



MCDRE

What's in a name?

A clearer understanding of the legal entitlements conferred by domain names registration is imperative for business, says *Mark Bender*.

Disputes between registered trademark owners and domain name registrants are likely to continue to increase because of misunderstandings among business owners of the significance, consequences and differing entitlements and protections that attach to the, at times, confusing array of names, registrations and rights.

THE .AU DOMAIN

Domains with a .au suffix are registered in Australia and regulated by .au Domain Administration Limited (auDA). The Federal Government holds reserve powers in relation to domain names under the Telecommunications Act 1997 (Cth) and in December 2000 the Government formally endorsed auDA to administer .au domains and facilitate the .au dispute resolution policy.

There are no proprietary rights arising from the registration of a domain name in Australia or anywhere else in the world. A party who registers a domain name does not own that name, but holds a licence to use the domain name for a specific period, subject to terms and conditions which include restrictions on the transfer of the license to use that domain name. In order to register an .au domain a registrant must have a registered trademark, company or registered business name that corresponds to the domain name.

While there are some pre-conditions to meet for the registration of a .au domain, registration is still a

relatively easy process that requires, at a minimum, the registration of a business name. Business name registration is governed by state legislation, based on a model business names Act prepared by the Standing Committee of Attorneys-General of the Commonwealth and States in 1962. The mere registration of a business name, while a requirement that must be met before conducting a business and registering a domain name, confers no rights to use that registered name. One shortcoming of the business names registration system adopted by the states is that searches for similar/identical registered trademarks are not conducted before registration.

There is no hierarchy of rights with domain names. A registered trademark does not confer any better entitlement to a domain name than a registered business name, nor are there any checks by the domain name registrar to ascertain whether a proposed domain name is identical or similar to any company name, business name or trademark registered by another party. Domain name licences are allocated on a first come, first served basis.

The registration process is much more open with regard to top level domain (TLD) names such as .com, .net, .org. The registration of these domain names is regulated by the Internet Corporation for Assigned Names and Numbers (ICANN), an international non-profit corporation. There are effectively no pre-conditions for registrations of TLD names, so any party may register a .com, .net, .org etc domain name that is similar or identical to an Australian registered trademark.

TRADEMARKS

A trademark is some sign or indicator used to distinguish one trader's goods or services from another's. In the context of domain names this sign will obviously be a word associated with a trader's good or services. A trademark is defined in Trade Marks Act 1995 (Cth) as 'a

sign used, or intended to be used, to distinguish goods or services... provided in the course of trade by a person from goods or services... provided by any other person’.

Registered trademarks: Trademarks can be registered under the Trade Marks Act 1995 (Cth). A registered trademark will be better protected than an unregistered trademark. The owner of a registered trademark has the exclusive right to use and authorise the use of the trademark in relation to the goods and services in respect of which the trademark was registered. If the registered trademark is infringed, the owner can seek damages and other remedies. The Act requires owners of registered trademarks to exercise control over their trademark to ensure its validity and this may require

2. Misleading and Deceptive Conduct under

Statute: Section 52 of the Trade Practices Act 1974 (Cth) provides that: “A corporation in trade or commerce shall not engage in conduct that is misleading or deceptive, or likely to mislead or deceive.” This provision is sometimes referred to as ‘statutory passing off’.

SIMILARITIES AND DIFFERENCES BETWEEN DOMAIN NAMES AND TRADEMARKS

National registration: As trademark registration systems are national, registration must be carried out in all other countries where protection for a registered mark is sought. The same trademark may be registered for similar goods in different countries, as the

Who can register an .au domain?

- Australian registered company
 - Australian partnership or sole trader
 - A foreign company licensed to trade in Australia
 - Owner of an Australian Registered Trade Mark
 - Applicant for an Australian Registered Trade Mark
 - Someone trading under a registered business name in any Australian State or Territory
 - Association incorporated in any Australian State or Territory
 - Australian commercial statutory body.
- .com.au/.net.au domains must:**
- Exactly match or be an acronym or abbreviation of the registrant’s company or trading name, organisation or association name or trademark, or
 - Be otherwise closely and substantially connected to the registrant.

owners to take action against others making use of the mark through the registration of domain names.

Unregistered trademarks: Trademarks not formally registered under the Act are protected under two areas of law.

1. Common Law Passing Off: This occurs where some goodwill or reputation has been developed from the use of the word by the first trader; and another trader’s conduct misleads or confuses consumers that there is some approval, connection or association with the first trader, and, as a result of this conduct, the first trader suffers some detriment.

Although an unregistered trademark does not provide any property rights in the trademark itself, passing off actions are intended to protect the ‘property’ of the first trader’s goodwill or reputation. Remedies for common law passing off are typically injunctions ordering the second trader to stop using the trademark and/or damages.

US fast food companies Burger King and Taco Bell found when they opened in Australia and tried to register their internationally well-known marks after local businesses had already registered those marks in Australia. TLD names are registered globally. Only local domain names (which are commercially less desirable to international businesses) with suffixes such as .au can be registered in each country.

The nature of rights: A registered trademark is a form of property and an unregistered mark, while not conferring property rights per se, may contribute to the legal right to protect its goodwill or reputation. The question of whether a domain name is a form of property has yet to come before Australian or UK courts, although the issue has arisen in a number of US courts, which held that registration of a domain name gives rise to contractual not property rights.

Perpetual registerability: Both registered trademarks and domain names may be perpetually re-reg-

istered by paying the relevant fees. However once a domain name registration lapses, it becomes available, after a grace period, for another party to register. A registered trademark that is not renewed will likely still have some legal protection as an unregistered mark through passing off and Section 52 actions, depending on the extent of its use.

Opposition actions from rivals: There is a wider array of grounds for actions against registered trademarks than domain names. Grounds for challenging the validity of registered trademarks include: the registered trademark is not capable of distinguishing the goods/services from those of other traders; use of the registered trademark is likely to deceive or cause

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confusion; the registered trademark is substantially identical or deceptively similar to another registered trademark for similar goods or services; the registered trademark is not being used or was not intended to be used in good faith when registered; the registered trademark contains a false geographical indicator; the registered trademark is similar to a trademark that has already acquired a reputation in Australia.

Classes of trademarks: Registered trademarks are market and good specific in that the same trademark may be registered to different parties for different products. For example, 'Deakin' is a registered trademark for three distinct owners: a university, a financial services provider and a winery.

CYBERSQUATTING

Bad faith registration of domain names has increased in recent years. This deliberate action of abusive registration and use of the distinctive trademarks of others as

Internet domain names is referred to as 'cybersquatting'. In the US, cybersquatting is specifically prohibited under statute; however, this is not the case in Australia.

.com, .net, .org disputes: Top level domain name registration disputes are heard by the global body ICANN uniform domain name dispute resolution policy (UDRP). The UDRP is an international, private, inexpensive, relatively fast and largely online dispute resolution procedure primarily designed for cybersquatting disputes. Complaints under the UDRP generally must be in relation to a domain name registration that involves the misuse of a registered trademark.

A criticism of the UDRP arbitration is that the complainant is able to choose the provider who hears a matter, leading to suggestions of 'forum shopping' and systematic bias in favour of registered trademark owners who are typically the complainants in domain name disputes. A 2001 study identified a dramatic difference in case outcomes in single versus three-member panel cases with complainants winning 83 per cent (single panellist) compared with 60 per cent (three-member panel). The only remedy available under the UDRP is an order for the cancellation or transfer to the complainant of a disputed name. There is no scope for damages.

Of the 7,790 (covering 13,311 individual domain names) decisions made from the commencement of the UDRP in December 1999 through to May 2004, 6,125 (in relation to 10,179 domains) resulted in an order being made for the transfer of the domain to the complainant.

.au disputes: The auDA dispute resolution policy (auDRP) oversees .au suffixed domain name disputes. The process relies on a 'good faith' test rather than other legal standards to determine just outcomes. From the commencement of the auDRP system in 2002 until April 2007, there have been 80 decisions, with 48 (60 per cent) of those resulting in transfer of the disputed domain name and 32 (40 per cent) resulting in a finding for the respondent.

PROTECTING DOMAIN NAMES

Trade Practices Act 1974 (Cth) Section 52: This section contains a prohibition on conduct in trade or commerce that is misleading or deceptive or likely to mislead or deceive and so will quite obviously have application in many trademark/domain name disputes.

In *Macquarie Bank Limited v Seagle* a declaration was made by the court 'that the Respondent has engaged in conduct that is misleading and deceptive or likely to mislead and deceive, contrary to s52 of the Trade Practices Act' following repeated cybersquatting of domain names (most of which were TLDs such as .com, .net) related to Macquarie Bank. The cost and time to bring an action for misleading and deceptive conduct under the Trade Practices Act 1974 (Cth) relative to using the relevant auDRP or UDRP dispute resolution procedures will likely be a major factor in the trademark owner deciding on a course of action. There is no appeal avenue from arbitration under both dispute resolution processes, so in the event a complainant is unsuccessful at the dispute resolution stage, further legal action under the Trade Practices Act 1974 (Cth) (or equivalent state Fair Trading legislation), passing off law or the Trade Marks Act 1995 (Cth) may be instigated. Both the UDRP and auDRP provide for legal action before or after the arbitration process, so legal action under these other bases may be taken in place of a UDRP or auDRP arbitration or after an unsuccessful UDRP or auDRP arbitration.

Passing off at common law: To succeed in an action for passing off a plaintiff must satisfy all of the following: a reputation or goodwill; a misrepresentation likely to confuse or mislead the relevant public; and damage, or likelihood of damage, suffered as a result of the misrepresentation.

English courts have held that registering a distinctive mark, such as 'Marks & Spencer', the prominent English department store chain, amounted to a misrepresentation that the party who had registered the domain name was in some way connected or associated with Mark & Spencer, the legitimate owner of the goodwill and reputation in the name.

The court held that such misrepresentations would be conveyed to those who knew the identity of the registrant, for example, from checking the ownership of a domain in the www.whois.com database.

The court further held that such misrepresentations diminished the exclusive goodwill in the name, leading to damage or the likelihood of damage, to the owner of the reputation and goodwill. It was further held that the registration of a domain name

consisting of a well-known name with the intention 'of appropriating the respondents property, their goodwill, and with an intention of threatening dishonest use by them or another' could constitute an 'instrument of fraud' and lead to an injunction being awarded against the registrant. This decision has been followed in the Australian *Yoga Magik* case.

Trade marks act 1995 (Cth): There are a number of challenges to the holder of a registered trademark bringing an infringement action against a domain name registrant who has registered a domain name using the registered trademark. 'A person infringes a registered trademark if the person uses as a trademark a sign that is substantially identical with, or deceptively similar to, the trademark in relation to goods or services in respect of which the trademark is registered.' Merely using the trademark alone will not establish infringement unless it can be shown that such use was 'as a mark'. To the extent that domain names are understood to function as mere addresses on the internet, the 'use as a mark' requirement may be difficult to establish in all cases.

However, many domain names act as more than just an address as many internet users often type in the company name or one of its trademarks when searching for the business online. Further, 'if it were true that domain names did not operate as a badge of origin for the goods and services provided by a business, where would the profit be in cybersquatting?'

Businesses (especially SMEs) need to understand the value in obtaining advice from qualified practitioners when considering the use of names in both in the 'real world' and in cyberspace. Early advice can often later save the cost and distraction of legal disputes.

Mark Bender GrCertHiEd, BBus, LLB (Hons), is a Legal Practitioner of the Supreme Court of the ACT, Barrister of the High Court of Australia and teaches Commercial Law and Marketing Law in the Department of Business Law and Taxation, Monash University.

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