevalent form is so-called domain name (or Internet)

cyber squatting

infringement (For a survey of the various forms of Internet infringement, see Nicholas Wood 'Internet Infringers — Who They Are, What They Do and How They Can Be Avoided' (1998) 107 *Trademark World* 50). This takes place where a third party registers and uses the existing trade mark of another as a domain name without the authorization of the trade-mark proprietor. Such infringements frequently involve domain name speculators or cyber squatters who register existing trade marks as domain names to block subsequent registrations or to hold trade-mark proprietors to ransom.

International protection of well-known marks

Paris Convention

Proprietors of well-known marks which have not been registered 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 in article 6bis of the Paris Convention may be noted:

- ❑ 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, liable to create confusion, of a well-known or famous mark, or an essential part of such a mark.
- ❑ The protection in Article 6bis applies only to trade marks – marks that are 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

TLT

Convention relating to trade marks are extended to service marks.

- ❑ The principle of 'specialty' applies: the protection extends to registration or use in respect of identical or similar goods.
- ❑ Article 6bis is silent on what constitutes a well-known mark. The appreciation of whether a mark is well known is left to the 'competent authority' of the country where the illegitimate registration or use occurs.

TRIPS Agreement

The provisions of article 6bis of the Paris Convention are confirmed and extended by the TRIPS Agreement. Article 16.2 and 16.3 state:

- '(2) Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark 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 trademark.
- '(3) Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.'

Three features of these provisions may be noted:

extends Paris Convention

- ❑ Article 16.2 builds on the work of the TLT in extending the protection of article 6bis of the Paris Convention to famous and well-known service marks.
- ❑ Article 16.2 provides a non-exhaustive guide to the competent authorities of countries in appreciating whether a mark is well known.
- ❑ Article 16.3 provides protection that extends beyond the

normal protection under the principle of specialty: it states that the protection under Article 6bis of the Paris Convention applies to goods and services which are not similar to those in respect of which a trade mark is registered, on two conditions:

- ☐ the use of the allegedly infringing mark in relation to those other goods or services should indicate a connection between those other goods or services and the owner of the famous mark, and
- ☐ the interests of the owner of the famous mark are likely to be damaged by such use.

Sections 10(6) and 35 of the (South African) Trade Marks Act 194 of 1993 and section 56 of the (British) Trade Marks Act 1994 give effect to these provisions.

n

*c definition of 'well-known'
mark*

Neither the Paris Convention nor the TRIPS Agreement provides any definition of what constitutes a well-known mark. The determination of whether a mark is well known is left to the national registries and courts of the countries where registration or use of the offending mark occurs.

*limited application in Internet
context*

Note also that the protection provided for in article 6bis suffers an important limitation — it extends only to the registration and use of an offending mark in relation to the identical or similar goods or services. So its application in dealing with the problems of Internet infringement is limited.

Trade-mark infringement: dilution

Where a well-known trade mark has been registered, the proprietor may rely on statutory trade-mark infringement.

traditional infringement

The 'traditional' forms of trade-mark infringement occur where some person, without the authority of the trade-mark proprietor, uses, in the course of trade, a mark which is identical or confusingly similar to a registered trade mark in relation to the goods or services which are the same as or similar to those for which the trade mark is registered (see article 16.1 of the TRIPS Agreement; section 34(1)(a) and (b) of the Trade Marks Act (SA); section 10(1) and (2) of the Trade Marks Act (UK)). As is the case with article 6bis, protection extends to use in respect of

identical / similar

goods / services

identical or similar goods or services only. If the offending mark is used in relation to different products, there will be no infringement.

dilution

Where a registered trade mark qualifies as a well-known mark, an additional form of infringement is available in the form of trade-mark dilution. Dilution occurs where some person, without the authority of the trade-mark proprietor, uses, in the course of trade, a mark which is identical or similar to a well-known mark in relation to any goods or services, where such use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trade mark (see article 16.3 of the TRIPS Agreement; section 34(1)(c) of the Trade Marks Act (SA); section 10(3) of the Trade Marks Act (UK); section 3 of the Federal Trademark Dilution Act of 1995 (United States)).

any goods or services

Dilution protection is not subject to the same limitation as article 6bis of the Paris Convention and ‘traditional’ trade-mark infringement — with dilution, protection extends to use of the offending mark on *any* goods or services. As Internet infringements frequently occur in relation to dissimilar goods or services, dilution protection is a valuable weapon in the arsenal of the proprietors of well-known marks.

difficulties

A trade-mark proprietor who wishes to rely on trade-mark dilution as a cause of action faces the following difficulties: she must establish that her trade mark qualifies as a well-known mark, that the allegedly infringing mark has been used in the course of trade, and that it is likely to dilute the distinctive character of her registered trade mark.

well known

In the first instance, the trade-mark proprietor must show that her trade mark is well known in the country in which she seeks relief. There is no consensus as to what constitutes a well-known mark. In the European Union, for example, it is sufficient if the mark enjoys a reputation in the member country concerned (see, for example, section 10(3) of the Trade Marks Act (UK)). By contrast, the American statute requires that the mark be ‘famous’ (section 3). This appears to require a greater reputation than is required for a mark to be well known. The Trade Marks Act (SA) adopts the same terminology as article 6bis of the Paris Convention and requires that the mark be ‘well known in the Republic’ (section 34(1)(c)). The phrase ‘well

famous

passing-off

known' is not defined in the Act. In *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd & another; McDonald's Corporation v Dax Prop CC & another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* 1997 (1) SA 1 (A), the court held, in the context of section 35, 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, therefore, sufficient if the trade mark has acquired a reputation in South Africa among a substantial number of members of the public or persons interested in the goods or services in question. In terms of the rebuttable 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 (GC Webster & NS Page *South African Law of Trade Marks* 4 ed by CE Webster & GE Morley (1997) para 12.27). But as the purposes of sections 34(1)(c) and 35 are entirely different, it is arguable that the phrase 'well known' in the context of section 34(1)(c) should be given a meaning different from the meaning of that phrase in section 35, and that a trade-mark proprietor should be required to establish a greater awareness of the use of her trade mark than is required for a passing-off action. In *Safari Surf Shop CC v Heavywater & others* [1996] 4 All SA 316 (D), the court held that where trade-marked goods are available in only one part of South Africa, it is sufficient, for the purposes of section 34(1)(c), that a 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 as to the degree of public awareness of the trade mark that is required (regarding notoriety through use on the Internet, see Jess M Collen 'Secondary Meaning and the Internet Mega-Brand' (1998) 113 *Trademark World* 23).

degree of public awareness

course of trade

registering

Secondly, the trade-mark proprietor must show that the offending mark is used in the course of trade. Both the American and British courts have given a liberal interpretation to the 'use in commerce' requirement in the context of trade-mark dilution. In *P9vision International LP v Toeppen* 141 F 3d 1316 (9th Cir Cal 1998), a case involving domain name piracy or cyber squatting, the court found that the act of registering well-known trade marks as a domain names and attempting to sell them back to their rightful owners constituted 'commercial use' of the marks in question. Similarly, in *Avery Denisson Corp v Sumpton* 999 F Supp 1337 (CD Cal 1998), the registration of

well-known trade marks as domain names and licensing them as e-mail addresses was found to constitute commercial use. In *Planned Parenthood Federation of America Inc v Bucci* 42 USPQ 2d 1430 (SDNY 1997) affd 1998 WL 336163 (CA 2 1998), the defendant was a non-profit political activist who solicited funds for his activities. The court found that his use of the plaintiff's trade mark as a domain name and in his web page constituted use in commerce where his web site happened to promote the sale of a book. In *Jews for Jesus v Brodsky* 993 F Supp 282 (DNJ 1998), another case involving the use of a trade mark as a domain name, the court went even further and held that the use of a hyperlink leading to another's web site that conducts some commercial activity can constitute, by itself, use in commerce (see further Giorgio Nicolo Vergani 'Electronic Commerce and Trade Marks in the United States: Domain Names, Trade Marks and the "Use in Commerce Requirement" on the Internet' [1999] *EIPR* 450). In *Marks & Spencer plc v One In A Million Ltd*; *Ladbroke's plc v One In A Million Ltd*; *J Sainsbury 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, a case involving cybersquatting, the court held that the phrase 'use in the course of trade' connoted use in the course of business. It did not mean use as a trade mark. The court found that the registration of trade marks as domain names and offering them for sale to the trade mark owners concerned constituted 'use in the course of trade' for purposes of the United Kingdom dilution provisions (see further Simon Taylor & Gavin Foggo 'United Kingdom — Ban on Domain Name Speculators Strengthened' (1998) 110 *Trademark World* 24). The judgment of the High Court was upheld by the Court of Appeal (see [1999] FSR 1 (CA)).

The South African courts have not yet had the opportunity to consider the ambit of the phrase 'use in the course of trade' in the context of the dilution provisions (sections 10(17) and 34(1)(c)). As far as 'traditional' trade-mark infringement is concerned, they have interpreted the phrase narrowly to connote use in the course of trade in the goods or services for which the trade mark is registered, or goods or services which are so closely associated with them that the use of the trade mark by the alleged infringer will enable him to prey upon or take advantage of the reputation and goodwill of the trade-mark proprietor (*Beecham Group plc v Southern Transvaal Pharmaceutical Pricing Bureau (Pty) Ltd* 1993 (1) SA 546 (A)).

In terms of the rebuttable presumption that the same expression in every part of a statute bears the same meaning, our courts may well give the same meaning to the phrase in the dilution provisions. This presumption is would be even stronger with regard to the same expression in the same section of the Act. But it can be argued that the purpose of the dilution provisions is entirely different. Whereas the ‘traditional’ trade-mark infringement provisions are limited to use in relation to goods or services which are the same as or similar to those for which the trade mark is registered, the dilution provisions are open-ended and apply to use in relation to any goods or services. Also, the likelihood of confusion or deception is not a requirement. Consequently, the phrase ‘use in the course of trade’ in the context of the dilution provisions should be interpreted widely and use in the course of any trade should suffice (see further Webster & Page op cit note 113 para 12.29). The latter interpretation is also supported by American and British authority.

unfair advantage

*detrimental to distinctive
character*

Finally, the trade-mark proprietor must show that the use of the infringing mark is likely to take unfair advantage of, or be detrimental to, the distinctive character of the registered trade mark. In other words, she must show that the conduct of the infringer is likely to dilute the reputation or distinctive character of her well-known trade mark.

blurring

tarnishment

The most common form of dilution is so-called dilution by blurring — the gradual consumer disassociation of the trade mark from the proprietor’s product. Dilution may also occur by what is known as tarnishment. This arises where 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 mind. Here the trade mark is not only diluted by the erosion of its distinctive character but also by the tarnishing of its positive reputation and good name (see further P Ginsburg ‘Trade-Mark Dilution’ in Coenraad Visser (ed) *The New Law of Trade Marks and Designs* (1995) 35; Frederick Mostert & Anton Mostert ‘Protection of Well-known Trade Marks under the New Act’ 1995 *De Rebus* 443).

*domain name piracy
cybersquatting*

The courts in the United States and the United Kingdom have not hesitated in finding trade-mark dilution in cases of domain name piracy and cyber squatting (see, for example, *Panavision International LP v Toeppen* (supra); *Jews for Jesus v Brodsky*

(supra); *British Telecommunications plc v One In A Million Ltd*; *Marks & Spencer plc v One In A Million Ltd*; *Ladbroke plc v One In A Million Ltd*; *J Sainsbury plc v One In A Million Ltd*; *Virgin Enterprises Ltd v One In A Million Ltd* (supra)). In *Hasbro Inc v Internet Entertainment Group Ltd* 1996 WL 84853 (WD Wash 1996), the court found dilution by tarnishment where an adult entertainment group used the plaintiff's trade mark CANDYLAND as a domain name to identify a sexually explicit Internet site (see also *Toys "R" Us Inc v Akkaoui* 40 USPQ 2nd 1836 (ND Cal 1996)).

genuine claims

It is unlikely that the courts will be prepared to find trade-mark dilution in cases involving Internet users with genuine claims to or rights in second-level domain names, especially where the domain name owner has been conducting business under the same trade mark for some time (see further Simon Taylor & Gavin Foggo 'Domain Name Disputes in the United Kingdom' (1998) 105 *Trademark World* 26).

effective

While dilution protection will go a long way to alleviate the problems relating to the Internet infringement of well-known trade marks, it will not resolve all disputes. Dilution may be effective when the offending mark is used in the course of trade. But when no commercial use occurs (such as where a domain name is registered purely for sending and receiving personal e-mail or setting up a personal home page) the proprietors of well-known marks are powerless (Jennifer R Dupre 'A Solution to the Problem of Trademark Infringement and Dilution of Domain Names: Bringing the Cyberworld in Line with the "Real" World' (1997) 87 *Trademark Reporter* 613).

International developments

harmonization

There have been two recent initiatives by WIPO to improve the protection given to well-known marks. These may be seen as part of a broader movement towards greater international harmonization and cooperation in the field of intellectual property law. Also, on 29 November 1999, President Clinton signed into law an appropriations bill which included the Intellectual Property and Communications Omnibus Reform Act of 1999 (1999 106 PL 113; 113 Stat 1501). Title III of this statute is the Anticybersquatting Consumer Protection Act.

WIPO Provisions on the Protection of Well-known Marks

joint recommendation

Over the past few years, first in a Committee of Experts on Well-known Marks, and then in the successor to that body — the Standing Committee on Trade Marks, Industrial Designs and Geographical Indications (the ‘SCT’) — WIPO has sought to address the protection of well-known marks. In September 1999, the Assemble of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO adopted a Joint Recommendation Concerning Provisions on the Protection of Well-known Marks. These provisions are intended to address some of the shortcomings of the protection provided for in article 6bis of the Paris Convention and article 16 of the TRIPS Agreement.

factors to determine whether well known

The provisions do not establish a definition of a well-known mark. But they do provide guidelines to assist in determining whether a mark is well known within a particular country.

According to article 2, all relevant circumstances should be considered in determining whether a mark is well known. In particular, the following factors should be considered:

- ☐ the degree of knowledge or recognition of the mark in the relevant sector of the public;
- ☐ the duration, extent, and geographical area of any use of the mark;
- ☐ the duration, extent, and geographical area of any promotion of the mark including advertising and publicity of the mark;
- ☐ the duration and geographical area of any registrations of the mark, to the extent that they reflect use or recognition of the mark;
- ☐ the record of successful enforcement of rights in the mark; and
- ☐ the value associated with the mark.

All these factors are interrelated.

relevant sector

In order to enjoy protection, the mark must be well known in the relevant sector of the public. The relevant sector may be actual or potential customers, persons involved in channels of distribution, or business circles dealing with the type of goods or services to which the mark applies. A mark shall be considered well known if it is well known in at least one of these or other

relevant sectors of the public (article 2).

non-similar goods

The provisions also recommend that protection of unregistered well-known marks be extended to non-similar goods. In such cases, however, countries may require a higher level of awareness and provide that the well-known mark be well known by the public at large and not only in a specific sector of the public (article 4).

request cancellation or transfer

Although the provisions are not intended to regulate all the problems arising from the use of well-known marks on the Internet, article 6 does provide that the proprietor of a well-known mark should be entitled to request the cancellation or the transfer to herself of a domain name which is identical to or an imitation of her well-known mark where the domain name has been registered or used in bad faith.

WIPO Final Report

predatory practices

Chapter 4 of the Report deals specifically with the protection for well-known marks in cyberspace. The Report notes that famous and well-known marks have been the special target of a variety of predatory and parasitical practices on the Internet.

conceptual difficulty

After a survey of the international protection of famous and well-known marks in terms of the Paris Convention, as extended by the TRIPS Agreement, the Report notes four areas of conceptual difficulty that need to be considered when one considers the protection of famous and well-known marks in cyberspace.

- ❑ The Paris Convention and the TRIPS Agreement are directed at the protection of famous or well-known marks against the registration or use of other infringing marks. Although domain names are not the same as marks and are used for many purposes other than to indicate the origin of goods or services, they are used to identify goods and services with their producer or seller.
- ❑ The protection of famous and well-known marks under these international instruments extends to those countries where the competent authority considers that the mark is famous or well known. But where is that

territory in the case of a gTLD?

- ❑ While there is an international obligation to protect famous and well-known marks, there is not an established treaty definition of what constitutes such a mark. Instead, the content of this concept is left to national legislation.
- ❑ While the protection of famous marks has increasingly been implemented at national level by laws directed at prohibiting any use of famous marks by third parties that dilutes the integrity and reputation of such marks, the protection of well-known marks exists often only in respect of the registration or use of a confusingly similar mark in relation to the same goods or services as those for which the well-known mark is registered or used. The gTLDs are largely undifferentiated, however. To the extent that there is some differentiation, there is no enforcement mechanism to ensure that those who have registered domain names in open gTLDs confine their use of the domain name to the broad purposes of the gTLD. So one can have a domain name registered in .com without undertaking any commercial activity, or in .net, while undertaking commercial activity that is completely unrelated to the provision of Internet services.

The Report then considers two mechanisms to address these conceptual difficulties:

exclusion

- ❑ a mechanism for obtaining and enforcing an exclusion of the use of a famous or well-known mark; and
- ❑ an evidentiary device for ensuring that the protection afforded by an exclusion can be extended to confusingly similar, as well as the same, domain name registrations.

evidentiary device

administrative procedure

(The administrative procedure in respect of bad faith, abusive registration of domain names is, of course, also available to suppress many of the predatory and parasitical practices to which famous and well-known marks are subject.)

Mechanism for excluding famous and well-known marks in open gTLDs

exclusions

The Report recommends that a mechanism be established before the introduction of any new open gTLDs by means of which exclusions can be obtained and enforced for marks that are famous or well-known across a widespread geographical area and across different classes of goods and services. This recommendation contains two safeguards:

safeguards

- ☐ Discipline and rigour in relation to the criteria for assessment of entitlement to an exclusion are required on the part of those charged with making such assessment. Not any mark should qualify.
- ☐ In view of the undifferentiated geographical space of the gTLDs, a mark should qualify for an exclusion only if it is famous or well known across a widespread geographical area and across different classes of goods and services.

administrative panels

It is also recommended that the mechanism should function by way of administrative panels of experts, appointed from time to time, in response to applications from the owners of allegedly famous or well-known marks, to determine whether an exclusion should be granted in respect of a particular mark in some or all open gTLDs. The administration of the panels should be centralized. The costs of the procedure should be borne by the applicant for the exclusion, as she stands to benefit from it. The exclusion will be granted indefinitely in respect of some or all open TLDs. But third parties will be free to apply to have an exclusion removed or to be excepted from its operation. In the case of such an application, the costs of the procedure should be borne by the third party.

ICANN

registration authorities

- To implement the mechanism, the Report recommends that -
- ☐ ICANN adopt a policy providing for a mechanism for obtaining and enforcing exclusions in open gTLDs for famous and well-known marks, and
 - ☐ registration authorities agree, in the chain of contractual authorities from ICANN, to implement determinations made for exclusions of famous and well-known marks in gTLDs.

The mechanism for obtaining and enforcing exclusions should provide for -

- ☐ publication of any application for an exclusion and all determinations on a centralized web site;

- ❑ the maintenance of a published list of well-qualified decision makers and the appointment of ad hoc panels of three persons from that list to make determinations in respect of any particular application;
- ❑ the participation of interested third parties in proceedings on an application for an exclusion; and
- ❑ the centralized administration of the procedure.

not binding on national court or registrars

As with determinations made in the administrative dispute resolution procedure, the Report recommends that determinations on applications for exclusions for famous or well-known marks should not bind national or regional industrial property offices or national courts in their implementation of international norms for the protection of famous and well-known marks.

factors to determine whether well known

When is a mark famous or well known? To answer this question, the Report endorses the list of six factors set out in article 2 of the draft provisions adopted by the SCT which should be considered when determining whether a mark is well known. To these six factors the Report adds a seventh — the mark being the subject of attempts by non-authorized third parties to register the same or confusingly similar names as domain names. The Report recommends that decisions on applications for exclusions of famous or well-known marks in open TLDs consider all the circumstances of the application and especially these seven factors.

Evidentiary presumption resulting from an exclusion

variations

As a means of protecting famous and well-known marks, exclusions suffer an important limitation — they protect only the exact name of the famous or well-known mark. So they are not effective against close phonetic and spelling variations of the famous or well-known mark that are registered as domain names in bad faith in order to benefit from the reputation of the famous or well-known mark. In respect of such close variations, the owner of the famous or well-known mark would be obliged, even after obtaining an exclusion, to resort to either civil litigation or the administrative dispute resolution procedure to obtain the cancellation of the offending domain name or otherwise remedy the damage inflicted by the close variation registered as a domain name.

presumption

To reduce the impact of this limitation, the Report recommends introducing an evidentiary presumption resulting from the granting of an exclusion. Such presumption will operate in favour of the holder of an exclusion for a famous or well-known mark. She will be required, in any administrative dispute resolution procedure initiated by her, to show -

- ☐ that a domain name is the same as, or misleadingly similar to, the mark which is the subject of an exclusion, and
- ☐ that the use of the domain name was likely to damage her interests.

Once this has been established, the domain name registrant is burdened with justifying the registration of the domain name.

Anticybersquatting Consumer Protection Act

Federal cause of action

This statute creates 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.

bad faith

The Act adds to the Lanham Act (Trademark Act of 1946 (15 USC 1125)) a new section 43(d) that 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 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' (section 43(d)(1)(A) of the Lanham Act). So the elements of the new cause of action are:

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

The Act lists nine factors to guide a court's determination as to a domain was registered with the requisite bad faith. They include

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- ☐ the person's intent to divert consumers from the mark owner's web site;
- ☐ the person's offer to transfer the domain name to the

factors to determine bad faith

- 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 (section 43(d)(1)(B)(i) of the Lanham Act).

relief

The Act amends sections 34(a) and 35(a) of the Lanham Act expressly to allow the courts to grant the same injunctive and monetary relief for cybersquatting as is currently allowed for traditional trade-mark infringement, trade-mark dilution, and false advertising. Also, the Act adds section 35(d) to provide for statutory damages. A new section 43(d)(1)(C) states that the courts may order forfeiture or cancellation of the domain name, or transfer the domain name to the owner of the mark.

forfeiture / cancellation

in rem jurisdiction

To address the difficulty of locating domain name registrants, the Act allows a plaintiff to obtain in rem jurisdiction by filing an action against a domain name itself where the domain owner cannot be located or where in personal jurisdiction is unavailable (section 43(d)(2)(A) of the Lanham Act). To verify that the registrant cannot be located, the plaintiff must try to send notice of intent to bring suit by postal and electronic mail.

reasonable policy

The Act contains certain provisions relating to domain name registrars that help the courts to establish control over domain names and otherwise encourage registrars to comply with court orders. The Act protects a registrar who complies with a court order under section 43(d) and disables, transfers, cancels, or removes from registration, a domain name as part of a 'reasonable policy' prohibiting the registration of domain names that are identical to or confusingly similar to, or dilutes another's marks (section 32(2)(D) of the Lanham Act).

good faith exception

The Act also creates a new cause of action for domain registrations of individual's names, subject to a good faith exception (section 3002(b)(1)(A) of the Anticybersquatting Consumer Protection Act).

Evaluating the Act, Marshall Leaffer (*Current Developments in Trademark Law*, paper delivered at the Eight Annual

Conference on International Intellectual Property law and Policy, organized by the Fordham University School of Law in New York, 27–28 April 2000, 7) states:

‘The Act provides important tools for fighting cyberpiracy, but not address two other significant problems resulting from the domain system. First, the Act does not resolve the problem that occurs when two different persons who have legitimate rights in a mark wish to register the same domain name or to innocent domain registrations by those unaware of another’s right. Trademark law, of course, allows the use and registration of the same mark by two different parties where likelihood of confusion does not occur. By contrast, each domain name must be unique to a single owner for its Internet function to work. What complicates the picture is that domain names serve both a purely technical function and a trademark function, as “dot.coms” appear with ever-greater frequency in advertising media. Second, the Act does not deal with the problem of “warehousing” domain names. “Warehousing” refers to the practice of registration) for the purpose of eventually selling them at a later for a profit. One might expect that as a consequence of the Act increased warehousing of domain names for a certain kind of entrepreneur who wish to wishes to make a quick bunk by staking out parcels of the Internet. The warehousing phenomenon is already imposing costs of on the system as the day arrives when the desirable pool of domain names becomes scarce.’