

TRADING IN CYBERSPACE : DOMAIN NAMES VIS-À-VIS TRADE MARKS

Cyberspace : the new trading area

"Cyberlaw" is a term coined to refer to the composite bundle of legal principles which find application when use is made of the so-called Global Information Infrastructure (GII) with its information superhighways, of which the Internet with its information highway to the World Wide Web forms a part. Cyberlaw is multi-disciplinary, with principles of commercial law interacting with principles of intellectual property law, criminal law, laws of procedure, jurisdiction and evidence, and others. The World Wide Web (WWW) created within the GII and navigable via the Internet is a borderless world, and the term "cyberspace" has been created to refer to it.

It is now accepted that the Internet is on the way of becoming the world's largest transaction system, and in the process will revolutionise current practices in many areas, such as in business and ultimately also in law. More and more commercial and business enterprises are making information about their products or services available on the WWW by acquiring a website. Advertising on the WWW is a comparatively cheap and very effective method of making available business information on a world wide scale. Apart from commercial information, websites may also be used for making scientific, legal, technological, design or other creative or innovative information available to Internet users.

Domain names : the cybertrader's address

The first step to trading in cyberspace would be to register a domain name, which is the term used for an Internet address. A domain name generally has two parts, namely the top-level domain name, which can either include a national / country code reference (such as ".co.za" for South African commercial Internet users) or an international / generic code reference (such as ".com" for commercial organisations located anywhere in the world); and a second-level domain name, which is user specific. In the example adamsadams.co.za, the top-level domain name would be the ".co.za" part and the second-level domain name would be "adamsadams". Other South African top-level domain names are for example ".gov.za" for government departments, ".org.za" for non-commercial organisations, ".ngo.za" for non-governmental organisations, etc.

Individual users share the top-level domain name as part of their web address. The second-level domain component of a web address, on the other hand, is unique to the user, and often consists of the trade name or trade mark of the user. Once a second-level domain has been registered by a net user, no-one else is allowed to register the identical domain in combination with the same top-level domain name. It is evident, therefore, that the second-level domain name is a distinctive indicator which identifies the owner of the web address, and it in fact provides the means for promoting the reputation of the owner, not only nationally but globally.

It is also evident that disputes will arise where cybertraders register as their second-level domain names the well-known trade marks or business names of others.

Cybersquatters : can they be evicted?

"Cybersquatting" is a term used to describe the registration of domain names in the name of a person who cannot claim any legal right to those names and who has no bona fide intention of using them, but who merely intends to sell the names at a profit to the true trade mark owners.

Domain name administrators worldwide act as mere registration agencies without assessing the merit of an application, and domain names are accepted on a "first come, first served" basis. Most of the domain name administrators currently do not have the resources or legal obligation to screen domain names to determine whether they would infringe the rights of a third party. It is therefore quite possible that a party can succeed in registering a domain name which incorporates a trade mark to which he has no legal right.

Where such a party uses that website address for trading, his intention is usually to derive some commercial benefit from the reputation and goodwill attaching to the trade mark. Where the party has no intention of trading from the website address, ie. where he merely "squats" on the relevant net address, his motive is usually to derive a profit by selling the address to the true owner of the trade mark.

The only way to "evict" such an illegal occupier or squatter at this time would be to obtain a court order compelling the registration agency to transfer the domain

name to the rightful owner. Court proceedings in these circumstances may be costly and may be complicated, since the "squatter" may reside outside South Africa. Furthermore, the true owner of the name will have to establish his right. The most effective approach for the owner of a trade mark would be to take early steps to ensure that his trade mark is registered in his own name as a second-level domain name within the relevant top-level domains.

From a legal point of view, the mere registration by an unauthorised party of another's trade mark as a domain name may not in all circumstances constitute an act of infringement of the trade mark as defined in the Trade Marks Act, 1993. However, it can cause prejudice to the rightful owner of the trade mark inasmuch as the distinctiveness of the mark may be eroded, ie. the trade mark rights may be diluted. The function of a trade mark in terms of section 2(1) of the Trade Marks Act is to distinguish the goods or services of the rightful owner from the same kind of goods or services of another. A trade mark used on the Internet as the domain name of another may erode this distinctiveness. Two types of dilution have already been identified. The legal terms that are used to describe these forms of encroachment on trade mark rights, are that the trade mark rights are diluted by "blurring" - ie. by the gradual dissociation of the trade mark from the proprietor's own product that occurs in the minds of the consumers; or by "tarnishment" - ie. where a 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 minds of the consumers.

Domain names vis-à-vis trade marks

There is a difference between the exclusive rights afforded by domain names and trade marks. A trade mark usually comprises a trade name or sign which distinguishes the goods or services of the trade mark owner from those of third parties. A trade mark is registered in respect of the goods or services in a particular class. (The Trade Marks Act provides for 34 different classes of goods and 8 different classes of services.) Generally speaking, therefore, there can be a number of identical trade marks co-existing on the Trade Marks Register, for example if they are used and registered for different classes of goods or services, or are used and registered in different territories. On the other hand, each domain name must be absolutely unique within the top-level domain, and of all the companies that own identical trade marks, only one can own the corresponding domain name. It is, however, possible to register

variations on domain names, and even to register confusingly similar domain names. Even insignificant differences can serve to distinguish between different domain names. Trade mark law, on the other hand, prohibits the use of deceptively or confusingly similar trade marks in regard to similar goods or services.

BEWARE : YOUR RIVAL MAY BE USING YOUR TRADE MARK AS A METATAG

Usually, when websites are placed on the Internet, metatags are used to guide users to these sites. Metatags are keywords that are embedded in the website's code and which can be read by Internet search engines to index and identify websites that would be relevant to the user. The use of another's trade marks in metatags could amount to trade mark infringement, as such use of the trade mark would normally not be authorised by the trade mark owner.

To succeed with infringement proceedings in these circumstances, the trade mark owner would have to show that the use occurred in the course of trade and in respect of identical goods or services, or goods or services so similar that a likelihood of confusion or deception existed. However, it may be difficult in practice to detect that a rival has actually misappropriated your trade mark as part of his/her metatags. It is nevertheless prudent for a trade mark owner to keep this possibility in mind.