

**auDA submission to the
Advisory Council on Intellectual Property (ACIP) Issues Paper:
A review of the relationship between trade marks and business
names, company names and domain names**

March 2004

Background

.au Domain Administration Ltd (auDA) is a not-for-profit organisation that has been endorsed by the Australian Government to administer the .au domain space under an industry self-regulatory regime. auDA is responsible for setting and enforcing the policy for the Australian domain name system (DNS).

It is auDA's view, enshrined in auDA published policies, that there are no proprietary rights in the Australian DNS. A registrant does not "own" a domain name but rather holds a licence to use a domain name, for a specified period of time and under certain terms and conditions.

Under auDA policy there is also no hierarchy of rights in the Australian DNS. For example, a trade mark does not confer any better entitlement to a domain name than a company or business name. Domain name licences are allocated on a 'first come, first served' basis which means that provided the relevant eligibility rules are satisfied, the first registrant to apply for a particular domain name will be permitted to license it.

The .au domain space is divided into different second level domains (2LDs). There are two 2LDs that are designated for commercial use, com.au and net.au. Under current auDA policy the registrant of a com.au or net.au domain name must meet certain eligibility criteria to demonstrate that they are registered to trade commercially in Australia. Acceptable eligibility criteria include an Australian company name, business name or trade mark.

Registrants of com.au and net.au domain names must provide sufficient identification to meet the eligibility criteria (for example, their company name and ACN). Registrars verify registrant identification details by checking the relevant government database - the ASIC database for company and business names, and the ATMOSS database for trade marks.

Importantly, there are no checks performed by the registrar to see whether the domain name is identical or similar to a registered company or business name or trade mark owned by another person. It is entirely the responsibility of the registrant to conduct their own searches to determine whether the domain name they want to register might infringe another person's legal rights.

auDA comments on section 3: Misconceived legal nature of business and company names

3.1 Problems associated with this misconception

auDA's experience is that there is a high level of ignorance in the business community (especially SMEs) about the legal nature of company and business names. For example, under auDA policy it is not permitted to record a business name as the registrant of a domain name, because a business name is not a legal entity. We receive many queries and complaints about this aspect of auDA policy. It would appear that a significant number of business name owners do not understand that, unlike company registration, the registration of a business name does not create a separate legal entity.

We concur with the view expressed in the ACIP Issues Paper that there is a widespread misconception that company or business name registration confers proprietary rights. With respect to domain names, this misconception leads people to make the following erroneous assumptions:

1. Domain name applications are checked by the registrar to ensure that the domain name is not identical or similar to a registered company or business name owned by another person.
2. Domain names that match registered company and business names are automatically registered to (or reserved for) the company or business name owner.
3. Company or business name owners have a prima facie right of action over the holder of an identical or similar domain name.

auDA comments on section 3.2: Possible initiatives to counter the misconception

3.2.1 Educative measures

auDA supports efforts to improve educative measures and increase the availability of information for Australian businesses. We draw ACIP's attention to a guide for small business produced by the National Office for the Information Economy in conjunction with auDA, IP Australia and the Office of Small Business, which attempts to explain the difference between company names, business names, domain names and trademarks. (http://www.noie.gov.au/publications/NOIE/staking_claim/index.htm)

3.2.3 Abolition of the business names registers

auDA has no comment on this proposal, except to note that if the business names registers were abolished then the domain name eligibility rules would need to be amended accordingly (ie. to remove business name registration as an eligibility criterion for com.au and net.au domain names).

3.2.4 Mandatory trademark register search

This suggestion has been raised from time to time with regard to domain name registration. In August 2000 auDA's Name Policy Advisory Panel rejected a proposal that domain names be screened for existing trademark rights because of the associated cost and difficulty, and also because it was considered that an effective dispute resolution policy should be sufficient to deal with any disputes that might arise regarding trademark rights. (<http://www.auda.org.au/npap/npap-29082000/>)

auDA comments on section 4: Implications of domain name registration for trade marks, business and company names

General comment

auDA's experience is that community misconception about the legal nature of domain names is similar to the misconception held about business names - ie. that domain name registration confers a proprietary right - and people make similar erroneous assumptions:

1. Domain name applications are checked by the registry/registrar to ensure that the domain name is not similar to an existing domain name (eg. myhouse.com.au and my-house.com.au or myhouse.net.au).
2. Domain name holders have a prima facie right of action over the holder of a similar domain name (eg. the registrant of myhouse.com.au can sue the registrant of my-house.com.au or myhouse.net.au).

As explained in the background to this submission, no one can "own" a .au domain name, though its use may be exclusively licensed for a period of 2 years (subject to renewal if eligible to do so). While domain name registrants may rely on their registration for the purpose of conducting business on the Internet, in reality the registrant may migrate their operations to a new domain name without inconvenience exceeding that of any change of address. For example, the Bundaberg Rum company changed its domain name from bundaberg.au.com to bundabergrum.com.au without ill-effect. With the liberalisation of domain name eligibility rules in 2002, a number of Australian companies have chosen new domain names for marketing and promotional purposes.

Losing a trademark or trading name may be a real loss of amenity and value for a company. In contrast, we would argue that not having a desired domain name is of marginal effect and is unlikely to have significant long-term ramifications for a business, so long as the registrant of the desired domain name is not holding or using the domain name in bad faith purposely to cause damage to the company. In the case of bad faith registration, the .au Dispute Resolution Policy (auDRP) provides a means for the company to take action, as discussed below.

4.1 The problem of bad faith registration of a domain name and the auDRP

The ACIP Issues Paper notes that the auDRP commenced on 1 August 2002 for com.au and net.au domain names. There have been 13 auDRP decisions handed down to date. (<http://www.ada.org.au/audrp/proceedings/>)

The auDRP has not sought to operate in substitution for legal rights or court action. The auDRP is designed to offer a cheaper and speedier means of deciding domain name disputes and relies on a "good faith" test rather than other legal standards to determine the just outcome. Studies by Caslon Analytics (<http://www.caslon.com.au>) and others have been generally favourable. For example, Corrs Chambers Westgarth lawyers Rachel Garland and Lucy Davis have concluded:

It is expected that the auDRP will provide a practical, efficient and cost effective mechanism for reclaiming a domain name from a cybersquatter in the .au domain space, unlike the previous dispute resolution option in respect of the com.au domain space (ie. voluntary arbitration process). The auDRP takes advantage of a tested process provided by the UDRP and addresses some of the UDRP's existing limitations. The auDRP, like the UDRP, will provide a much cheaper method of domain name recovery than court action (the cost of a complaint under

the auDRP is approximately AU\$1500). The provision of a viable alternative dispute resolution process in respect of domain names in the .au domain space will be welcomed by legitimate users of the Internet and by trade mark owners. (http://www.nswcl.org.au/journal/49/Garland_Davis.html)

Importantly, as other legal remedies are not excluded by the operation of the auDRP, it is reasonably arguable that the legal rights of stakeholders are not affected by the auDRP in any event. Companies operating in Australia have access to legal services and courts should they prefer to use traditional legal remedies including the common law tort of "passing off" or breaches of the Trade Practices Act.

As shown in cases such as *ACCC v Chen (2003) FCA 897*, the courts have the ability to protect Australian stakeholders from infringement from overseas registrants and in the event of serious breach are prepared to issue injunctive relief. Action by government regulators in Australia will be backed by treaties with similar bodies elsewhere, such as the US Federal Trade Commission.

Commentators have praised the auDRP and the UDRP for providing fast, efficient and cheap solutions to domain name disputes. A recent article by Igor Motsnyi (<http://www.murdoch.edu.au/elaw/issues/v10n4/motsnyi104.html>) concluded that despite the WIPO treaty not extending protection to personal names or (at this stage) endorsing the American position on "common law trademarks", the UDRP had been effective for celebrities seeking to protect their names against unauthorised exploitation on the Internet.

auDA believes that the auDRP has been shown to be effective, the remedies thereunder sufficient and the choice of panels (arbitrators) consistent with international principles. Furthermore, we believe that the auDRP meets community expectations about fair and acceptable use of domain names, and the protection of Australian businesses on the Internet. The suspicion that the auDRP could aid complaints being brought in bad faith (eg. reverse domain name hijacking) has not been established by the cases to date, and the provisions of the auDRP are flexible enough to embrace a multitude of circumstances.

4.2 Trademark infringement through use of a domain name

The central issue for the ACIP Issues Paper is the primacy of trademarks over other eligibility criteria for a domain name, such as company or business name registration.

One difficulty is that there may be identical trademarks across classes of goods and services, or registered in different jurisdictions. For example, the ATMOSS database lists 241 trademarks in Australia for the word "United", giving little guidance as to which entity would have precedence for the domain name united.com.au, even if trademark registration was the sole eligibility criteria. The problem is further exacerbated by the insistence on the part of some trademark owners for exclusive rights to acronyms, abbreviations and similar-spelled words.

In auDA's opinion there is no feasible means, technical or otherwise, of ensuring that a domain name registration will not be seen to infringe upon a trademark registered in Australia or elsewhere. In any event, mere domain name registration does not necessarily constitute infringement at common law or under statute. For example, the common law tort of "passing off" requires evidence of confusion to the public under

circumstances in which a court will provide relief as a sanction against fraud - effectively the auDRP repeats this requirement by insisting that a complainant establishes that the current registrant has registered or used the domain name in bad faith.

Importantly, domain names are uniquely amenable to a variety of permutations, so that entities with rights to a common name have the capacity to create similar domain names that are valid and unique. For example, the name "John Smith" could be rendered in domain names as johnsmith.com.au, johnsmith.net.au, john-smith.com.au, john_smith.com, smithjohn.biz and similar variations in different domains within and outside the .au domain space. It is certainly not the case that the first registration of johnsmith.com.au precludes others entitled to the name "John Smith" from establishing a unique identity on the Internet.

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