

Cybersquatting

As use of the internet and e-commerce continues to grow, many businesses are now facing challenges to fully appreciate their legal rights and obligations in the on-line economy, and the practice of “cybersquatting” is becoming a greater problem.

What is Cybersquatting?

Cybersquatting is:

- The deliberate registration and/or use of an Internet domain name in bad faith;
- Where the person registering or using the domain name has no legitimate interests in the respect of the domain name; and
- The domain name is identical or confusingly similar to a name, trade mark or service mark of another person or company.

It commonly involves someone obtaining domain name registrations likely to be sought by well-known celebrities or businesses at a later date. Nokia, Microsoft, Intel and Virgin Enterprises are well known companies that have sought to stop people using their domain names or seeking money in exchange for those parties giving up control of domain names.

Cybersquatting has arisen because of the differences between “real” identities such as trade marks, as opposed to “virtual” identities such as Internet domain names:

- trade marks are publicly recognised legal titles providing legal protection to businesses on a national level;
- domain names are privately run, technical addresses that operate on a global level. A domain name only gives a licence to use the domain name and does not give any property rights in the name to the user of the domain name.

Domain names provide Internet addresses for computers that are convenient and easier to remember than the alpha-numerical Internet Protocol (or “IP”) addresses (ie. the long string of numbers) recognised by computers as being the address of the computer on the World Wide Web.

The problem

While domain names were originally intended to simply be a convenient identifier of internet addresses, they are now a valuable means of identifying goods and services sold on the Internet.

Domain names have therefore become a key marketing tool for E-commerce, and now have a distinct commercial value.

Domain names, “meta-tags” and “key words” for searches are increasingly serving a similar function on the Internet to that served by trade marks traditionally.

National legislation is generally inadequate to deal with the problem, because although legislation can control trade marks, a cybersquatter only has to move their domain name or web page offshore to place themselves outside the jurisdiction of national laws and courts.

Developments

Despite the difficulties that currently exist with businesses protecting their intellectual property rights against cybersquatters, some remedies have been developed.

The World Intellectual Property Organisation (WIPO) was asked by the US Government to look into the issue of cybersquatting in 1998, and has developed a limited approach to the problem which does provide an avenue for Australian businesses in some circumstances.

WIPO has introduced dispute resolution procedures dealing only with deliberate, bad faith registration and use of “.com”, “.net” or “.org” domain names which infringe someone else’s registered trade mark. These are known as “generic Top Level Domains”, or “gTLDs”.

Cybersquatting with “.com.au” sites and other .au Australian domain names most commonly used in Australia (known as “country code Top Level Domains”, or “ccTLDs”) is covered by auDRP procedures administered by auDA guidelines along similar lines to the WIPO procedures for gTLDs, introduced in August 2002.

Unfortunately, neither WIPO nor auDA has adequately tackled the problem of intellectual property infringement generally on the Internet. These are issues that individual national legislation and laws will need to address.

Protecting your business mark

In line with the WIPO recommendations, the most effective way for an Australian business to protect its mark, as long as it is a gTLD, is to have it declared a “famous” or “well known” mark by WIPO.

This requires the owner of a mark to submit an application to WIPO on the basis that it is famous or well known across a widespread geographical area and across different classes of goods or services. In making its decision, WIPO will consider:

- the degree of knowledge or recognition of the mark in the public sphere;
- 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 other forms of publicity;
- the duration, extent and geographical area of any registrations, to the extent that they reflect use or recognition of the mark;
- the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognised as well known by courts or other competent authorities;
- the value associated with the mark; and
- evidence of the mark being the subject of attempts by non-authorised third parties to register the same or misleadingly similar names as domain names.

Even if your business name or mark is not a “famous” or “well-known” mark, you should apply to register your trade mark and use the ™ symbol for unregistered trade marks and the ® symbol for registered trade marks in order to increase your chances of preventing infringement.

WIPO Uniform Dispute Resolution Procedure

The WIPO uniform dispute resolution policy (UDRP) has been operating for gTLD domain names since 1 December 1999 (and more recently for some ccTLD domain name disputes referred to it on a consensual basis), and the requirements for someone seeking to stop an abusive registration and use of a domain name are as follows:

- the complainant must show that the domain name is identical or misleadingly similar to a trade or service mark in which it has rights;
- the complainant must show that the respondent has no rights or legitimate interests in the domain name; and
- the complainant must show that the domain name has been registered AND is used by the respondent in bad faith.

The complainant must pay an application fee of USD\$1,500.00-\$2,000.00 to WIPO for a one person panel (USD\$4,000.00-\$5,000.00 for a three person panel). The panel has discretion to award costs of the dispute resolution procedure to either party. Any party may be represented or assisted at the hearing of the complaint by lawyers or other professionally qualified persons.

You should present a detailed submission to the panel, incorporating points of law (similar to a court appeal submission) and relevant facts (similar to a Statement of Claim in a court) in order to prove your case.

The dispute resolution procedure does not stop you from commencing court proceedings at any time, and if proceedings are commenced in a court, the panel has discretion to decide whether to suspend the panel procedure or proceed to a determination.

The remedies available under the WIPO dispute resolution procedure include:

- cancellation of a domain name;
- transfer of a domain name registration to the complainant.

Since the introduction of the UDRP in 1999, over 87,000 applications for transfer or cancellation of domain names on the grounds of abusive registration and use of domain names have been lodged, of which over 37,500 have been determined by WIPO (not all cases proceed to a hearing or decision, and many are settled after being filed, at least some of which have been withdrawn as a result of the alleged cybersquatter agreeing to stop using the domain name and either cancelling or transferring the domain name to the applicant). To date the procedure has proven very successful for applicants as almost 88% of decided cases have resulted in a transfer of the domain name to the applicant, and a further 1.5% of domain names being cancelled, with only 10.5% of decisions going against the applicants.

.au Domain Name Dispute Resolution Policy

Disputes for .au domain names and Australian ccTLDs are managed by auDA through a similar dispute resolution process (“auDRP”) to that used by WIPO for gTLDs, and this procedure has been operating since August 2002. The complainant must pay an application fee of AUD\$2,000.00-\$2,700.00 for a one person panel (AUD\$4,500.00-\$5,700.00 for a three person panel) to WIPO. The auDRP is broader than the UDRP, and the complainant must show:

- i. the domain name is identical or confusingly similar to a name, trade mark or service mark in which the complainant has rights; and
- ii. the person who registered the domain has no rights or legitimate interests in respect of the domain name; and
- iii. the domain name has been registered OR subsequently used in bad faith.

Over 600 complaints lodged under the auDRP have been decided at hearing, and of those, the complainant succeeds in around 95% of proceedings where no response is filed, and in about 60% of proceedings where a response is filed. Success rates are higher for complaints based solely on registered trade marks (81%) than solely for unregistered trade marks or names (including company names, business names and others) (55%).

Hercules Constan can help you to maximise the benefit you can get from your online business. We aim to help you take advantage of opportunities that you might not otherwise have been able to, and add value to your business.

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Note: This is intended only as a brief introduction to some of the legal aspects of domain names and cybersquatting, and is not intended to be legal advice. You should not rely on this summary as a substitute for appropriate legal advice suited to your particular needs. You should seek and retain the advice of one of our solicitors if you require a comprehensive and up to date analysis of the law relating to your particular circumstances.