THE REGULATION OF DOMAIN NAME DISPUTES
IN SOUTH AFRICA

By

Pasno N Nyachowe

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Supervisor: Prof FE Marx
# TABLE OF CONTENTS

**ACKNOWLEDGEMENTS** .................................................................................. V

**SUMMARY** ................................................................................................. VI

## CHAPTER ONE

**INTRODUCTION**

1.1 Introduction ............................................................................................. 2
1.2 Problem statement .................................................................................. 3
1.3 Research methodology ................................................................. 6
1.4 Reference techniques ................................................................. 8

## CHAPTER TWO

**THE REGISTRATION OF DOMAIN NAMES.**

2.1 Introduction............................................................................................ 9
2.2 Definition of a domain name .......................................................... 10
2.3 Origin and development of domain name system ......................... 15
2.4 The registration procedure ............................................................. 21
2.4.1 Domain name registration in South Africa ................................... 22
2.4.1.1 The registration process ..................................................... 24
2.4.2 Domain name registration in the United States ......................... 27
2.4.2.1 The registration process ..................................................... 28
2.4.3 Domain name registration in the United Kingdom ..................... 31
2.4.3.1 The registration process ..................................................... 32
2.5 Characteristics of domain names .................................................... 33
2.6 Problems created by domain names ............................................... 34
2.7 Conclusion ......................................................................................... 35

## CHAPTER THREE

**THE REGULATION OF TRADEMARKS IN SOUTH AFRICA**

3.1 Introduction............................................................................................ 37
3.2 The definition of a trademark .......................................................... 38
3.2.1 Common law trademarks ............................................................ 39
3.2.2 Registrar trademarks ................................................................. 40
3.2.3 Infringement of registered trademarks ........................................ 41
3.2.4 Well-known or famous trademarks ............................................. 45
3.2.4.1 Pre-Trade Marks Act .......................................................... 46
3.2.4.2 Post-enactment of section 35 ............................................... 47
3.2.4.3 Anti-dilution provisions ....................................................... 51
3.2.5 The Merchandise Marks Act 17 of 1941 ...................................... 53
CHAPTER ONE

THROUGH TRADE MARKS TO DOMAIN NAMES

1.1 Overview ..................................................................................... 1
1.2 Background ............................................................................... 2
1.3 Importance of trademark registration ........................................... 3
1.4 The difference between domain names and trademarks ................. 4
1.5 Application of trademark laws to domain names ......................... 5
1.6 Conclusion ................................................................................. 5

CHAPTER TWO

TRADE MARKS: THEIR REGISTRATION AND PROTECTION

2.1 International protection ............................................................... 6
2.1.1 The Paris Convention for the protection of Industrial Property .... 7
2.1.2 The World Intellectual Property Organization ......................... 8
2.2.1 The Trade Mark Law Treaty ......................................................... 9
2.3 The Treaty of The European Economic Community ..................... 10
2.3.1 The Community Trade Mark of 1994 ........................................... 11
2.4 Agreement of Trade-Related Aspects of Intellectual Property Rights (TRIPS) .............................................................. 12

CHAPTER THREE

TRADE MARKS IN PRACTICE

3.1 Introduction .............................................................................. 13
3.2 Judicial dispute resolution in South Africa ..................................... 14
3.2.1 The South African Trade Marks Act 194 of 1993 ....................... 15
3.2.2 Application of other legislation to domain names .................... 16
3.2.3 Common law passing off ............................................................ 17
3.2.4 Unlawful competition ................................................................. 18
3.2.5 The scope of protection ............................................................... 19
3.3 Judicial dispute resolution in the United States ......................... 20
3.3.1 The United State Trade Marks Act 1946 (Lanham Act) ............. 21
3.3.2 Factors to be considered in trademark infringement ............... 22
3.3.3 Unfair competition ................................................................. 23
3.3.4 The Trade Mark Anti-Dilution Act .............................................. 24
3.3.5 Factors considered determining famous trademarks ................. 25
3.3.6 Application of the legislation to case law ................................... 26
3.3.7 Anti-cybersquatting Consumer Protection Act .......................... 27
3.3.8 In rem proceedings ................................................................. 28
3.3.9 Application of the Anti-cybersquatting Consumer Protection Act to case law .............................................................. 29
3.4 Judicial dispute resolution in the United Kingdom .................... 30
3.4.1 The Trade Marks Act of 1994 ...................................................... 31
3.4.2 Dilution provisions ................................................................. 32
3.4.3 Passing off and unlawful competition ....................................... 33
3.4.4 Application of the legislation to case law ................................. 34
3.5 Non-judicial dispute resolution processes ................................... 35
3.5.1 ICANN uniform dispute resolution process .............................. 36
3.5.2 The policy .................................................................................. 37
3.5.3 The procedure .......................................................................... 38

CHAPTER FOUR

DISPUTE RESOLUTION

4.1 Introduction .............................................................................. 39
4.2 Judicial dispute resolution in South Africa ..................................... 40
4.2.1 The South African Trade Marks Act 194 of 1993 ....................... 41
4.2.2 Application of other legislation to domain names .................... 42
4.2.3 Common law passing off ............................................................ 43
4.2.4 Unlawful competition ................................................................. 44
4.2.5 The scope of protection ............................................................... 45
4.3 Judicial dispute resolution in the United States ......................... 46
4.3.1 The United State Trade Marks Act 1946 (Lanham Act) ............. 47
4.3.2 Factors to be considered in trademark infringement ............... 48
4.3.3 Unfair competition ................................................................. 49
4.3.4 The Trade Mark Anti-Dilution Act .............................................. 50
4.3.5 Factors considered determining famous trademarks ................. 51
4.3.6 Application of the legislation to case law ................................... 52
4.3.7 Anti-cybersquatting Consumer Protection Act .......................... 53
4.3.8 In rem proceedings ................................................................. 54
4.3.9 Application of the Anti-cybersquatting Consumer Protection Act to case law .............................................................. 55
4.4 Judicial dispute resolution in the United Kingdom .................... 56
4.4.1 The Trade Marks Act of 1994 ...................................................... 57
4.4.2 Dilution provisions ................................................................. 58
4.4.3 Passing off and unlawful competition ....................................... 59
4.4.4 Application of the legislation to case law ................................. 60
4.5 Non-judicial dispute resolution processes ................................... 61
4.5.1 ICANN uniform dispute resolution process .............................. 62
4.5.2 The policy .................................................................................. 63
4.5.3 The procedure .......................................................................... 64
6.3.3 The alternative dispute resolution in terms of the Act............. 167
6.3.3.1 Management of the .za domain name system..................... 168
6.3.3.2 The alternative dispute resolution..................................... 170
6.3.3.3 The relationship between trademark owners and domain name holders................................................................. 173
6.4 Conclusion.................................................................................. 174

BIBLIOGRAPHY............................................................................... 175

A. Books......................................................................................... 175
B. Articles...................................................................................... 176
C. Internet Addresses..................................................................... 184

TABLE OF CASES............................................................................. 187

A. South African............................................................................... 187
B. United States.............................................................................. 188
C. United Kingdom.......................................................................... 189
D. Other countries........................................................................... 190
E. Uniform dispute resolution cases ............................................. 190
F. Nominet dispute resolution service.......................................... 191

TABLE OF LEGISLATION................................................................. 192

A. South African............................................................................... 192
B. United States.............................................................................. 192
C. United Kingdom.......................................................................... 192

LIST OF REPORTS, CONVENTIONS, DIRECTIVES AND
WORKING PAPERS......................................................................... 193

INDEX............................................................................................. 194

LIST OF ABBREVIATIONS.............................................................. 197

LIST OF ANNEXATURES............................................................... 199
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*Pasno N Nyachowe*
SUMMARY

This treatise provides an overview of the procedures for the registration, regulation and protection of Internet domain names. An analysis of legal rules applicable to domain names and problems related to the protection of domain names in South Africa, United State, United Kingdom and internationally is undertaken. The problems includes cybersquatting, misuse of personal names, reverse domain hijacking, misuse of meta tags and keywords. The treatise established possible solutions applicable to South Africa by investigating how other countries have dealt with such problems, and further investigated the extent to which South African legislation is suited to deal with such problems. An investigation of the regulation in terms of the Electronic Communications and Transactions Act 25 of 2002 is briefly attempted, and proposals for the future on the South African domain name system suggested.

Keywords: domain name, trademark, disputes, cybersquatting, infringement, registration, regulation, protection, UDRP.
CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

“Global computer-based communications cut across territorial borders, creating a new realm of human activity and undermining the feasibility--and legitimacy--of applying laws based on geographic boundaries. While these electronic communications play havoc with geographic boundaries, a new boundary, made up of the screens and passwords that separate the virtual world from the ‘real world’ of atoms, emerges. This new boundary defines a distinct Cyberspace that needs and can create new law and legal institutions of its own.”

The practice of using domain names began as a helpful way of routing data across the Internet. A domain name is an electronic address registered by an individual, business, or organisation. This address permits Internet service providers to identify, locate and contact specific host computers worldwide. The rapid expansion of on-line communication and the increasing commercial use of the Internet by business have given rise to a number of legal complexities relating to the use and protection of domain names. The clash between domain names, trademarks, trading names and other intellectual property rights has initiated investigations and a test on existing legal principles. With the globalization and commercialization of the Internet, domain names have taken on a new significance as business identifiers. Domain names no longer act only as a means of locating particular computers, they have become valuable assets rapidly making their way into “real space”, cropping up on television commercials, billboards, magazines advertisements, and even the sides of buses. As such, there is a real possibility of conflict with business identifiers such as

2 Kilian “Cybersquatting and Trademark Infringement” MUEJL 7 (3) Sep [2000].
trademarks that exist in “real space”. Legislation was slow to catch up with these developments and this has resulted in a number of conflicts between domain names, trademarks and business names.4

Trademark law has evolved to ensure that the consumer is not misled about the source of a product. In this sense, a trademark is a kind of quality assurance for the consumer, with the benefits extending equally to the trademark owner. A trademark represents a significant amount of goodwill in the form of consumer recognition for a successful business. Trademarks are therefore valuable assets that need protection. The clash between domain names, trademarks, trading names and other intellectual property rights has put existing legal principles to the test.

Currently in South Africa, domain names are protected by legislation and the common law relating to passing off and unlawful competition.5 There are internationally implemented agreements6 which also provide for dispute resolution mechanisms.7 The protection afforded is uncertain as will be shown in the treatise.8

1.2 PROBLEM STATEMENT

The current process of domain name regulation creates an environment that is conducive to conflict with trademarks and other business names. Registration of domain names is done by private companies on a ‘first-come, first-served basis’. Existing legislation and the common law do not always offer solutions to disputes involving domain names. The extent to which these principles apply to domain names is therefore uncertain. Prior the

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5 Chapter Four below.
6 Chapter Three below.
7 Chapter Five below.
8 Chapter Five below.
enactment of the Electronic Communications and Transactions Act,\textsuperscript{9} there was no legislation that specifically applied to domain names. The extent to which this law can resolve disputes between domain names and trademarks in South Africa is yet to be established. The success of the regulation is similarly yet to be tested in a court of law. It still remains unclear how the traditional principles and decisions of other jurisdictions will be applied by the courts in South Africa. The Act makes provision for the establishment of an Alternative Dispute Resolution body. The structure and nature of this body will be investigated.

The following questions relating to domain names can be asked:

(i) Whether trademark laws and common law principles are applicable to domain names and whether a domain name can function as a trademark?\textsuperscript{10}

(ii) Whether the registration of company names and businesses as domain names to prevent registration by these legitimate companies or business amount to infringement?\textsuperscript{11}

(iii) Whether the registration of famous persons' (celebrities') names as domain names for personal gain by unscrupulous people, result in domain name misuse?

(iv) Does the registration of variations of famous trademarks or geographical names registered subjected to the same conditions mentioned above amount to abuse of domain names?\textsuperscript{12}

(v) Is the use of well-known trademarks and trading names as meta tags often used as pointers to undesirable websites infringement?\textsuperscript{13}

\textsuperscript{9} Act 25 of 2002 (Hereinafter referred to as the ECTA).
\textsuperscript{10} Chapter Three below.
\textsuperscript{11} Chapter 4.2 below.
\textsuperscript{12} Chapter 4.2.2 below.
\textsuperscript{13} Chapter 4.5 below.
(vi) The use of a well-known trademark, trading name and famous person name as keywords to attract traffic to an unrelated domain name an infringement?\textsuperscript{14}

(vii) Whether the use an unrelated trademark, trade name or famous name in the Uniform Resource Locater amount to misuse of domain names?

(viii) Whether domain names have monetary value and should therefore be regarded as property?

(ix) Is the registration of a similar domain name by two legitimate individuals or businesses with the same or similar name conducting business in different fields permissible (in terms of existing legislation or the common law?)\textsuperscript{15}

(x) Does the registration of a competitor's trademark or domain name or product as a domain name amount to misuse?

(xi) Whether the fact that domain names are easily registered and are immediately visible worldwide creates jurisdictional problems for any potential litigant since there is no convenient break-up of jurisdiction in cyberspace?\textsuperscript{16}

(xii) To what extent are international principles applied or used as persuasive resource authority in the court in South Africa?

(xiii) Whether adopting of foreign reference to Uniform Dispute Resolution Bodies (hereinafter referred to as UDRP) decisions

\textsuperscript{14} Chapter Five par 5.3 below.

\textsuperscript{15} Simpson “Sorting out the Domain Name System” in Kudo “Regulation of Cyberspace: Whose name is it anyway?” \textit{Responsa Meridiana} (2000) 1: Trademark law is distinctly based on geographical separation; see also Chapter Four par 4.4 below.

\textsuperscript{16} Simpson “Sorting out the Domain Name System”: “Global computer-based communications cut across borders, creating a new realm of human activity and undermining the feasibility - and legitimacy - of applying laws based on geographic boundaries. While these electronic communications play havoc with geographic boundaries, a new boundary, made up of the screens and passwords that separate the virtual world from the ‘real world’ of atoms, emerges.”
could ultimately lead to the development of a new corpus of custom international law?

The questions raised above create problems in law for different reasons. The result of all these problems has been a concentration of cyber laws on trademark issues, with the greatest emphasis on domain name disputes and other emerging areas like meta tags and keywords. South Africa, like many other nations, is in the process of updating laws that include all aspects of the Internet. It is for this reason that regulation of domain names is being investigated to establish whether the ECTA is capable of addressing some of these problems.

1.3 RESEARCH METHODOLOGY

The study has the objective of investigating how South Africa deals with domain name registration, dispute resolution and regulation as well as the relevant legal principles. For this purpose, a comparative analysis of how domain names are registered and disputes resolved in the United States and United Kingdom and other countries (where applicable) is crucial. The following will be done to reach the goals:

(i) An investigation as to how South Africa deals with domain name registration, disputes resolution and regulation will be attempted and the relevant legal principles investigated.

(ii) A comparative analysis of how domain names are registered and disputes resolved in the United States of America, United Kingdom and other countries (where possible) will be undertaken.17

(iii) Domain names dispute resolution under judicial and non-judicial dispute resolution processes and their procedures and effectiveness will be investigated.

(iv) Legislation and the common law principles of the United States and United Kingdom which are similar to the South African

17 Chapter Five below.
principles will be used in the investigation to establish the extent to which South African principles apply to domain names.

(v) Reference to case law will be made to illustrate the application of legislation, common law, unfair or unlawful competition principles. Court cases in South Africa will be referred to first, then these of the United States and the United Kingdom. UDRP disputes that involve South African companies and those of the United States and the United Kingdom will thereafter be considered.

(vi) The different kinds of conflicts and domain name/trademark misuse will be discussed.

(vii) The regulation of domain names in South Africa with special reference to the Electronic Communications and Transactions Act 25 of 2002 will be also be done. The future of the South African domain system under the new administration will be investigated.  

(viii) Lastly, recommendations and conclusions relevant to the regulation of domain names in South Africa will be set out. 

This Chapter has introduced the problems which will be investigated in this treatise, and has given an outline of the research methodology to be employed. The next Chapter of this treatise will define a domain name and its characteristics. An investigation of the registration of domain names in South Africa, United States of America and United Kingdom will also be undertaken. In Chapter Three, the regulation of trademarks will be examined. Statutes, common law and international treaties that apply to trademarks will be looked at, and the extent to which these laws apply to domain names will be established. Chapter Four involves an investigation into processes available for the resolution of disputes involving domain names and trademarks. Chapter Five looks at various conflicts between domain names and trademarks. The regulation of domain names will be considered in Chapter Six with specific reference to the Electronic Communications and Transactions Act 25 of 2002.

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18 Chapter Six below.
19 Chapter Seven below.
Communications and Transitions Act and the future of South African Domain Name System. Lastly, recommendations will be made for the regulation of domain names in South Africa and conclusion will in rounding off Chapter Seven.

1.4 REFERENCE TECHNIQUES

In this treatise, footnotes embody abbreviated titles of authorities. The full titles can be obtained from the bibliography at the end of the treatise. Articles from Internet addresses do not show pages. Only the author and keywords taken from the title are referred to. A list of authorities and abbreviations appears at the end of the treatise. Internet references are indicated by their website addresses followed by the date on which they have been accessed. Tables are contained in the annexure to the treatise. Keywords taken from the Uniform Dispute Resolution cases, the name of the administrative body (for example WIPO, eResolution or NAF) and case number are referred to in the footnotes. The full citation can be obtained from the bibliography.
CHAPTER TWO
THE REGISTRATION OF DOMAIN NAMES

2.1 INTRODUCTION

The purpose of this Chapter is to introduce the subject of domain names, setting out their origins, development and registration procedure. The related problems of domain names on the Internet, which include conflicts between domain names and trademarks caused by the explosive growth of the Internet over the past several years, will also be discussed. The introduction of the domain name system has created a new and confusing set of unanswered legal issues. Intellectual property systems worldwide have failed to keep pace with technological developments, and existing laws do not seem to be adequate because of the nature of the Internet. South Africa, like many other nations, did not have legislation that specifically covered the Internet until the enactment of the Electronic Communications and Transactions Act.

Trademark laws and the common law had to be used to solve domain name disputes. This means that the laws of the country were often insufficient to solve problems relating to domain names in general and that much emphasis was often placed on the rights of trademark owners. These are discussed in the present Chapter which starts with a definition of a domain name.

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22 Kelleher “Generic Domain Names on the Internet” EIPR [1998] (2) 62: “Physical distance and location do not matter; this means that national borders are effectively dissolving on the Internet.”
2.2 DEFINITION OF A DOMAIN NAME

A domain name is an alphanumeric Internet address obtained by an individual, business or organization that is using the Internet.\textsuperscript{23} The domain name system was developed to translate numeric Internet Protocol (IP) addresses (hereinafter referred to as IP addresses), traditionally used by computers and name identifiers, to something friendlier to human eyes and ears.\textsuperscript{24} A computer that host websites has a unique machine-readable IP address, which allows other computers to locate and connect to it. The IP address is a string of numbers (for example 215.323.301.4) and is machine-readable.\textsuperscript{25} It however, creates problems to human beings, as it is difficult to remember.\textsuperscript{26} The domain name is a human friendly version of the machine-readable IP address by which a website is known on the Internet. The domain name system (hereinafter called the DNS) is the name given to the complex system for registering those mnemonic\textsuperscript{27} domain names. It maintains vastly distributed directories that permit every browser pointed at a Uniform Resource Locater (hereinafter referred to as the URL) to connect

\textsuperscript{23} Buys Cyberlaw®SA 15 defines a domain name as “a unique number that identifies an Internet site”; Van der Merwe & Erasmus “Internet Domain Names” De rebus Feb (1998) 53 defines domain names as “addresses used on the Internet but they also fulfil trade-mark function (i.e.) distinguishing the goods and services of one person form those of another”; Du Plessis & Viljoen “Registering domain names” JBL Vol 6 (4) 148: “a domain name is an internet substitute for an Internet address”; see also Horton: “The name of the game is domain: New developments in domain law” http://www.cla.org/domain.htm (2001/09/22); Webster “Legal rights and the Internet” JBL vol 6 (1) 7; Drury “Naming Games” http://www.eon.law.harvard.edu (2001/09/22); Goto “Recent domain name registration developments” Strategy Yearbook [2000] 19.

\textsuperscript{24} Job et al “Domain Name Registration and Protection” Tech Werks Feb (2000) (4) 1.

\textsuperscript{25} Buys Cyberlaw®SA 16 defines an IP address “as a string of four numbers separated by dots (e.g. 192.168.10.99) used to represent a computer on the Internet.”

\textsuperscript{26} Van der Merwe & Erasmus “Internet Domain Names” 53.

\textsuperscript{27} A code, word or phrase that helps the memory to remember easily.
to the correct IP number and deliver an Internet communication, and every email to the desired destination.\footnote{Froomkin & Lemley “ICANN and Untitrust” UILR [2003] 105.}

Domain names are read from right to left, working from the most specific part of the name on the left, to the most general part on the far right. Each domain name has at least two separate levels. Domain names can be broken down into two components which are the country code Top Level and generic Top Level. Firstly, there is a country code or national Top Level Domain name (hereinafter referred to as ccTLD or nTLD respectively), which are two-letter country codes at the extreme right of a domain name. In www.bowman.co.za, for instance, .za is the country code for South Africa.\footnote{Van der Merwe Computers and Law 109; According to Webster & Odendaal http://www.spoor.co.za/articles/it_art_domainsecurity.htm (2001/09/22): There are more than 245 Country Code Top Level Domains in use throughout the world.}

These ccTLD’s are administered locally in each country by administrators who were originally experienced technical personnel (usually academic) appointed by the Internet Assigned Numbers Authority (hereinafter referred to as the IANA).\footnote{http://www.iana.org (2001/11/22): IANA is a United States funded body chartered by Internet Society and the Federal Networking Council (FNC) and is operated by the University of Southern California Information Science Institute. IANA is responsible for the delegation of TLDs, and has designated several regional bodies as the registration authorities for second-level domain names.}

National governments asserted independent control over ccTLD administration as the popularity and market value of the domain name increased.\footnote{Cabell “Learning Cyberlaw in Cyberspace: Domain Name Conflicts”.}

The second element in a domain name consist in Top Level Domain names which are generic abbreviations describing the nature of the users business or services, for example, www.bowman.com; the .com indicates a commercial entity.\footnote{Other gTLDs are .edu for an educational institution, .int for international organizations, .net for network infrastructure, .mil for the military, .org for non-profit organizations and .gov for government agencies.} Although these generic Top Level Domain names
(hereinafter referred to as gTLDs) were originally predominantly used by the United States government and commercial bodies, they are now used internationally and can be registered in any country.\textsuperscript{33} The Internet Society (hereinafter referred to as the ISOC)\textsuperscript{34} introduced seven new gTLDs.\textsuperscript{35} They are .\textit{biz} .\textit{info} .\textit{nom} .\textit{arts} .\textit{web} .\textit{firm} and .\textit{rec}. Some of these new gTLDs are already in use and can be registered at Vodacom World Online.\textsuperscript{36} An abbreviation describing the nature of the business or service can also follow the ccTLD or nTLD. In the given example, \textit{www.bowman.co.za}, the .\textit{co.za} distinguishes the field endeavoured of the preceding name.\textsuperscript{37}

A further component of the domain name is the Second-Level Domain name (hereinafter referred to as SLD). This is a unique source-identifying designation that the user selects, for example, \textit{bowman} in the given example. It is this second level domain name by which the user is identified in the public’s mind, and which is the subject of many disputes.\textsuperscript{38} The SLD usually consists of the trademark, trading or business name, or both, of the holder of the domain name. Most businesses use domain names that are

\textsuperscript{33} Drury “Naming Games” \url{http://www.eon.law.harvard.edu} (2001/09/22) refers to Lipton “What’s in a (domain) name?” (1999) 2.5 Internet Law Bulletin at 58: “As Lipton points out, US, registration under generic TLDs (gTLDs) have become the most sought after names on the Internet, because they are regarded as ‘International’.”

\textsuperscript{34} \url{http://www.isoc.org} (2001/11/22): “The Internet Society is a non-governamental international organization for global cooperation and coordination for the Internet and its internetworking technologies and applications. The Society’s individual and organizational members are bound by a common stake in maintaining the viability and global scaling of the Internet. They comprise the companies, government agencies, and foundations that have created the Internet and its technologies as well as innovative new entrepreneurial organizations contributing to maintain that dynamic. The Society is governed by its Board of Trustees elected by its membership around the world”; see also “A bit of History” \url{http://www.isoc.org/internet/history/ietfhis.html} (2001/11/22).

\textsuperscript{35} Drury “Naming Games” \url{http://www.eon.law.harvard.edu} (2001/09/22).

\textsuperscript{36} Robinson \textit{ComputingSA} vol 21 (2001) Issue (26) 3 \textit{.biz} and \textit{.info}.

\textsuperscript{37} Van der Merwe \textit{Computers and Law} 109; Annexure One pg 212.

\textsuperscript{38} Van der Merwe \textit{Computers and Law} 109.
similar to their trademarks or abbreviated versions thereof, for example, the University of Port Elizabeth uses www.upe.ac.za\textsuperscript{39} as its domain name. Many famous companies have only recently discovered that small companies or individuals or businesses have already registered the abbreviated versions of their trademarks because they share the same abbreviations. This is because some domain names are valuable.

Domain names appear as words to people, and as IP numbers to computers.\textsuperscript{40} IP numbers consist of four groups of three digits, separated by dots. A domain name can have more than sixty letters.\textsuperscript{41} The domain name system thus creates a link between a domain name and its corresponding IP address. Like a telephone number, it is possible to change the IP address, which is associated with the domain name without changing the domain name.\textsuperscript{42}

The important functions of a domain name are highlighted in the \textit{South African Guide to Internet Law},\textsuperscript{43} which describes a domain name as follows:

\textquote{A domain name is an important corporate identifier. Beyond the name under which you send and receive e-mail, like any other mark or trade name it can be a symbol of your goodwill and recognition in

\textsuperscript{39} Veradi “Internet domain names and your business” \textit{JBL} vol 7 (3) 77 states:
\textquote{…the internet is a great leveller. The smallest organization can quite easily create a website as impressive as those of large multinationals.” Individuals who use other people’s business names can easily register names of big organizations. In such a case the business concerned will have to buy the domain name back or lose it because registration is on a first-come first-served basis.

\textsuperscript{40} Brunel “Trademark Protection for Internet Domain Names”

\textsuperscript{41} \texttt{http://www.igoldrush.com/intro.htm} (2001/08/22): A domain name can contain up to 67 characters.

\textsuperscript{42} Job et al “Domain Name Registration and Protection” 1; Levenstein & Bouwmeester “Domain Names: Protecting Your Trademark From Attack”

\textsuperscript{43} The \textit{South African Guide to Internet Law Werksmans} (1997); see also Van der Merwe \textit{Computers and Law} 119.
the marketplace. Importantly, when attempting to locate an entity on
the Internet, the domain name is often the first component of any
search. It is accordingly of vital importance that your domain name
reflects your full corporate and/or some of all of your product names,
or at least a recognizable part thereof.44

In this regard, domain names are more than mere addresses. They can be
closely identified with the company itself in the sense that customers
associate a domain name and its business. Domain names frequently
represent a business’ intellectual property in the form of a trademark. This
applies either to registered or common law trademarks or to words or
phrases associated with the business.45 The use of trademarks as domain
names on the Internet has led to businesses adopting strategies to obtain
the most in value from their trademarks. For example, since customers tend
to type company.com when seeking a particular company’s website, there is
often a race among businesses to register the most intuitive domain name
for their business.46 According to Brown a domain name serve a dual
purpose:

“It marks the location of the site within cyberspace, much like a
postal address in the real world, but it may also indicate to users
some information as to the content of site, and, in instances of well-
known trade names or trade marks, may provide information as to
the origin of the contents of the site.”47

A United States court in the Eastern district of Virginia suggested in
Cardservice Int’l v McGee (1997)48 that the use of the plaintiff’s name would
cause confusion to a customer who is unsure of the website. A customer
who is unsure about a company’s domain name often assumes that the

45 Kilian “Cybersquatting and Trademark Infringement” E-Law Murdoch
University Electronic Journal of Law vol 7 (3) September [2000].
46 Blackman “The Uniform Domain Name Dispute Resolution Policy” Harvard J
L & TECH 15 (1) [2001] 212; Sporty’s Farm v Sportsman’s Mkt 202 F 3d 489 [2d Cir
2000].
47 Brown “New Issues on the Internet Litigation” 17th Annual Institute on
48 950 F Supp 737 741 [ED Va 1997].
trademark is also the company’s domain name, and in consequence ends at the wrong website. The Virginia court enjoined the defendant from using cardservice in its domain name. This was confirmed in Sporty’s Farm v Sportsman’s Mkt. The court held that:

“The most common method of locating an unknown domain name is simply go type in the company name or logo with the suffix .com.”

The next section provides a brief overview of the origin and development of the Internet and domain name system.

2.3 THE ORIGIN AND DEVELOPMENT OF THE INTERNET AND THE DOMAIN NAME SYSTEM

The Internet is a network of computers linked together for the purpose of automated communication between members of the various networks. According to Hamilton:

“The Internet is a global network of computers and is often referred to as the ‘Information Superhighway’. The Internet can be viewed as a large network of interconnected smaller networks which are cooperative associations of governmental entities, educational

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49 202 F 3d 489 [2nd Cir 2000].
50 489.
51 Buys Cyberlaw@SA 11 for other definitions of the Internet; Webster “Legal rights and the Internet” JBL Vol 6 (1) 7: defines the Internet “… as a superhighway, which is a conduit for the transfer of information”; see also Webster & Odendaal http://www.spoor.co.za/articles/it_art_domainsecurity.htm (2001/09/22) who defines the Internet as: “… an enormous computer network that connects millions of computers globally and provides world-wide communications to businesses, homes, schools and governments.” For more information on the history of the Internet, see Barry http://www.isoc.org/internet/history/brief.html#Origins (2001/11/02); http://www.isoc.org/internet/history/cerf.html (2001/10/02); http://www.zakon.org/robert/internet/timeline/ (2001/11/02); see also http://www.cla.org/RuhBook/chp1.htm (2001/09/24); http://www.isoc.org/internet/history/ietfhis.html (2001/11/02); Buys Cyberlaw@SA 35: for the history of the Internet in South Africa.
institutions, corporations, and various other local computer networks.”

The Internet had its origins in the United States of Americas’ military, science and academic network. It had its beginnings in the United States’ Department of Defence’s Advanced Research Projects Agency (hereinafter referred to as (DARPA) in the early 1970s, which established the ARPANET, which was the Advanced Research Projects Agency, in the United States. Part of the APARNET development work was delegated to the University of California at Los Angeles, where Dr Jon Postel undertook the task of maintaining the list of names and addresses of host computers on the system and a list of documents called Request for Comments.

Although the APARNET originally created a computer network for the United States military, it has since grown into a vast commercial, private sector and international network. The Internet was introduced to universities as a research and communication tool. The Internet grew enormously. As a result of its history, the bodies which administered the operations and self-management of the Internet are often of United States origin and have a majority, or at least a large number of United States members.

As the system grew to be more than just a military resource system to a vehicle of commerce and communication, the United States government

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54 Wowk “Remedies In Domain Name Disputes: A Canadian perspective” [http://www.intelprolaw.com/Articles/IP/2.shtml (2001/09/02): “While the network was originally for military use, it has been opened up for scientific and university use and, recently, commercial and individual use.”

55 See Drury “Naming Games” [http://www.eon.law.harvard.edu (2001/09/22) for more information about the United States pre-eminence in the domain name system.
decided to introduce private competition in the domain name governance system. In 1993, the National Science Foundation (hereinafter referred to as the NSF) assumed financial responsibility for non-military TLDs. In that year two United States government bodies, the NSF and the IANA, contracted a private corporation, the Network Solution Inc (hereinafter referred to as the NSI), to operate the domain name system. The NSI was granted nearly complete authority to operate the domain name system.\textsuperscript{56}

The NSI Agreement was awarded in conjunction with two other co-operative agreements, one to American Telephone and Telegraphic Company (hereinafter referred to as AT&T)\textsuperscript{57} and one to General Atomics for database and directory services, and for information services respectively. The three entities together formed InterNIC. The IANA allocated national Top Level Domain names to various Network Information Centres around the world, each administering domain names for their own particular country.\textsuperscript{58} These administrators were originally experienced local technical personnel (usually academics) appointed by the IANA, but as the popularity and market value of domain name registration increased, national governments began to assert independent control over their ccTLD registries.\textsuperscript{59} These registries currently set out their own policies pertaining to domain name registration and dispute resolution. The technical parameters of domain name registration (for example, the number of characters, where the dots must appear) are determined by consensus of the engineering community (protocol).\textsuperscript{60}

The ISOC is one example of a non-profit organization established to administer the Internet. The contract with the NSI was supposed to have


\textsuperscript{59} Cabell “Learning Cyberlaw in Cyberspace: Name Conflicts”.

\textsuperscript{60} Ibid.
expired in 1998, but was extended for two years under a new corporation, the Internet Corporation for Assigned Names and Numbers (hereinafter referred to as the ICANN) which has now taken over the administration. The ICANN became the central co-ordinator although other private parties were allowed to enter into the domain name registration business. The main objective for the decentralization of the system was:

“... to try make more competition available to consumers or business so that more that one registrar could register in the same to-level domain.”

Prior to the substitution of the IANA by the ICANN in 1998, there was much discussion as to the future regulation of the Internet. There were concerns not only about the regulation of domain names but also the allocation of domain names under the gTLD’s. The International Ad Hoc Committee (hereinafter referred to as the IAHC) was formed on the initiative of the ISOC and the IANA, with a view to solving domain name problems. The committee proposed the introduction of seven new gTLD’s and multiple competing registrars to administer the domain name system. This was done with a view to relieving existing gTLDs and solving certain problems in this area. A Memorandum of Understanding (hereinafter

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61 Van der Merwe *Computers and Law* 112: ICANN is a Californian non-profit public benefit organization. According to its Articles and Bylaws, its main functions are: (a) to co-ordinate the assignment of Internet technical parameters as needed to maintain universal connectivity on the Internet; (b) to perform and oversee functions related to the co-ordination of the Internet and domain name system, including the development of policies; (c) to oversee the operation of the authoritative Internet domain name service to server system; and lastly to engage in any other related legal activity in furtherance of items (a) - (d).


64 Cendali et al “An Overview of Intellectual Property Issues Relation to the Internet” 495.

65 The IAHC was dissolved on 1 May 1997.
referred to as MoU) was drafted which provided for, among other things, a
council of registrars, a policy of advisory board, and a policy of oversight
committee. All this resulted in the creation of the ICANN.66

The ICANN is responsible for the management of the Internet protocols,
which support the operation of the Internet, including the Domain Name
Space (hereinafter referred to as the DNS).67 Today, the ICANN is the
governing body of the global Internet, and is gradually taking over the
administration from the NSI and the IANA.68 The need for change in the
DNS was seen to rise from (i) dissatisfaction with the absence of competition
regarding domain name registrars; (ii) increasing occurrence of conflicts
between domain name and trademark owners, and the fact that the means
for resolving these conflicts was seen as expensive and cumbersome; (iii) the
call from commercial interests for a more formal management structure of
the Internet; (iv) the desire from non-United States interests in participating
in the management of the Internet (and finally the need for accountability in
the decision-making for the DNS).69

During the early development of the Internet, domain names were not
particularly important commercially because few commercial enterprises
made use of the Internet.70 They were intended to perform a technical
function in a manner that was convenient to human users of the Internet.
They provided addresses for computers that were easy to remember and to

66 Cendali et al “An Overview of Intellectual Property Issues Relation to the
    Internet” 495.
67 Gigante “Domain – ia: The Growing Tension Between Domain Names and
    Trademark Law”: The DNS is a set of distributed databases containing IP addresses
    and their corresponding domain names.
68 Cendali et al “An Overview of Intellectual Property Issues Relation to the
    Internet” 495.
69 Statement of Policy on the Management of Internet Names and Addresses
70 Davis “Internet Domain Names and Trademark”
identify, without the need to resort to the underlying IP numerical address. Initially domain names were mostly assigned to universities and government agencies.\textsuperscript{71}

The globalization and commercialization of the Internet changed the way in which domain names were viewed. Domain names became valuable assets and courts have held that domain names are property and can even be auctioned to settle a court judgment.\textsuperscript{72} As a result of the rapid expansion of the Internet and the fact that domain names were no longer restricted to the United States, regulation of domain names became a problem.\textsuperscript{73} The DNS is privately administered, and registration of a domain name gives rise to a global presence, accessible from anywhere in the world. The nature of the DNS results in a tension between other systems of intellectual property rights that are publicly administered on a territorial basis, and gives rise to rights that are only exercisable within the territory concerned. The lack of connection between these systems has resulted in conflicts between the DNS and other intellectual property systems.

The registration procedure of domain names in South Africa, the United States and the United Kingdom will be discussed next.

\textsuperscript{71} Davis “Internet Domain Names and Trademark”: “The initial domain names were mostly assigned to universities and government agencies, like mit.edu or whitehouse.gov.”


\textsuperscript{73} Davis “Internet Domain Names and Trademark” http://www.cla.org/ggd_trademark_pub.htm (2001/10/22): “There is no requirement, however, that none-US registrants apply to their own country for a domain name, and many foreign businesses and professionals have registered domain names in the US.”
2.4 THE REGISTRATION PROCEDURE

Domain names must be registered with any one of the entities allowed to register gTLDs or ccTLDs. These entities have evolved through custom and practice rather than being established by international treaty or national statute. The NSI had, until 1998, an effective monopoly on registration of top-level domain names. The situation changed under the ICANN. It contracted with registries that established registers all over the world. In terms of these contracts the entities with whom the ICANN contracted are responsible for the registration of top-level domain names.

The registration of domain names is based on a contract between the applicant and the regional registering entity. The contract defines the rights and responsibilities of the registration authority, on the one hand, and the domain name applicant, on the other. This contract depends on the regional registry. These registries do not enable a person to establish whether a

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76 Also referred to in this treatise as a “registration agreement”.

77 Job et al “Domain Name Registration and Protection” 3: “As a general rule, domain names are registered subject to the terms and conditions published on the web site of the relevant regional entity. Often, one of these terms will be that no obligation is placed on the regional entity to determine the right of a prospective applicant to a certain domain name, or to register a domain name, assuming that it has an obligation to do so. For example, a prospective applicant will be required to agree that UniForum shall have the right to withdraw the domain name from use and registration in the ”co.za” name space of the Internet if an order is made, by a competent court having jurisdiction, to the effect that the domain name rightfully belongs to a third party or infringes a third party’s rights. The remedies of an aggrieved party typically lie, therefore, with the courts and not the regional entity hosting the disputed domain name. A court application may be based on, inter alia, an infringement of intellectual property rights, unfair competition or defamation.”
specific name violates any rights of third parties.\footnote{Webster & Odendaal http://www.spoor.co.za/articles/it_art_domainsecurity.htm (2001/09/22): “There is no link between the register and actual commerce in the sense that the Registrar of Trade Marks does not in any way police what is happening in the market place. His only policing function in this context is to ensure that any new trade mark application which might be filed does not conflict with any rights already existing on his register.”} Domain names are registered on a ‘first-come, first-served basis’. The NSI and other regional registries keep a searchable registry that provides information on the availability of a domain name. Contact details of the domain name-holder can also be accessed from the register if the domain name has already been registered. The registration system prevents the use of an identical domain name by two entities.\footnote{Horton “The name of the game is domain: New developments in domain law” http://www.cla.org/domain.htm (2002/09/22).} When registering new names, a trademark analysis of “likelihood of confusion” is not done with existing registration.\footnote{Brunel “Trademark Protection for Internet Domain Names” http://www.cla.org/RuhBook/chp3.htm (2001/09/24).} This can result in registration of variations of famous trademarks and names by domain name pirates and even bona fide entities that do not have a legitimate claim in the domain name.

In order for someone to use a domain name, it must be registered with any one of the registries, for example UniForum, in South Africa for the .co.za domains and the NSI, for the gTLDs. The registration procedure by UniForum SA will be discussed below as an example of one of the registries in South Africa.

\textbf{2.4.1 Domain name registration in South Africa}

The South African Foundation for Research and Development (hereinafter referred to as the FRD), which later became the National Research Fund (hereinafter referred to as the NRF) initially handled all Internet domain
name registration under the Uninet project.\textsuperscript{81} The NRF is a statutory body established in terms of the National Research Foundation Act.\textsuperscript{82} It managed the Uninet network between academic institutions and research councils.\textsuperscript{83} It also consolidated activities of the former FRD and the Human Sciences Research Council (hereinafter referred to as HSRC).\textsuperscript{84}

The UNINET project started in 1987 as a network between Universities in South Africa, and played an important part in the development of the Internet in South Africa.\textsuperscript{85} As the use of Internet grew, the South African government decided to take the administration of domain names from the NRF, and introduced private entities in the administration of the Internet. This was done on the recommendations of the ISOC-ZA. Drafts Committee tasked on February 4, 1999 to find a solution to the .za domain-name guardianship. The basis of the recommendations was to improve the domain name system by introducing a private company to administer the domain name system.\textsuperscript{86} The .za Domain was awarded to a new entity called Namespace South Africa (hereinafter referred to as Namespace ZA). Namespace ZA is a section 21 company formed under the instruction of the ISOC-ZA\textsuperscript{87} to administer the .za domain.\textsuperscript{88} Namespace ZA will administer

\textsuperscript{81} The .za domain was administered informally by UNINET; under the instruction of IANA a US government funded body.

\textsuperscript{82} 23 of 1998.

\textsuperscript{83} Buys Cyberlaw@SA 33.

\textsuperscript{84} Naseem Domain Wars 214; \url{http://www.isoc.org.za/dc/} (2001/10/22): For the history of the Internet; see Lawrie “The History of the Internet in South Africa: How it began” \url{http://www2.frd.ac.za/uninet/history/} (2001/10/22).

\textsuperscript{85} Buys Cyberlaw@SA 33.

\textsuperscript{86} \url{http://www.isoc.org.za/namespace.html} (2001/10/22). This is similar to the US governments’ hand-over to IANA and other entities.

\textsuperscript{87} Stoodly “Internet Domain Names and Trade Marks” \textit{EIPR} (9) [1997] 509: ISOC-ZA is a branch of ISOC which according to \url{http://www.isoc.org/whatis/what-is-isoc.html} (2001/10/22): “…the principal purpose is to maintain and extend the development and availability of the Internet and its associated technologies and applications.”

domain names until the .za Domain Name Authority, the new entity proposed by the ECTA, takes over. The ECTA proposed that a section 21 company be formed for the purposes of administering the .za domain name.\textsuperscript{89} In terms of the current practices, domain names in South Africa are registered in circumstances in which the terms and conditions of the agreement between the applicant and the registration authority are not formalized. A contract exists between the registrant and the registration authority.

Domain names in South Africa are handled by different registries. These domain names and the designations can be viewed in Annexure One below.\textsuperscript{90} They are handled by different registries, and some of the subdomains are not yet in use. The .co.za subdomain has become the preferred subdomain in South African. The Internet Service Providers reached an unanimous decision in October 1995 that the allocation and registration of commercial domain names .co.za be administered by a section 21 company called UniForum SA (hereinafter referred to as UniForum).\textsuperscript{91} The registration process of a subdomain name under UniForum is discussed in the section that immediately follow, as an example of the registration process in South Africa.

\subsection{2.4.1.1 The registration process}

Registration of a domain name is an automated process. An applicant wishing to register a domain name in the .co.za name space will find a computerised registration form at UniForum's website.\textsuperscript{92} The website itself contains step-by-step instructions as to how to register a domain name. The website also provides a layman’s guide to domain name registration. It

\begin{itemize}
\item \textsuperscript{89} Chapter 6.3 below.
\item \textsuperscript{90} Annexure One pg 212 below.
\item \textsuperscript{91} Mooley “Cybersquatting on-line” 261.
\item \textsuperscript{92} \texttt{http://www.co.za} (2001/10/20): provides an application form with full instructions as regards how to register a domain name, the billing system and how to go through a “WHOIS” search.
\end{itemize}
provides information to people who are not familiar with the registration process and the technical terms used in the domain name system.

The registration of a domain name and the relationship between the registrant and UniForum is based on a contract between UniForum and the registrant. The applicant must agree to the terms before submitting the application form. The computerised registration form is submitted via e-mail.\(^93\) The completed form is scanned by a computer, which goes through the contents of the form for correctness and an automatic search for identical names is done. Once all the information has been verified, the domain name will automatically be registered.

In terms of the contract, the domain name-holder undertakes that the use or registration of the domain name by the applicant does not or will not interfere with, nor infringe the right of any third party in any jurisdiction.\(^94\) This applies to trademark, service mark, trade name, company name, close corporation name, copyright or any other intellectual property right. The applicant, amongst other things, warrants and agrees that all the information submitted is true and correct, and that it has a *bona fide* intention to use the domain name, and consents to jurisdiction in the High Court in Pretoria, South Africa.\(^95\) The .za domain does not have a Uniform Dispute Resolution body yet, therefore disputes that may arise will be dealt with in terms of the trademark infringement laws, dilution, unlawful competition and passing off in a court of competent jurisdiction. The recently enacted ECTA confirms that these traditional principles could apply to the Internet, and proposes the establishment of a dispute resolution body for the .za domain.\(^96\)

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93 E-mail completed form once the domain is ready to coza-admin@co.za.
94 Annexure Two par 5.1.4 pg 214.
95 Annexure Two par 12 pg 212.
96 Chapter Four below.
The applicant further undertakes that he or she will not use the domain name for any unlawful purpose, including, without limitation, unfair competition, defamation, or passing off, or for the purpose of confusing or misleading any person. The applicant further affirms that the selection of the domain name was done without any input, influence or assistance from UniForum SA. The applicant also undertakes to provide an operational name service from at least two operational Internet servers for that domain name at the time of the initial submission of the domain name request, and at all material times thereafter. Each server is, and will continue to be, fully connected to the Internet and capable of receiving queries under that domain name and responding thereto.

As with registration, the procedure to update or change a domain name is fully automated and carried out by means of a similar application form. When a form containing an instruction to update or to delete has been submitted, the computer checks whether the correct and matching ‘no delay keyword’ or password is submitted therewith. If the form contains the matching password the update is proceeded with without delay. If the computer is not able to match the ‘no delay keyword’, a cookie is generated and is inserted into an e-mail message, which is sent to the contact person for that particular domain name. The message contains the details of the application for an update or deletion, and requests that the contact person verify the instruction. The update or deletion process is then suspended for a period of 24 hours. After that period, the computer checks for replies to the e-mail.

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97 Annexure Two par 5.1.5 pg 214.
98 Annexure Two par 5.1.7 pg 214.
99 Annexure Two par 5.1.6 pg 213.
100 Annexure Two par 5.1.7 pg 214.
102 [http://www.cookiecentral.com/faq/#1.1](http://www.cookiecentral.com/faq/#1.1) (2003/27/02): A cookie is a text-only string that gets entered into the memory of your browser.
UniForum will invoice a successful applicant ("customer") for the registration of the domain name, and an annual renewal fee\(^{103}\) is levied. Should a customer fail to pay the amount so invoiced in respect of the new registration or renewal of the domain name, the domain name will be automatically suspended or deleted, depending on the period for which the amount invoiced has been outstanding.\(^{104}\) Consent to this process forms part of the conditions that the customer must agree to when applying for registration.\(^{105}\) Domain names to be deleted are posted on the UniForum web page.\(^{106}\) Owners of the listed domain names for deletion may contact UniForum to verify their account/billing status. Queries that relate to domain names may be forwarded to the address provided on the site, by e-mail, fax, letter or telephone.\(^{107}\)

This system is based on a contract between UniForum and the domain name applicant. UniForum will have the right to delete or transfer the domain name if some terms of the contract are not complied with, for example, where the domain name is used to infringe a legitimate trademark right, or where the applicant does not pay the renewal fee on time.\(^{108}\)

### 2.4.2 Domain name registration in the United States

In the United States, domain names are currently issued by the NSI in terms of a contract between the National Science Foundation (hereinafter referred to as the NSF) and the NSI. The NSI is a non-profit organization. Pursuant to its contract with the NSF, it registered domain names through InterNIC Registration Service, which is a division of InterNIC, the Internet

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\(^{103}\) Currently R150.

\(^{104}\) Job et al “Domain Name Registration and Protection” 3: co.za Terms and Conditions Annexure Two par 3 pg 212.

\(^{105}\) Job et al “Domain Name Registration and Protection” 3.


\(^{107}\) [http://www.co.za/contact.shtml](http://www.co.za/contact.shtml) (2001/20/20).

\(^{108}\) Annexure Two par 7 pg 214.
Information Centre. InterNIC is the primary registry for the gTLDs and the registration of second level domain names in the .com, .org, .net, .gov, .edu is handled by the NSI. In the United States, the gTLDs are used as it’s own and not the nTLD or ccTLD .us for business or commercial purposes. The country code .us is mainly used by government departments and educational institutions. The .com domain name is the most preferred domain name worldwide and attests the United States’ pre-eminence in the domain name system.

2.4.2.1 The registration process

The general rule followed by the NSI is that domain names are issued on a “first-come first-served basis”. It is also possible to determine whether the desired domain name, is in use by making a query with the whois search. As in South Africa, this facility only searches for identical domain names and not similar or confusingly similar domain names. There are also commercial search firms that offer this facility for a fee.

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109 Tanenbaum “Rights and Remedies For Three Common Trademark-Domain Name Disputes” [1997].


110 Internet Network Information Center, which is responsible for the registration of domain names in most countries, for example, NIC FRANCE and DENIC which is the Germany Network Information Center.

111 Chapter Two par 2.3 above.

112 Drury “Naming Games” par 2.3 above.

113 Drury “Naming Games” par 2.3 above.

114 Whois is a tool that is used to look up records in the registry. Whois service provides a means of searching in the database for already registered domain names and it also gives available options based on the submitted name.


115 Par 2.4.1 above.

The domain name registration system is largely automated. To register a
domain name, the applicant or his or her Internet Service Provider must
complete and forward to InterNIC, by e-mail, an electronic form (the
contract) available on the Internet found at the registries website. The
applicant enters into a contract with the NSI. The contract specifies the
desired domain name and various other items of a technical and
administrative nature, including the numeric IP address of the domain and
the location of the computers that serve as locators for mail addressed to a
particular domain.

The NSI has changed several policies to deter unscrupulous parties from
registering domain names for the purpose of holding them to ransom and
selling them to trademark owners or other legitimate users. The current NSI
contract requires, for instance, that the user undertake to ensure that (i) the
registration of the domain name does not infringe or interfere with a third
party’s right; (ii) the applicant has a bona fide intention to use the requested
domain name on a regular basis; (iii) the domain name is not being
registered for any unlawful purposes; and (iv) the statements in the
application are true. Upon entering into a contract with the NSI, the
applicant consents to the terms and conditions of the contract.

Further, the applicant indemnifies the NSI against damages and attorney’s
fees incurred by the NSI in any civil court action related to the use of the
domain name. The applicant also acknowledges that the NSI has the right
to revoke the domain name registration number if the NSI is ordered to do

118 It requires the organization or persons using the domain name,
administrative contacts, technical contacts, billing contacts, the primary name
server and secondary name server before the domain name could be registered.
119 See Rony & Rony The Domain Name Handbook 208 for the copy of the
contract. Some of the most important terms are Fees and Payments, handling of
disputes in terms of the policy, indemnity, warranties, breach of terms and the
governing law.
so by a court of competent jurisdiction.\textsuperscript{121} Disputes that may arise because of the contract are subject to the WIPO Uniform Dispute Resolution body for the gTLDs,\textsuperscript{122} and the NSI does not restrict parties from approaching a court with competent jurisdiction.

Information is also provided for the renewal, modification, transfer and deletion of domain names.\textsuperscript{123} The NSI does not limit on the basis of the nationality of the domain name applicants. The NSI also does not require the applicant to justify the use of a particular domain name,\textsuperscript{124} or to verify any contact details that are provided.\textsuperscript{125} The NSI relies on information provided by the applicant, which he or she must warrant as true and correct.\textsuperscript{126}

Various contact and technical information is also required, and the registrar must keep records of the contact information, and submit the technical information to a central directory known as the “registry.”\textsuperscript{127} This registry

\textsuperscript{121} http://www.domainmagistrate.com/publish/policy.html (2001/20/20).
\textsuperscript{122} See Chapter Four below.
\textsuperscript{123} http://www.netsol.com (2001/20/20).
\textsuperscript{124} Plosca & Enescu Managing Intellectual Property [1999] Dec/[2000] Jan 34: “Businesses should register a domain name that corresponds as closely as possible with their trade name, trademark, or with the name of business of the registrant.” This means that only the names appearing on the trademark register are allowed for domain name registration. Also see Cabell et al “Foreign Domain Names Disputes” April [2000] http://www.mama-tech.com/pub.htm#Foreign (2001/09/10).
\textsuperscript{125} While these practices have led to instances of abusive registrations, they have played a positive role in establishing low entry barriers, thereby encouraging the rapid growth of the Internet.
\textsuperscript{127} http://www.internic.com/faqs/domain-names.html (2001/20/20)
Information about who is responsible for domain names is publicly available to allow rapid resolution of technical problems and to permit enforcement of consumer protection, trademark, and other laws. The registrar will make this information available to the public on a “Whois” site. It is, however, possible to register a domain in the name of a third party, as long as they agree to accept responsibility.
provides other computers on the Internet with the information necessary to send e-mail to a particular domain holder or to find a particular website. Each registrar has the discretion to offer initial and renewal registrations in one-year increments, with a total registration period limit of ten years.  

Because anyone can register a gTLD with the NSI from any country, the applicant does not necessarily have to be in the United States or have business there to register a gTLD. This has resulted in the .com domain being the most-sought-after domain name. This domain name is popular because there is no requirement for residence or for carrying on of business in the United States. Anyone anywhere can register this gTLD.

2.4.3 Domain Name Registration in the United Kingdom

Nominet UK is the governing body for domain names in the United Kingdom. It is a non-profit company, which manages and controls the use of the .uk nTLD on the Internet on a commercial basis. Nominet UK took over the responsibility of allocating United Kingdom domain names form the United Kingdom Naming Committee on the first of August 1996. Initially the United Kingdom Education and Research Networking Association (hereinafter referred to as the UKERNA) administered the .uk top-level domain. At its inception, the Internet was only used by academics. The UKERNA gave domain names to universities and to other academic bodies. From about 1992, however, the Internet began to be used commercially. This resulted in a dramatic increase of business transacted on the Internet, contributing to the demand for the .uk top-level domain.

When Nominet UK took over the allocation of domain names, it maintained the ‘first-come first-served’ rule. Nominet also operates a whois facility, which enables an enquirer to search for domain names that are available. It

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129  Naseem Domain Wars 246.
130  Ibid.
131  http://www.nominet.org.uk/whois.html (2001/09/24): This can be compared with UniForum and NSI registration process discussed above.
also gives the details of the holder and the date when the domain name was registered. This search is restricted to the .uk domain names, and can be compared to the South African and United States registration process.

### 2.4.3.1 The Registration Process

Registration of the .uk domain may be done through an Internet Service Provider (hereinafter called ISP) or directly through Nominet. Nominet requires that an applicant must have access to two name servers that are permanently connected to the Internet. A registration form found on the website is completed by an applicant registering directly with Nominet. The applicant enters into a contract with Nominet. Nominet’s website has information on how to choose an ISP, understanding the contract, and the terms and conditions and payment of registration fees. On receipt of a correctly completed application form, Nominet will e-mail a pro-forma invoice to the billing contact address which has been supplied.

The terms and conditions are the same as the terms of the NSI registry. Nominet requires full payment of all domain names registered by it. Information as to how to transfer, renew, cancel, change the ISP, the company name and also the contact details is provided on Nominet’s website.

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132 Naseem Domain Wars 246.

http://www.nominet.net/ref/terms.html (2001/10/23): “WARNING: by registering a domain name within the .uk Top Level Domain (a "Domain Name"), you enter into a contract of registration with Nominet UK ("We", "Our" or "Us") on the following terms and conditions. This is a separate contract to any arrangement you may have with any third party for the provision of internet services.”; https://www.nic.uk/dom-app.html (2001/09/24).

133 Naseem Domain Wars 246.

http://www.nominet.net/howto/fees.html (2001/10/01): “Nominet charges £80 plus VAT per direct Domain Name registration, which must be paid in full in advance.”

Nominet has a dispute resolution body which one becomes party to by contract on registration.\textsuperscript{135} The dispute resolution process by Nominet does not in any way replace the jurisdiction of the English courts or any other courts of competent jurisdiction.\textsuperscript{136} Registration of domain names does not give the registrant superior rights to existing trademark rights when a conflict arises between a domain name and a trademark. All .uk domain name registrations are made in terms of Nominet’s Terms and Conditions for domain name registration.\textsuperscript{137}

The discussion bears out that the domain name registration processes in South Africa, the United States and the United Kingdom are similar. The relationship between the applicant and the registrar is based on contract. The nature of domain names and the registration process is different and separate from the trademark registration system. The characteristics of domain names and the problems created by their unique character will be investigated next in order to understand the reasons for trademark misuse and conflicts.

2.5 CHARACTERISTICS OF DOMAIN NAMES

At this stage, the following conclusions can be made regarding domain names and their uses. The main characteristics and other identified issues regarding domain names can be summarized as follows:

(i) Each domain name is unique.
(ii) Domain names are Internet addresses.\textsuperscript{138}

\textsuperscript{135} \url{http://www.nic.uk/rules/rup2.html} (2001/09/24).
\textsuperscript{136} \url{http://www.nominet.net/ref/drs.html} (2001/09/24): “The DRS does not replace the role of the Courts, it is however open to all and the decisions are binding on the parties involved. As a result of a DRS decision, Nominet has the power to transfer, cancel or suspend the Domain Name registration.”
\textsuperscript{137} \url{http://www.nominet.net/ref/terms.html} (2001/10/09).
(iii) Domain names can be registered as generic top-level (gTLDs) or as country code/national top-level (ccTLDs or nTLDs). They facilitate a location of sites on the Internet, by Internet users.

(iv) A domain name can be (but is not necessarily) a trademark or business name.

(vi) Domain names now assume trademark functions as business identifiers.

(vii) Registered domain names do not per se give rights to use them.

(viii) Some domain names are valuable pieces of intellectual property.

(ix) Domain names registered in one country can be used anywhere in the world.

2.6 PROBLEMS CREATED BY THE DOMAIN NAMES SYSTEM

From the discussion in this Chapter, the following problems relating to the current domain name system can be identified.

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141 Miller & Tylor “What’s in a name?” 4: “A domain name is not a legal right as such – unlike patents, copyrights and trademarks, there is no domain name law; if you get awarded a domain name, you can still be sued for having it.” This entitles a trademark owner to sue a domain name holder for having it in a case of infringement.


143 See Brynja “Current issues in Iceland” Trade Mark Yearbook [1999] 51 for example, it may be used in Iceland.
(i) There was no legislation that specifically related to domain names in South Africa prior to the enactment of the ECTA. Traditional rules relating to passing off, unlawful competition and trademark laws had to be applied.

(ii) The use of domain names is not restricted to geographical boundaries, which makes regulation a problem.

(iii) The registration of a domain name is on ‘first-come-first served basis’, which can lead to abuse of the registration system.

(iv) The registries do not undertake an enquiry or examine the proposed domain name to determine if its use will or will not infringe registered trademarks or other rights of any third party.

(v) The registration system does not determine whether the applicant has the right to use the domain name. The registry only ensures that no two organizations use the same domain name.

(vi) Insufficient information that cannot be used to identify the domain name holder in case of a dispute is sometimes submitted.

(vii) The introduction of new top level domain names will now force Internet users to search through many top level domains rather than merely searching for a particular website using intuitively simple .com.

(viii) Companies need to register their trademarks and business names in each of the domains to prevent cybersquatting.

(ix) Registration of domain names has not been limited to the original designations, for example .org for not-for-profit organizations. Reverting to the original idea will cause confusion since a number of domain names were registered by the wrong designation.

2.7 CONCLUSION

From the above it can be concluded that, because of the unique way in which the domain name system and the domain name registration process developed, conflict relating to domain names may arise in different ways and
in different countries. This is especially apparent in cases where domain names are similar to business names or trademarks.

In the next Chapter, the protection of trademarks will be investigated in order to identify the nature of the problems concerning domain names and trademarks. An investigation into whether rules relating to trademarks can be applied to domain names will also be conducted to ascertain the extent to which these rules can be of assistance in domain name disputes.
CHAPTER THREE

THE REGULATION OF TRADEMARKS AND TRADING NAMES

3.1 INTRODUCTION

The purpose of this Chapter is to investigate the rules relating to trademarks in South Africa,\textsuperscript{144} and to establish the extent to which these rules may be applicable to domain name disputes. Trademarks and trading names in South Africa are protected by legislation,\textsuperscript{145} common law and international agreements.\textsuperscript{146} South African law recognizes and gives protection to registered trademarks, unregistered (or common law) trademarks and well-known trademarks that are registered elsewhere but well known in South Africa.\textsuperscript{147} Registering a trademark is not mandatory, but affords the proprietor statutory protection against infringement by third parties. The fact that a party has a registered trademark is considered \textit{prima facie} evidence in a legal proceeding regarding a registered trademark.\textsuperscript{148}

The Chapter provides an outline of the legal rules pertaining to trademarks and business names followed by a discussion of the issues. To understand the areas of conflict between domain names, business names and trademarks, a brief discussion of what a trademark is, how it is protected

\begin{itemize}
\item[144] In this treatise ‘trademark, trading names and business names’ will collectively be referred to as trademarks.
\item[146] Webster and Page \textit{South African law of Trade Marks} par 1.2 pg 1-5; Woker \textit{Advertising Law} 151; Buys \textit{Cyberlaw@SA} 71. Some of the most important agreements are discussed below at 3.3.
\item[147] Hofman \textit{Cyberlaw} 95.
\item[148] Webster and Page \textit{South African law of Trade Marks} par 2.7 pg 2-6; Buys \textit{Cyberlaw@SA} 71.
\end{itemize}
and how it differs from a domain name is attempted. The importance of trademark registration and the possibility of applying trademark laws to domain names is briefly dealt with.

3.2 DEFINITION OF A TRADEMARK

According to the South African Trade Marks Act, a trademark is:

“...a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used for the same kind of goods or services connected in the course of trade with any other person.”

A registered trademark can be a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour, and container for goods or any combination of these. The definition of a mark according to the Act is wide enough to include one or more of the features stated above or a combination of them, including a container of goods. The protection afforded by the Act therefore extends to the verbal use of the word marks. This is important because of the increasing scale on which trademarks are being used in audible form through the media.

The Act provides grounds for refusal of registration. Registration of a mark, which consists exclusively of the shape, configuration, colour, or pattern of goods where such shape, configuration, colour or pattern is necessary to

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149 194 of 1993.
150 Section 2(1)(xii).
151 Section 2(1)(x); Webster and Page South African law of Trade Marks par 3.2 pg 3-5; The Trade Marks Act of 1963 contained a definition of a ‘mark’ which did not purport to be exhaustive.
152 Webster and Page South African law of Trade Marks par 3.3 pg 3-7 and also 3.16 pg 3-19: Under certain circumstances, trademark protection can extend beyond words, symbols and phrases to include the aspects of a product, such as its colour or its packaging. For example, the get-up of the Coca Cola bottle and the red square for Edgar’s.
153 Worker Advertising Law in South Africa 153.
obtain a specific technical result, or results from the nature of the goods themselves is precluded. Applications made *mala fide* are also precluded from registration, and marks used in a confusing or deceptive manner are precluded from registration. Registration of a trademark affords certainty as to rights, unlike the protection afforded by common law, which is insufficient. Registration therefore attempts to overcome the shortcomings of common law. The common law however remains important to trademark protection.

### 3.2.1 Common law trademarks

The South African law recognizes trademark rights acquired through the usage of unregistered trademarks. Common law trademarks are also referred to as unregistered trademarks, and are protected by the common law remedies of unlawful competition and the action for passing off.

> “The modern law of trademark infringement is statutory, but its origins are to be found in the common law action of passing off (see *Esquire Electronics Ltd v Executive Video* 1986 (2) SA 576 (A) at 590 D.).”

These are the rights a person acquired as goodwill including reputation and the ability to attract custom, which attaches to a trademark.

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154 Section 10(5).
155 Section 10(3) and (7).
156 Section 10(13).
157 Woker *Advertising Law in South Africa* 151.
158 Hofman *Cyberlaw* 95.
159 *Beecham Group plc v Southern Transvaal Pharmaceutical Pricing Bureau* 1993 1 SA 554 (A).
160 *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd* 1998 3 SA 175 (A).
161 Buys *Cyberlaw®SA* 73.
162 Ibid.
The common law rights where confirmed in *Beecham Group Plc v Southern Transvaal Pharmaceutical Pricing Bureau (Pty) Ltd and another.* The common law protection exists alongside to the statutory protection. The proprietor of a common law trademark is entitled to prevent another person from passing off goods as being associated or connected, in the course of trade, with the proprietor or the proprietor’s goods. The action relevant to passing off and unlawful competition may be used to prevent abuse of unregistered trademarks. The proprietor has to prove that the mark has been used to such an extent that reputation and goodwill was acquired, and that the other person’s conduct is likely to cause deception or confusion among customers.

Obtaining registration in terms of the Act expands common law rights. The common law rights are important for the purpose of establishing an earlier right to a trademark or a domain name in cases of conflict between trademark owners and domain name holders.

### 3.2.2 Registered trademarks

A register for Trade Marks exists. It is a directory open to public inspection. The register gives details of the scope and ownership of the monopoly for trademark rights acquired by the trademark proprietor. It is possible to inspect the register not only for the identical mark but also for a mark

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163 555.
164 Section 33; see also Buys Cyberlaw@SA 74.
165 *Adock – Ingram Products v Beecham SA (Pty) Ltd* 1997 SA 434 (W).
166 Buys Cyberlaw@SA 74

http://www.cyber.law.harvard.edu/property/domain/fulllevi.html (2001/10/09): In the United States these rights are normally limited to the geographical area in which the mark is actually used and the nature of the use. The rights can expand over time as sales increase and consumer recognition grows that a mark indicates a particular source of origin.

167 Currently a party can submit proof of registration of a trademark and not evidence or common law trademark in support of an application for a domain name or opposition to another party’s domain name application.
confusingly or deceptively similar thereto before an application for registration of a trademark is made. The register is also *prima facie* evidence in all legal proceedings relating to a registered trademark.\(^{168}\) When the Registrar of trademarks approves the application, the trademark is added to the register and therefore entitled to protection.

Registration constitutes nationwide constructive notice to others that the party who registers the trademark is the owner. It also enables the party to institute proceedings in court, and allows a party to recover damages in cases of infringement. Over the years, the courts have formulated tests to determine what trademarks are likely to cause confusion or deception.\(^{169}\) In order to qualify for registration, the trademark must be capable of distinguishing the goods or services of one person from the goods and services of another. If this requirement is not satisfied, then the use of that trademark results in infringement of a registered trademark.

### 3.2.3 Infringement of registered trademarks

A registered trademark is a proprietary right obtainable by registration of the trademark which entitles the proprietor to rights and remedies.\(^{170}\) Registration is a pre-requisite for infringement proceedings.\(^{171}\) This, however, does not affect the rights at common law or the rights provided in terms of section 35 to well-known marks.\(^{172}\) Section 34 deals with instances where infringement will occur. The following forms of infringement are provided for:

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168 Section 51.

169 Webster and Page *South African law of Trade Marks* par 3.16 pg 3-19.


171 Section 34 (1)(b).

172 Section 33: In addition to bringing an action for infringement, owners of trademarks can also bring an action for trademark dilution under the Act. The dilution claim can be brought only if the mark is famous. Apart from instituting infringement actions, unlawful competition and passing off actions may also be instituted. These remedies will be investigated later.
(i) The unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered. Registration of an identical mark, or of a mark so nearly resembling a registered trademark as to be likely to deceive or cause confusion, is used in the course of trade, without the authority of the trademark owner, in relation to the categories of goods or services for which the trademark is registered.  

(ii) When an identical or similar mark is used in the course of trade, without the authority of the trademark owner, in relation to goods or services which are so similar to the goods or services in respect of which the trademark is registered, that in such use there exists the likelihood of deception or confusion.  

(iii) When unauthorized use is made of a mark, in relation to any goods or services, in the course of trade, which is identical or similar to a registered trademark, if such trademark is well-known in South Africa and use of the mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trademark, notwithstanding the absence of deception or confusion.

The most important aspect of a trademark is that it must be capable of being used for the purposes of distinguishing between two different goods or services. At common law, the prime function of a trademark was to

\[173\] Section 34(1)(a).  
\[174\] Section 34(1)(b).  
\[175\] Section 34(1)(c).  
\[176\] Webster and Page South African law of Trade Marks par 3.16 pg 3-19 – 20: “A trade mark would not be used for the purpose of distinguishing where the intention of the proprietor is to use the mark for some ulterior purpose.” See also Hofman Cyberlaw 94: Trademarks make it easier for consumers to identify the source of given goods. Instead of reading the fine print on a can of coke, consumers can look for the Coca Cola trademark.
indicate the origin of goods to which it was applied. The definition of a trademark in the 1993 Act reflects a change in emphasis in the function of a trademark from a ‘badge of origin’ or ‘badge of origin of quality’ to its distinguishing function. The Trade Marks Act defines what a trademark is and there is a wealth of case law interpreting these definitions. For present purposes, we should simply stress that a trademark must be capable of being used for purposes of distinguishing between different goods or services and may not consist exclusively of a sign or indication which may serve in trade to designate the kind, quality, quantity, intended purposes, value, geographical origin, or mode or time of production of the goods or services covered by the trademark.

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177 Webster and Page South African law of Trade Marks par 3.4 pg 3-9.
178 Webster and Page South African law of Trade Marks par 3.4 pg 3-10:
According to a comment made obiter, in the matter of Valentino Globe BV v Philips (1998) 3 SA 775 (SCA) 782 1; [1998] 4 All SA 1 (A) 6i-j: “After the 1963 Act came into force there were major strides in trade techniques and technology and concepts and perceptions underwent material changes.”

179 Abbott Laboratories v UAP Crop Care (Pty) Ltd Cleaver [1999] 1 All SA 502 (C) 511, [1999] 3 SA 624: the Judge emphasized the change brought about to the definition of a trade mark in the 1993 Act and went on to say that the badge or origin element is no longer in the forefront of things and has been replaced by the distinguishing capability of the mark; Also Rutherford “The trade marks Act in its International context” in Visser’s ed The New Law of Trade Marks and Designs 3: commented that the distinguishing function is consistent with the initial function of a trade mark as indicating the commercial origin of the goods or services concerned.

180 “Over view of trademark law” Berkman Center for Internet & Society http://www.cyber.law.harvard.edu/property/doi/amilfs.html (2001/10/09): The trademark should be distinctive and not conflict with any prior rights of other trade mark proprietors, and should be registered in one of the 35 classes. In the United States in order to serve as a trademark, the mark must be distinctive, that is, it must be capable of identifying the source of a particular good. In determining whether a mark is distinctive, the courts group marks into four categories, based on the relationship between the mark and the underlying product: (1) arbitrary or fanciful, (2) suggestive (3) descriptive, or (4) generic.

181 Section 10(2); According to Webster and Page South African law of Trade
Once registered, the trademark proprietor acquires certain rights, the most important of which are, firstly, the right to prevent any third party from using the same or a confusingly similar trademark in relation to the same or similar goods or services in respect of which the trademark is registered. Secondly, the proprietor is enabled to bring an infringement action in a court of law. Generally, trademark law protects commercial reputation, goodwill, and financial investment by granting the trademark owner the exclusive use of the mark. However, these rights do not prevent others from using the trademark, if their use is unlikely to cause confusion, mistake, or deception among consumers as to the source of goods or services.

Trademark rights in general offer nationwide protection against infringing use. Gigante submits that:

“...a trademark is recognized as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark.”

There is, however, nothing to prevent a competing trader from engaging the use of another trademark relating to the same goods and services, as long as the use does not relate to identical or similar trademarks or cause

Marks par 3.20 pg 3-22: “The development of the distinguishing function of a trademark is consistent with a relaxation of the ties of a trademark to a specific business in favour of the product to which the mark is attached.”

Where the registered trademark constitutes a well-known trade mark arising out of considerable use, then the proprietor can prevent use by a third party even in the absence of confusion of deception (commonly referred to as the dilution of a trademark).


Tanenbaum “Rights and Remedies for Three Common Trademark-Domain Name Disputes” 255 – 256; see also Cabell “Learning Cyberlaw in Cyberspace: Name Conflicts”.

Gigante “Domain-ia’: The Growing Tension Between the DNS and Trademark Law”.

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Similarly, subject to provisions relating to confusion and dilution, there is nothing to prevent a trader in a different business from using the same trademark in connection with different goods or services. There is also nothing to prevent a trader in a different jurisdiction from using the same trademark for the same goods and services in another country for so long as the trademark is not well-known and the use is in good faith.

3.2.4 Well-known or famous trademarks

A well-known or famous trademark is a registered mark which applies elsewhere than in South Africa, but not (necessarily) registered and not applied in relation to goods or services in South Africa. There is no consensus as to what a famous or well-known mark is internationally. Terminology is used inconsistently, and comes with notions of ‘reputation’ and ‘distinctiveness’. Registration or use of a trademark by a third party incorporating a trademark of another that is well-known or famous is prohibited by the Act.

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186 Wowk “Remedies in Domain Name Disputes”.
188 Webster and Page South African law of Trade Marks par 6.26 pg 6-40; Hofman Cyberlaw 95: for well-known trademarks. “Well-known and famous” will be used interchangeably in this treatise. Well-known trademarks may be divided into two groups which are (i) those well-known in the Republic and (ii) well-known foreign trademarks. Both groups are given wide protection.
189 There is no definition of “well-known” in the Act. The essential issue is what level of awareness in the public mind is required for a mark to qualify as well known in terms of section 34(1)(c). The test is the same as that of the common law action of passing off, namely, that the reputation must extend to a substantial number of members of the public or persons in the trade in question.
190 Waelde “Trade Marks and Domain Names: There is a lot in the name” http://www.law.ed.ac.uk/sript/TradeMarks.htm (2001/10/07).
191 Ibid.
192 Section 35 of the Trade Marks Act.
The trademark is well-known in South Africa, because of its application in the country or countries of its registration. Webster and Page argue that:

“...the trade mark must have a certain reputation in South Africa. A mere foreign reputation is not sufficient, as it must be proved that the reputation extends to South Africa. It may be proved by showing that the trade mark has exposure in South Africa as a result of spill-over advertising...”

What the situation was before and after the amendment of the South African Trade Marks Act in 1993 is next.

3.2.4.1 Pre-Trade Marks Act 1993

Previously, the legislature did not protect the rights of foreign trademarks proprietors who did not carry on any business or who had not established any goodwill in South Africa. Protection was only afforded to trademarks that were registered locally. In 1989 in *Tie Rack plc v The Tie Rack Stores (Pty) Ltd and another*, the South African court held that:

“The applicant conducted no trade in South Africa although its businesses were known to many South Africans who travelled overseas. It was held that the applicant had no goodwill and no attractive force in South Africa. The fact that people in South Africa, even if there were many of them, know of applicant’s businesses abroad and might have been misled into believing that first respondents shops, were in some way associated therewith did not

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193 Webster and Page *South African law of Trade Marks* par 6.3 pg 6-7.
194 Visser *The New Law of Trade Marks and Designs* 28; *Victoria’s Secret Inc v Edgar’s Stores Ltd* 1994 3 SA 739 (A): where Trollip J, sitting as a commissioner in *Moorgate Tobacco Co Ltd v Philip Morris Inc* (unreported judgement 21 May 1986) quoted by Nicholas AJA in *Victoria’s Secret* case mentioned that: “protection afforded by registration was strictly a territorial matter”; *Pick-‘n-Pay Stores Ltd v Pick-‘n Pay Superette (Pty) Ltd* 1973 3 SA 564 (R), 1974 1 SA 597 (RA) and *Pepsico Inc and others v United Tobacco Co Ltd* 1988 2 SA 334 (W): Foreign proprietors did not get protection for mark not registered in the Republic.
195 1989 4 SA 427 (T).
afford the applicant a proprietary right in South Africa. Applicant had no business in South Africa.”

The *Tie Rack plc v The Tie Rack Stores (Pty) Ltd and another* and *McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd* (1997) decision resulted in the amendment of rules regarding the protection of well-known trademarks in order to comply with international standards for the protection of trademarks.

“Pressure to amend the law was brought to bear against the country in international circles.”

In the past, a foreign owner of a trademark could not be protected solely on the ground that the mark was used overseas and was well known in South Africa. In *Victoria’s Secret Inc v Edgar’s Stores Ltd* the then Appellate Division confirmed the Registrar’s decision to allow the South African company, *Edgar’s Stores Ltd*, to register the *Victoria’s Secret Inc* trademark which was well-known in the United States. That legal position has now been changed by the new Act. Recently there has been an increase in the number of well-known trademarks and names that are being used as domain names, meta tags and keywords. This has resulted in disputes between domain name owners and other intellectual property rights holders.

### 3.2.4.2 Post-enactment of section 35

The enactment of section 35 resulted in a reversal on appeal against the *McDonalds* decision of the legal position set out by the lower court. The section was introduced in order to change the previous position and to keep

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196 427H.
197 1997 1 SA 1 (A).
198 *Dean “McDonald’s Turn The Tables”* (1996) 8 SA Merc LJ 408.
199 Ibid.
200 *Tie Rack plc v Tie Rack Stores (Pty) Ltd & another* 1989 4 SA 427 (T).
201 1994 3 SA 739 (A).
202 See Chapter Five.
South African trademark rules in line with international standards. Section 35 affords protection to the proprietor of a well-known trademark in circumstances where no registration or goodwill exists in South Africa. Previously, such marks could well be used in South Africa as long as there was no registration by any one else in the Republic and the application for registration in South Africa was *bona fide*.203

Many jurisdictions developed guidelines as to what constitutes a well-known mark. Internationally, guidelines were formulated by various treaties which member states have to incorporate in their trademark laws.204 Since the enactment of the South African Trade Marks Act of 1993, well-known trademarks are protected in terms of section 35 of this Act. This section defines a well-known mark as a mark, which is entitled, in terms of article 6bis of the Paris Convention, to protection.205 Section 35 provides:

“(1) Reference in this Act to a trade mark which is entitled to protection under the Paris Convention as a well known trademark, are to a mark which is well known in the Republic as being the mark of –
(a) a person who is a national of a convention country; or
(b) a person who is domiciled in, or having a real effective industrial or commercial establishment in, a convention country, whether or not he carries on business or has any goodwill in the Republic;206

(2) A reference in this Act to the proprietor of such a mark shall be construed accordingly.207

(3) The proprietor of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark is entitled to restrain the use in South Africa, of a trademark, which constitutes a reproduction, imitation or translation of

203 Visser *The New Law of Trade Marks and Designs* 15; Woker *Advertising Law in South Africa* 158.

204 The Paris Convention, TRIPs discussed in par 3.3. WIPO The Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks June 7 to 11 [1999].

205 Webster and Page *South African law of Trade Marks* par 6.2.1pg 6-5; Visser *The New Law of Trade Marks and Designs* 28.

206 Visser *The New Law of Trade Marks and Designs* 29 quotes Section 35(1): these provisions are also subject to section 36(2).

207 Section 35(2).
the well-known mark, in relation to goods, or services which are identical or similar to those in relation to which it is well-known. The use of the mark should be likely to cause deception or confusion.”

The protection is against the unauthorized use of a reproduction, imitation or translation of the mark, in relation to identical or similar goods or services. The goods or services for which the trademark is well-known may not be used in a manner likely to cause deception or confusion.

The Act provides guidelines to determine whether a mark is well known. These include, the degree of knowledge or recognition of the mark in the relevant sector of the public, the duration or extent and geographical area of any use of the mark and promotions (including advertisements or publicity and presentations). The principles applied by section 35 of the Act were reinforced in section 65(a) of the Intellectual Property Amendment Act 38 of 1997 as applied in McDonald’s Corporation v Joburgers Drive-In Restaurant (Pty) Ltd case where the South African courts first gave protection to a well-known mark that had not been previously used in the Republic.

The meaning of the term well-known was examined in McDonald’s. The court held that a trademark will be considered well-known in South Africa if the mark is known to a substantial number of persons interested in the relevant goods or services. The court held that:

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208 Section 35(3).
209 Which contains an amendment to s35 of the Act by the insertion of the following subsection: “(1A) In determining for the purposes of subsection (1) whether a trade mark is well known in the Republic account shall be taken of the knowledge of the trade mark in any relevant sector of the public, including knowledge which has been obtained as a result of the promotion of the trade mark.”
210 McDonald’s Corporation v Joburgers Drive-In Restaurant (Pty) Ltd 1997 (1) SA 1 (A).
211 Dean “McDonald’s Turn The Tables” (1996) 8 SA Merc LJ 412: “EM Grosskopf JA concluded that the purpose of section 35 and its British counterpart was to amend the common law of passing off to make it sufficient for a plaintiff to show
“...further, that the type of protection afforded by section 35 was typical of that available under common law of passing off, namely a prohibition on the use of the mark in relation to goods or services in respect of which the mark was well-known and where its use was likely to cause deception and confusion.”

The test was said to be the same as the well-established common law test applied to determine whether a trader has acquired the necessary reputation to succeed in a passing-off action. The mark is protected from the time it gets well-known in South Africa.

Well-known marks are also protected under international agreements, for example, the Paris Convention article 6bis, WIPO, and TRIPs. These agreements require member-states to protect a well-known mark against conflicting marks, business identifiers and domain names.

that his mark enjoys a reputation in the country where relief is being sought; it is not necessary that the plaintiff should have conducted business in that country."

Par 3.3.1 below: In terms of article 6bis: “The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark 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.”

Kunze Trademark World Issue (119) 22: Articles 1 to 6 of the New WIPO provisions on Improving the Protection of Well-Known Marks which were finalized by the WIPO Standing Committee on the law of Trademarks, Industrial Designs and Geographical Indications (SCT). These provisions, which member countries are supposed to adopt in their national laws, provide guidelines on determining a well-known mark, the scope of protection and factors to be considered.

Article 16(2) and (3).

3.2.4.3  Anti-dilution provisions

Trademark dilution can be defined as any ‘whittling away’ or ‘gradual diminution’ of the so-called commercial magnetism or selling power of a trademark.\(^\text{217}\) These qualities derive from the uniqueness of the trademark itself.\(^\text{218}\) Dilution by blurring arises from unauthorized use of a well-known mark in the absence of both competition and the likelihood of confusion or deception. Although prospective customers are not confused as to the source, the offending use dilutes the uniqueness and distinctive ability of the trademark to identify and distinguish one source.\(^\text{219}\)

The protection of well-known marks has been extended further by the introduction of the anti-dilution provisions embodied in subsections 10(6) and 10(17) of the Trade Marks Act. In terms of these provisions, the proprietor of a well-known trademark can prevent the unauthorized use of identical or confusingly similar marks in connection with goods or services which are not similar to the goods or services for which the trade mark is registered. These provisions may be applied where the use of another mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trade mark.\(^\text{220}\)

Well-known trademarks are entitled to further protection under the trademark dilution provisions.\(^\text{221}\) Section 10(17) prohibits the registration of a mark which is identical or similar to a trademark which is already

\(^{217}\) Woker Advertising Law in South Africa 126.


\(^{219}\) Visser The New Law of Trade Marks and Designs 37.

\(^{220}\) Section 34(1)(c) above; Visser The New Law of Trade Marks and Designs 6: these anti-dilution provisions are consistent with European Directive and the United Kingdom Act 1994.

\(^{221}\) The Anti-dilution provisions are contained in section 10(17), while section 34(1)(c) makes dilution an act of trademark infringement.
registered, and which is well-known in the Republic. Registration is prohibited if the use of the mark is likely to cause unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trademark, notwithstanding the absence of confusion of deception. In terms of dilution provisions, a trademark owner may prevent any new commercial use of the mark, regardless of the lack of competition or confusion, if the new user blurs or tarnishes the value of the famous mark.\textsuperscript{222} Associating the famous mark with unsavoury materials or overuse of the mark can result in dilution.\textsuperscript{223}

According to Rutherford,\textsuperscript{224} the reasons for creating a separate species of infringement is based on the preservation of the reputation and unique identity of the trade mark and the selling power which it evokes. This is of vital importance to the trademark proprietor in order to protect and retain his or her goodwill. Remedies available in a trademark infringement or dilution claim include injunctions against further infringing or diluting use of the mark. Monetary relief may also be available. Damage may be trebled if bad faith is proved.\textsuperscript{225}

Trademark owners often discover that their trademarks and trade names have been registered as domain names. This could result in infringement or dilution claims against the domain name holders. This could result in costly legal proceedings and in some cases the loss of the domain name, since domain name registration in South Africa does not require any connection

\textsuperscript{222} Woker \textit{Advertising Law in South Africa} 126.
\textsuperscript{223} Visser \textit{The New Law of Trade Marks and Designs} 37; Cabell “Learning Cyberlaw in Cyberspace: Name Conflicts”.
\textsuperscript{225} Hofman \textit{Cyberlaw} 96.
to the trademark. Trademark rules can be applied to protect trademark owners against such misuse.

3.2.5 The Merchandise Marks Act 17 Of 1941 (as amended in 1997)

Registered trademarks are also protected by the Merchandise Marks Act.\textsuperscript{226} This Act deals with the use of deceptive trademarks as well as all forms of false trade descriptions.\textsuperscript{227} The Act does not limit a trademark to the specific goods or services for which it is registered, arguably affording wider protection to registered trademarks.\textsuperscript{228} The Act makes the use of another’s trademark a criminal offence even where the trademark is being used for different goods and services. In addition, the Act prevents the unauthorized use of certain emblems.\textsuperscript{229}

This Act is relevant to domain name misuse in that some websites or domain names mislead users in that they enjoy the patronage of the President or any state department thereby misleading as to the connection of the website. The Act makes it an offence to apply a false trade description to goods.\textsuperscript{230}

3.3 INTERNATIONAL PROTECTION

Intellectual property is one of the most rapidly growing areas in the practice of law, both nationally and internationally. This naturally raises the potential for an increasing number of international disputes involving various forms of intellectual property. Globalization has led to evolution of international protection norms to supplement national rules and technological developments. While local trademark laws may be able to deal

\textsuperscript{227} Woker Advertising Law in South Africa 163.
\textsuperscript{228} Ibid.
\textsuperscript{229} Section 14.
\textsuperscript{230} Ibid.
with infringing domain names, it is clear that international efforts are required to minimize the problems of trademark and domain name misuse. It is important that intellectual property law remain current, responding to today’s fast-paced technological developments. The regulation of domain names and trademarks is therefore no exception to these changes.

3.3.1 The Paris Convention for the Protection of Industrial Property of 20 March 1883 (as amended)

Originally, rights arising out of trademarks were severely limited in their geographical scope. The Paris Convention took place in 1883 and adopted a treaty, which would provide the foundation for international protection of intellectual property rights. The treaty is the oldest on the protection of intellectual property, and has undergone several revisions. The Paris Convention can be adopted by any country. Signatories of this convention undertake to incorporate the agreement in their legislation. Today, the agreement confers equal rights to all trademark owners, whether foreign or domestic. The Paris Convention was the first attempt towards harmonization, a concept that pervades all the recent treaties and international activities relating to intellectual property.

Each nation has its own law and practice independent of other nations. The Paris Convention recognizes the date on which the first trademark application was filed as a priority filing date for subsequent applications with other member-nations. The Paris Convention establishes a union of members and expressly provides that any member-nations may make

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232 Article 2 (1).

233 Otten & Wager “Will Trips Be A Stumbling Block To Accession?” 8 Duke J of Comp & Int’l L 519.
separate agreements on particular aspects of industrial property, provided that they do not conflict with its provisions.\textsuperscript{234}

The Paris Convention is based on three main principles:

(i) The “national-treatment principle” which affords foreigners the same rights and protection as nationals in each signatory country.\textsuperscript{235}

(ii) The common law doctrine of famous marks or well-known marks which affords protection to marks that became famous or well-known within a certain nation even though the mark is not used or registered in that nation.\textsuperscript{236}

(iii) The “priority principle” for intellectual property which recognizes the first registrant of a trademark as the true owner of the trademark.\textsuperscript{237}

Protection is also afforded to trade names in the countries of all the signatories of the Paris Convention without the requirement of filing or registration applicable under national law, whether or not such names form part of a trademark.\textsuperscript{238} Marks owned by members entitled to the benefits of the Paris Convention are protected against acts of unfair competition, although the definition of unfair competition has been left to local courts to decide. Sanctions may include injunctions, actions for damages, and criminal penalties in cases of violation of rights revealing a criminal character.\textsuperscript{239}

One of the main problems of the Paris Convention is that it has weak enforcement measures. No sanctions are directed at signatory states that

\textsuperscript{234} Rony & Rony \textit{Domain Name Handbook} 277.
\textsuperscript{235} Article 2 (1).
\textsuperscript{236} Article 6.
\textsuperscript{237} Article 4.
\textsuperscript{238} Article 8.
\textsuperscript{239} Article 10.
disregard the treaty. A case between a Cuban company and American company illustrates this.\textsuperscript{240} \textit{Havana Club International}, a joint venture between the Cuban government and France’s Pernod Ricard, filed a trademark infringement suit against \textit{Barcadi Ltd}, in New York Federal District Court, concerning the use of the mark “Havana Club”. \textit{Havana Club International} gained access to the United States court because Cuba and France are both signatories to the Paris Convention. Applying the United States law known as the Helms-Burton Act of 1996, the court found that \textit{Havana Club International} had no protective rights for the trademark in the United States, even though the Paris Convention prohibits unequal treatment of a foreign trademark owner. The Cuban company could therefore not be protected even though foreign nationals receive protective rights in terms of the treaty.

South Africa has revised its Trade Mark laws to meet the requirements of the Paris Convention.\textsuperscript{241} The provisions of section 35 which deal with protection of well-known marks are similar to article 6\textit{bis} of the Paris Convention.

\textbf{3.3.2 The World Intellectual Property Protection Organization (1967)}

The World Intellectual Property Organization (hereinafter referred to as WIPO)\textsuperscript{242} is a specialized agency of the United Nations established at the convention in Stockholm on 14 July 1967. WIPO promotes the protection of intellectual property throughout the world.\textsuperscript{243} The Organization’s most

\textsuperscript{240} Fletcher “A Rum Business as Bacardi Case Threatens to Trigger Trademarks War Between US and Cuba” \textit{Financial Times} April 22 [1999] 4.
\textsuperscript{241} For example section 35 of the Trade Marks Act 194 of 1993.
\textsuperscript{242} Goldberg “Unauthorised use of domain names in South Africa” \textit{http://spoor.co.za/articles/it_art7.htm} (2001/09/24): WIPO is an intergovernmental organisation with headquarters in Geneva, Switzerland. It is one of the sixteen specialized agencies of the United Nations system of organisations.
important activity is the development of standards and procedures for the protection and enforcement of intellectual property rights through cooperation among member nations.\textsuperscript{244}

WIPO provides centralized leadership and administration of multilateral treaties that facilitate the international classification and registration of patents, trademarks, and industrial designs and the repression of unfair competition. The organization provides services both to its member states and to the individuals and enterprises that are constituents of those states. The services provided to member states include the provision of forums for the development and implementation of intellectual property policies internationally through treaties and other policy instruments. The services to the private sector include the administration of systems that make it possible to obtain protection for patents, trademarks, industrial designs and geographical indicators in multiple countries through a single international procedure.

WIPO collaborates with other international organizations, and encourages the modernization of national legislation. WIPO administers nineteen intellectual property unions and treaties. One of the treaties is the Trademark Law Treaty which is important for this study because of the trade relations between South Africa and the European Union.\textsuperscript{245}

\textbf{3.3.2.1 Trademark Law Treaty of 1994}

The Trademark Law Treaty was adopted on 27 October, 1994 and signed in Geneva on 28 October, 1994 by thirty-nine member countries of WIPO.\textsuperscript{246} The Treaty came into force on 1 August, 1996.

\begin{itemize}
\item[244] Kwakwa “Some Comments On Rulemaking At The World Intellectual Property Organization” 12 \textit{Duke J of Comp \\ \\ & Int’l L} 179; Goldberg “Unauthorised use of domain names in South Africa”.
\item[245] Phillips \textit{Butterworths Intellectual Property Law Handbook} 993; Rony \\ & Rony 276.
\item[246] Austria, Belarus, Belgium, Bosnia \\ \\ & Herzegovina, China (PRC), Cuba, Czech
\end{itemize}
The original aim of the negotiations for this treaty was to harmonize a number of administrative and substantive procedural requirements for trademarks laws of the eventual signatory states in numerous areas. There were problems in the adoption of this treaty because of the diverse substantive laws of the various parties. There was considerable reluctance on the part of many non-European countries (including South Africa) to accept changes in their national laws. The European countries were perhaps more sympathetic as they were involved with adopting the European Community Directive on the Harmonization of Trademark Laws which covered much the same material. Therefore, almost all the substantive goals of the Treaty were eliminated, thereby leaving a purely administrative harmonization Treaty.

The principal features of trademark practice which the Treaty seeks to harmonize include, *inter alia*, the following: The initial registration period and renewal periods of trademark registrations will be ten years; applications to renew trademark registrations may be filed up to six months following expiration of the period;²⁴⁷ service marks are given the same protection as trademarks under the Paris Convention²⁴⁸ and one power of attorney may be submitted for each application and member-states may not require that signatures on powers be authenticated or legalized. A single application may be filed to cover multiple international classes. A single document may be filed to record the identical chain of title against multiple applications and registrations.

The changes to be effected by the TLT have been generally well-received among trademark owners. Trademark owners can now file one application

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²⁴⁷ Article 10.
²⁴⁸ Article 3.
form instead of separate applications for different jurisdictions. The drive to simplify the preparation and filing of documents has also been welcomed by trademark owners who stand to save substantial sums of money in certain jurisdictions when filing multiple class applications. The TLT has also eliminated the requirement that documents be legalized before they are accepted by certain national Trademark Offices. It is unfortunate that of the list of signatories only a few still maintain legalization requirements.

A select group of contracting states will be able to achieve procedural uniformity in one degree or another. The TLT extended the protection given by the Paris Convention to service marks. The TLT is one of the many treaties that WIPO administers, and South Africa is a signatory. This treaty is therefore important to South Africa.

### 3.3.3 The Treaty of The European Economic Community (1989)

The Treaty of the European Economic Community of 1989 created a single market by allowing the free flow of goods, people, services and capital between member countries. The mechanism to achieve harmonization of national trademark laws resulted in the drafting of the First Council Directive to Approximate the Laws of the Member States Relating to Trademarks.\(^{(249)}\) This culminated in the creation of a Directive in 1994, which resulted in the harmonization of the trademark laws of the European Economic Community to a Community Trade Mark (hereinafter referred to as the CTM),\(^{(250)}\) which provides uniform protection of trademarks to all member nations.\(^{(251)}\)

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\(^{(249)}\) (89/104/EEC); Phillips *Butterworths Intellectual Property Law Handbook* 992; Gale *EC Law* 595.

\(^{(250)}\) (40/94/EEC); see Article 4 for the definition of a Community Trade Mark; Phillips *Butterworths Intellectual Property Law Handbook* 995.

3.3.3.1 The Community Trademark (1994)

The CTM provides protection in all member states through the filing of one trademark application.\(^{252}\) It is designed to co-exist with, rather than to replace, existing trademark systems of member nations.\(^{253}\) The protection afforded is consistent throughout all member nations and trademark rights may thus be obtained both at the European Community level and at the national level.\(^{254}\) The Directive requires member states to develop their own procedure for registration and maintenance of national trademarks.\(^{255}\) The registration process for multinational companies is simplified by the CTM in that only one registration is required to protect a trademark within the European Community. It also consolidates the formalities of obtaining a number of national marks into one single language application.\(^{256}\) This reduces application and renewal fees. Infringement actions are governed almost exclusively by the trademark laws of the country in which the cause of action arises.\(^{257}\) In the event of infringement, the owner of a CTM can file a single lawsuit, which may enjoin the offending party from using the mark within the European Community.\(^{258}\)

The establishment of the CTM has had important consequences for trademark owners both within and without the European Community. One of the principal advantages of the CTM, for a non-European Community applicant, is that there is no requirement that the applicant be a European Community national to obtain a CTM registration. Nationals of the World Trade Organization countries, the Paris Convention countries and nationals

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\(^{252}\) (40/94/EEC) Article 25.


\(^{255}\) (40/94/EEC) Article 16.

\(^{256}\) (40/94/EEC) Article 25.

\(^{257}\) Rony & Rony 284.

\(^{258}\) (40/94/EEC) Article 23.
of countries that the European Community has acknowledged may file for registration of the CTM. This ensures that almost anyone is eligible to file for a CTM.\textsuperscript{259}

The CTM offers advantages to all applicants in the convenience of filing. Applicants may file through a national office\textsuperscript{260} directly to the CTM office.\textsuperscript{261} For applicants with an interest in obtaining protection in more than two countries of the European Community, the CTM may become the most cost-effective route to registration, as an applicant need file only one application rather than separate applications to all European Community member states. It is not necessary that an applicant appoint agents to file applications in every country, as any agent in one of the European Community member states may file.

Applicants who have registered a particular mark in one or more European Community member states may claim ‘seniority’ in that mark with respect to those states, and thereby preserve the priority of the national registration for their CTM. Protection is afforded provided that the protection sought is no broader than that provided by the earlier national registrations.\textsuperscript{262} This acts, in effect, to preserve the status quo with respect to a particular mark in a particular jurisdiction, and may persuade both non-European as well as European trademark owners to use the CTM system. A CTM proprietor can convert a CTM application into a national registration under various circumstances, while retaining the priority date of the CTM application.

\textsuperscript{259} Section 1 Article 5 (1) a-d; see also Phillips Butterworths Intellectual Property Law Handbook 995: The exclusion of nationals of non-European Community, non-Paris Convention and non-World Trade Organization member states that do not accord reciprocal rights to foreign applicants will not affect a great number of applicants.

\textsuperscript{260} Incurring only what are envisioned to be nominal extra charges.

\textsuperscript{261} (40/94/EEC) Article 25.

\textsuperscript{262} Section 2, Article 29 in Phillips Butterworths Intellectual Property Law Handbook 995.
South Africa is a member of the International Trading Community, and international developments in the trademark law cannot be ignored.\textsuperscript{263} The European Economic Community Treaty is important to South Africa because its members are South Africa’s most important trading partners.\textsuperscript{264} The South African Trade Marks Act has provisions similar to the United Kingdom Trade Marks Act 194. The United Kingdom has amended its laws relating to trademarks to bring them in line with the Treaty. Some South African statutes are based on those of the United Kingdom because of the relationship South Africa has with the European Union members.\textsuperscript{265} There have been efforts to establish regional treaties in order to get maximum protection for intellectual property rights. In Southern Africa there have been efforts to harmonize trademark laws. The African Regional Intellectual Property Organization (ARIPO) is one such effort, much like the European Economic Community Treaty, which provides for a Community Trade Mark and seeks to harmonize trademark laws in the region.

\textsuperscript{263} Visser \textit{The New Law of Trade Marks and Designs} 1.

\textsuperscript{264} Visser \textit{The New Law of Trade Marks and Designs} 1; Wheeldon
http://www.wwb.co.za/docs/viewdocs/asp?id=1 (2001/10/31): “South Africa’s most important trade partners, the members of the European Community, are rapidly moving towards the modernization and harmonization of their trade mark legislation. The first European Directive of the European Community to bring the legislation concerning trade marks of the member countries into agreement (89/104/EEC): dated 21 December 1988 – ‘The European Directive’ is of particular importance in this regard. The European Directive requires members of the European Community to amend their domestic legislation relating to trade marks to ensure that such laws are in accordance with the provisions of the Directive.”

\textsuperscript{265} Visser \textit{The New Law of Trade Marks and Designs} 1: argues that no reform of trade mark law can be undertaken in isolation. It is understandable that South African statutes are based on the European Union (South Africa’s most important trading partner).
3.3.4 Agreement on Trade-Related Aspects of Intellectual Property Rights of 1995 (TRIPs)

The Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as TRIPs) was established by the World Trade Organization (hereinafter referred to as the WTO) in 1995. The TRIPs agreement is significantly important for international protection of intellectual property rights and is considered the most comprehensive multilateral agreement on intellectual property.\(^{266}\) It incorporates the basic provisions of the Paris\(^{267}\) and Berne Conventions and imposes key protections upon all categories of intellectual property, including trademarks, patents, copyrights, geographical indicators, industrial designs, trade secrets and topographies of integrated circuits.\(^{268}\) This agreement therefore codifies the international intellectual property standards that are prerequisite to accession to the World Trade Organization.

Before TRIPs was implemented, the Paris Convention was the primary source of international authority on trademarks and service marks. Although the Convention set forth a number of provisions on the registration and protection of well-known marks, aspects of the Convention are vague and enforcement is weak.\(^{269}\)

Article 6bis of the Paris Convention affords protection only to well-known trademarks. Protection of well-known marks is enhanced by TRIPs in four ways. First, TRIPs extends to well-known trademarks and service marks.\(^{270}\) Secondly, TRIPs increases the legal protection offered by Article 6bis which previously protected identical or similar goods for which the well-known

\(^{266}\) Otten & Wager “Will Trips Be A Stumbling Block To Accession?” 8 Duke J of Comp & Int’l L 519.

\(^{267}\) Article 2.1.

\(^{268}\) Rony & Rony 286.

\(^{269}\) Otten & Wager “Russia and the World Trade Organization” 8 Duke J of Comp & Int’l L 519.

\(^{270}\) Article 15(1).
mark is registered. This protection is now extended to include incidents of likelihood of confusion.\textsuperscript{271} Thirdly, TRIPs is likely to widen geographical protection for well-known marks since more members are joining the World Trade Organisation (WTO).\textsuperscript{272}

The TRIPs Agreement standardizes policies and procedures among national systems by establishing a multilateral framework of principle, rules, and disciplines for trade-related intellectual property issues.\textsuperscript{273}

The TRIPs Agreement defines a trademark and service marks as:

\textquotedblright...any sign, or any combination of signs, capable of distinguishing the goods or service of one undertaking form those of other undertakings, and shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible of registrations as trademarks.\textsuperscript{274}

In terms of the agreement, members are obliged to provide a means of preventing unauthorized use of the identical or similar mark that would cause confusion as to the origin of goods or services or would damage the interest of the trademark owner. Well-known marks enjoy additional protection, and protection applies even to goods and services that are different from those for which their well-known mark is registered.\textsuperscript{275} Members must provide fair, equitable, and expeditious remedies to prevent infringement and deter further infringement. The TRIPs agreement promotes the application of enforcement measures that do not themselves become barriers to legitimate trade.

\textsuperscript{271} Article 16(3).
\textsuperscript{272} Article 11(2): states that all WTO members are subject to the TRIPs.
\textsuperscript{273} Article 2; see also Rony & Rony 287. For example the ‘National Treatment and the Most Favoured Nation’.
\textsuperscript{274} Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods” Part 2 Article 15. The complete text of the Agreement is at \url{http://www.rulimburg.nl/~spinoza/iplib/trips.htm} (2001/10/31).
\textsuperscript{275} Article 15(1).
Further, to ensure uniformity among member states, a deadline was set for member countries to incorporate the TRIPs Agreement into their national laws.\textsuperscript{276} Developing countries were given up to 2001 to incorporate the agreement into their national laws. South Africa has incorporated provisions of the TRIPs Agreement in the Trade Marks Act\textsuperscript{277} and these provisions have been cited as authority in case law.\textsuperscript{278}

### 3.4 IMPORTANCE OF TRADEMARK REGISTRATION

The following are some of the reasons why it is important to register trademarks and why they often conflict with domain names.

(i) Trademark registration helps preserve the valuable right from abuse or misuse by a third party (both nationally and internationally).\textsuperscript{279}

(ii) Competitors, distributors or professional trademark pirates can misappropriate trademark rights innocently, by coincidence, or intentionally if there is no registration.\textsuperscript{280}

(iii) Trademark registration is a prerequisite for a trademark dilution claim of a well-known or famous mark used by a third party.\textsuperscript{281}

(iv) There is a potential loss of goodwill if a third party in the same business offers poor quality goods using the same or a similar name. Trademark registration therefore prevents the use of the same mark in the same business.\textsuperscript{282}

\textsuperscript{276} Article 2.

\textsuperscript{277} 193 of 1994.

\textsuperscript{278} See Chapter Four par 4.2.1 McDonald’s case.


\textsuperscript{281} Section 33 and section 34 (1)b of the Trade Marks Act 194 of 1993. See also Chapter 3 par 3.2.2 above.

\textsuperscript{282} Van der Merwe \textit{Computers and Law} 109.
(v) Registration of trademarks prevents a third party from using the same name even if the trademark is not in use (defensive registration).283

(vi) A trademark is a property right that can be sold or licensed.284

3.5 DIFFERENCE BETWEEN DOMAIN NAMES AND TRADEMARKS

The question that must be answered is whether, and to what extent, the laws relating to trademarks can assist in solving domain name disputes. An investigation into the differences between domain names and trademarks will assist in providing solutions for the conflicts. From the discussion above, it can be concluded that domain names differ distinctively from trademarks.285 There are however similarities in terms of their functions which will be addressed later. Some of the differences between domain names and trademarks are:

(i) A trademark identifies a product or service exclusively, and may be registered in one of 42 classes, while a domain name identifies a specific user or network connected to the Internet, and domain names are not divided into classes.286

(ii) Each domain name must be unique, whereas trademarks are not necessarily unique. There can be a multitude of identical trademarks co-existing on the register, for example, United Airlines Inc, United Software Inc, United Transport Services Inc, all in different classes. Only one of the proprietors that own an identical trademark can therefore register it as a domain name.287

284 Llyod Information Technology Law 458.
285 Hofman Cyberlaw 98: states “...it is important to realise that trademarks and domain names are very different animals and do not follow the same rules.”
286 See Chapter Two par 2.2 and 2.5 for the definition and characteristics of a domain name. cf par 3.2 for a definition of a trademark.
287 Ibid.
(iii) Domain names serve a function analogous to street addresses or telephone numbers. It is concerned primarily with facilitating access to a particular website.\(^{288}\)

(iv) Any word, abbreviation or mixture of letters and numbers can be registered as a domain name, while only words, logos or phrases that are distinctive can be registered as trademarks.\(^{289}\)

(v) Domain registries are handled by private organizations who obtain their authority from the ICANN, while trademarks are registered by government departments who obtain authority through territorial status.\(^{290}\)

(vi) A trademark cannot be used to contact the trademark holder while a domain name can.

(vii) While a domain name can be used as a trademark, a domain name does not automatically give the domain name owner trademark rights. Moreover, there is no requirement that the domain name be a protectable trademark.

(viii) Registration of trademarks is territorial in nature (with the exception of well-known marks). Protection is afforded only in the particular place where it is registered or used. Unlike trademarks domain names are not subject to territorial boundaries as regards registration.\(^{291}\)

(ix) Domain name registration is fast, simple and automated in most cases. Trademark registration is slow. The registrar performs a search to check that no mark infringes upon the rights of a registered trademark owner. Trademarks are screened to prohibit


\(^{289}\) See the Trade Marks Act 193 of 1994, section 2, for the definition of a trade mark; par 3.2 above, cf par 2.2 and 2.5 for the definition and characteristics of a domain name.

\(^{290}\) Chapter Two par 2.2.4.

\(^{291}\) Monseau “Balancing Trademark Rights On The Internet: The Case Of Domain Name Disputes” JLSB [2000] (7) 94.
others form using similar or identical marks in the same classes, leading to the abuse of the system.\textsuperscript{292}

(x) Trademarks are regulated by an official registrar recognized by law, whereas a ‘registrar’ with no recognized legal status administers domain names.\textsuperscript{293}

\section*{3.6 APPLICATION OF TRADEMARK LAWS TO DOMAIN NAMES}

A domain name is not a trademark. It may however qualify as a trademark depending on how it is being used.\textsuperscript{294} It would therefore not be right to assume that the legal rules pertaining to trademarks apply to domain names.\textsuperscript{295} Because domain name disputes involve trademark misuse, the courts in the United Kingdom and United States have applied “traditional” trademark law, as well as rules relating to unlawful competition and passing off in dealing with domain name disputes.\textsuperscript{296}

The current trend in litigation has been to treat domain names in much the same way as trademarks. Courts in the United States and the United Kingdom have required unauthorized commercial use for liability to attach, and have applied the standard likelihood of confusion, or dilution analysis.\textsuperscript{297} A number of countries have tried to address the possibility of applying the legal rules pertaining to trademarks to domain names.\textsuperscript{298}

\textsuperscript{292} Kilian “Cybersquatting and Trademark Infringement” \textit{E.Law Murdoch University Electronic Journal of Law} vol 7 (3) September [2000]; Chapter Two above.

\textsuperscript{293} The Trade Marks Act 194 of 1993; see also Chapter Two above.


\textsuperscript{295} http://www.internetnamesww.com.au (2001/10/09): In Australia, one cannot register a trademark as a domain name unless the trademark is the same as the registered legal entity name. Domain names can also be registered as trademarks, provided that they meet the requirements of the Trade Mark Act.

\textsuperscript{296} Chapter Four par 4.2.2 below.

\textsuperscript{297} Chapter Four par 4.2.2 below.

\textsuperscript{298} Gonzales & Garag “Can Domain Names be Protected as Trademarks in The
Transposing such laws into the realm of cyberspace, however, presents difficulties in that:

“...cyberspace is not ‘real’ space, and the constrains of geographical boundaries, legal jurisdiction, and even time considerations of ‘real’ space do not apply.”

Hofman also submits that “resolving a dispute is difficult enough where it involves two businesses that fall within the same legal system. Where there is a cross-boarder dispute the difficulties multiply.” It is not surprising that the idea of extending legal rules that relate to trademarks to domain names has been criticized for affording greater protection to trademark owners. There should be a balancing of rights, especially so that both trademark holders and domain name applicants are given a chance to register their desired names as domain names on a “first-come-first served basis”. Another significant problem arises concerning jurisdiction over disputes between domain name holders and trademark owners, as the Internet is a global medium, accessible from virtually anywhere simultaneously.

To decide whether a domain name qualifies as a trademark, one has to consider the definition of a trademark and consider whether the domain name infringes the trademark. However, legal rules relating to

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299 Kilian “Cybersquatting and Trademark Infringement” MUEJL 7 (3) Sep [2000].

300 Cyberlaw par 4.4.

301 Kilian “Cybersquatting and Trademark Infringement” MUEJL 7 (3) Sep [2000].


303 Cohen “Internet domain names, trademarks and trading names” May 24 – 29 (1998) Congress of AIPPI: In response to question 143, submitted that anything which looks like a trademark, acts like a trademark, in other words meets the definition of a trademark set out in the Canadian Act, is a trademark and therefore is entitled to protection under trademark laws; Erasmus & Van der Merwe, “Internet
trademarks, have been successfully applied in cases of trademark infringement by domain names.\textsuperscript{304} The problem with this is that trademark owners can apply trademark law to claim a domain name that is being used in good faith. This may result in the loss of a domain name that is being used in good faith. Some authors are of the opinion that trademark rules should not be applied to domain names especially because of the difference in nature and functions of the two intellectual property rights.\textsuperscript{305}

Registering a trademark does not automatically confer domain name rights. It can be argued that trademark owners should not conclude that they are entitled to any domain names that are being used in good faith and are not threatening their business in anyway. Both trademark holders and domain name applicants have an equal chance to register a desired domain name since registration is on ‘first-come first-served basis’. The fact that a trademark owner did not register a desired domain name should not unfairly disadvantage the domain name applicant.

The environment in which the rules relating to trademarks were developed is geographically or territorially based. Virtual commerce on the Internet challenges these traditional assumptions, which makes the application of the trademark rules to domain names inappropriate. Some domain names may be protected by trademark laws while others may not. Most countries are in the process of creating a new set of rules that apply to the regulation of domain names and new developments on the Internet.\textsuperscript{306}

\textsuperscript{304} Azmi “Domain Names and Cyberspace: the Application of Old Norms to New Problems” \textit{IJLIT} vol 8 (2) [2000] 193; see also cases in Chapter Four below.

\textsuperscript{305} Bagnardi \textit{Trademark Word} 133 [December 2000/Jan (2001) 28: mentioned that, in Italy, a Bill, which suggested a prohibition on the registering of domain names similar to trademarks was heavily criticised.

\textsuperscript{306} See Chapter Four below. South Africa enacted the Electronic
3.7 CONCLUSION

Trademark rights are protected by legislation, the common law and international agreements which confer rights on the owner of the trademark. The South African Trade Marks Act\textsuperscript{307} protects registered trademarks, common law trademarks and well-known trademarks.

The conflicts between domain names, trademarks and other intellectual property rights, have led to the drafting of protective measures at international level.\textsuperscript{308} The lack of legal authority of international organizations with jurisdiction in this area has made some of these protective measures insufficient. As a member of the International Trading Community, South Africa has to revise its rules relating to trademarks in terms of the international agreements to which South Africa is a signatory.\textsuperscript{309}

The past century has seen a number of attempts to promote international protection by encouraging co-operation and harmonization of trademark laws. In order to receive maximum protection, trademarks had to be registered in all countries where protection is sought or else risk losing the trademarks. More than two hundred trademark registries exist worldwide, each country with its own register. Utilizing international trademark registration eliminates the requirement of registering a trademark in every one of the two hundred registries for one to be fully protected.\textsuperscript{310}

\begin{itemize}
  \item provision relating to the regulation of domain names. The United States enacted the Anticybersquatting Consumer Protection Act 1999, which deals specifically with domain name abuse.
  \item Dean “McDonald’s Turns the Tables on Trademark Hijackers” (1996) \textit{SA Merc LJ} 409.
  \item Brinkerhoff “International Protection of U.S. Trademarks: A Survey of Major
\end{itemize}
While reforming the domestic legal system for the protection for intellectual property, South Africa has joined a number of these international organizations, and signed conventions. International protection of trademarks occurs through a myriad of multinational, bilateral and regional treaties. South Africa is a signatory to many of these treaties. Membership in these treaties affords South African nationals fair treatment and access to protection of their trademarks in member countries. The Paris Convention, European Directive and the Uruguay round of the negotiations on the General Agreement on Tariffs and Trade (GATT), especially its Annexure III which contains the Agreement on Trade-Related Aspects of Intellectual Property Rights, have influenced South African trademark laws. The effect of these international treaties with different international organizations on the South African law will be investigated below.

As mentioned above, trademarks and domain names are not the same. Disputes between domain names and trademarks owners will continue because of the different purposes of the trademark and domain name system. Application of trademark laws to domain names should be on a case-by-case basis, since domain names are different from trademarks. South Africa had to amend its laws to comply with international standards.

312 Dean “McDonald’s Turns the Tables on Trade-Mark Hijackers” (1996) SA Merc LJ 409.
312 See par 3.3.4 below; Phillips Butterworths Intellectual Property Law Handbook 993.
CHAPTER FOUR

DISPUTE RESOLUTION INVOLVING DOMAIN NAMES

4.1  INTRODUCTION

In general, parties to a dispute have more than one option: they can elect judicial dispute resolution (traditional court litigation) or non-judicial (through arbitration and mediation). Judicial dispute resolution in South Africa, United Kingdom and United States will be investigated first. It is important to investigate the dispute resolution processes in the United States and United Kingdom because the rules relating to trademark infringement and domain name conflicts are well developed in these countries and have been applied in a number of court decisions. Non-judicial dispute resolution procedures with special reference to the ICANN uniform dispute resolution procedure and that of Nominet dispute resolution service in the United Kingdom will be investigated. Lastly, the South African situation will be investigated and the possibility of establishing a dispute resolution process as effective as Nominet UK will be considered.

4.2  JUDICIAL DISPUTE RESOLUTION IN SOUTH AFRICA

South African trademark rules and common law can be applied to deal with trademark misuse and domain name conflicts. This can be done by making use of traditional principles of dilution, confusion or unlawful competition and passing off. It is clear that if a person registers a domain name in conflict with the South African Trade Marks Act (hereinafter referred to as the Act), such Act will be applicable.

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313 Chapter Five below.
314 Webster and Page South African law of Trade Marks par 1.1 pg 1-3; Van Der Merwe Computers and the Law 118.
315 194 of 1993.
4.2.1 The South African Trade Marks Act 194 of 1993

Domain names can be protected in terms of section 34 and 35 of the South African Trade Marks Act. The primary question to be considered in determining the extent to which the Act applies to domain names is whether a domain name is identical or similar to a trademark. It is also important to establish whether the use of the domain name amounts to infringement in terms of the Act. This depends on the nature of the use of the domain name.

Section 34(1)(a) will afford protection if an identical name is used in relation to goods and services in respect of which the trademark is registered. To succeed in terms of this section, the use of the domain name should be in relation to identical goods and services for which the trademark is registered. Section 34(1)(b) affords wider protection than section 34(1)(a), in that it does not only limit infringement to identical, but also to similar goods and services registered in different classes. Infringement of trademark occurs if the name is identical or similar to the registered trademark, the goods and services are similar, and the goods and services are those in respect of which the mark has been registered.\footnote{316}{Section 34(1)(b).}

Sections 34(1)(c) and 35 deals with trademark infringement, whereby domain names are similar to registered trademarks, and are registered by people without any rightful interest in them. To prove infringement in terms of section 34(1)(c) and 35 would be easy if the goods and services were identical or similar, and the trademark well-known in the Republic.\footnote{317}{Chapter 3.2.3 for well-known trademarks.} The said mark would likely take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trademark.\footnote{318}{Section 35.}

Domain name misuse can result in infringement if the goods or services displayed on the website with a confusingly similar domain name are of the
same description. Infringement is also possible if the domain name holder displayed closely related goods or services.\textsuperscript{319} There would not be infringement if the domain name is in relation to entirely unrelated goods and services, except if the trademark is well known.\textsuperscript{320}

4.2.2 Application of other legislation to domain names

The South African Trade Marks Act has not yet been tested by the South African courts to establish the extent to which these existing rules would apply to domain names. The only reported decision is \textit{Azisa (Pty) Ltd v Azisa Media CC and another}.\textsuperscript{321} \textit{Azisa (Pty) Ltd} is a registered company and \textit{Azisa Media CC and Another}, a close corporation. The close corporation and company had a dispute over the registration of the close corporation and domain name \textit{azisa.com}.\textsuperscript{322} The applicant, a professional contracting private company, specialized in assisting organizations in network development and software development. The applicant largely conducted its business on the Internet. The applicant discovered that \textit{Azisa Media CC} had already registered the domain name \textit{azisa.com}, when it sought to register the domain name. The applicant contended that the Registrar of Close Corporations erred in registering the name of the first respondent, as it wholly incorporates the applicant’s company name.\textsuperscript{323}

The court had to determine whether the name \textit{Azisa Media CC}, and domain name \textit{azisa.com} were undesirable in terms of the Close Corporation Act 69 of 1984.\textsuperscript{324} The applicant sought an order changing the name of the close corporation in terms of section 20 (2) (b) of the Close Corporation Act, based on the grounds that the name was undesirable or that it was calculated to

\textsuperscript{319} Anti-dilution provisions Chapter 3.2.3.1: A defence exists if it can be proven that the sign would not be likely to deceive or cause confusion.

\textsuperscript{320} Well-known or famous trademarks; para 3.2.3.

\textsuperscript{321} 2002 4 SA 377 (C).

\textsuperscript{322} 377.

\textsuperscript{323} 378.

\textsuperscript{324} 377.
cause damage to the applicant. The grounds for undesirability were that the close corporation name was identical and/or confusingly similar to the applicant’s registered trademark that had acquired a substantial amount of goodwill.\textsuperscript{325}

When deciding the matter, the court held that no hard and fast rules are applied in ascertaining whether a name is desirable or not.\textsuperscript{326} According to the decision:

“...it is inappropriate to attempt to circumscribe the circumstances under which the registration of a company name might be found to be ‘undesirable’. To do so would negate the very flexibility intended by the Legislature by the introduction of the undesirability test in the section and the wide discretion conferred to the Court to ‘make such order as it deems fit’.”\textsuperscript{327}

The court considered (together with other applicable reasons) the degree of similarity, the likelihood of confusion and the business activities.\textsuperscript{328} The company and the close corporation were not in the same common field of business. The court held that clients would not be confused because the parties did not compete in the same commercial environment or market place, but the general public could be confused by the similarity if the common name \textit{Azisa} was used on the Internet as an abbreviation. In establishing the undesirability of the name it was held that:

“...the undesirability of the first respondent’s name is further illustrated by the fact that it has effectively hi-jacked the applicant’s name on the international ‘.com’ domain register, effectively blocking any attempts to utilise our own name in the furtherance of our business.”\textsuperscript{329}

The court considered the use of the name \textit{Azisa} alone without \textit{Media} and found it undesirable. The court in this case held that there was no

\textsuperscript{325} Ibid.
\textsuperscript{326} 391.
\textsuperscript{327} Ibid.
\textsuperscript{328} 391 and 396.
\textsuperscript{329} \textit{Azisa (Pty) Ltd v Azisa Media} at 394.
reasonable necessity for the close corporation to use the word *Azisa*, and that it would therefore not suffer any inconvenience. Instead of granting an interdict debarring the close corporation from using the name, the court ordered that the name should be used in full and not as an abbreviation. It was further held that:

“...the abbreviation ‘Azisa’ is undesirable, and the first respondent should not be allowed to use the abbreviation.”

The respondent was interdicted from using the abbreviation *Azisa* without the word *Media*. Trademark legislation attempts to overcome the shortcomings of common law principles, and to provide for infringement on the Internet. In particular, by adopting a system of registration, existing rights are recorded and their enforcement is simplified.

This decision clearly illustrates that the South African courts are willing to protect trade names against misuse as domain names. The dispute was not a cybersquatting case but infringement of a close corporation by a confusingly similar domain name. Registration of a domain name in conflict with the Close Corporation Act is prohibited.

The common law remains important, however, as the legislation does not replace protection afforded by the common law. An analysis of common law passing off and unlawful competition follows in the next section.

### 4.2.3 Common law passing off

The delict of passing off consists in a representation by one person that his business or merchandise is that of another or is associated with that of another. In order to determine whether conduct amounts to such a

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330 396.
331 Woker *Advertising Law in South Africa* 151-2.
332 *Capital Estates & General Agencies (Pty) Ltd v Holiday Inns Inc & Others* 1977 2 SA 929 (A).
representation, the court enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the defendant is the plaintiff’s or connected with that of the plaintiff.\textsuperscript{333} The delict of passing off seeks to protect the ‘origin’ function (source) of a trademark, so that the customer knows the commercial origin of the product. The protection lasts only as long as the business is in operation, and it cannot be transferred to another trader unless the business is reassigned at the same time.\textsuperscript{334} Passing off therefore refers to injury during the course of trade.

### 4.2.3.1 The scope of protection in a passing off remedy

The delict of passing off protects the right to attract custom, which may involve the right to exploit an existing goodwill. In the case of \textit{Premier Trading Company (Pty) Ltd v Sportopia (Pvt) Ltd}\textsuperscript{335} the court held that the only component of goodwill that can be damaged by means of passing off is reputation. Reputation was described in this regard:

"Reputation is the opinion which the relevant section of the community holds of the plaintiff or his product. If favourable it would dispose potential customers to patronise the plaintiff or his product and if unfavourable, it would tend to discourage them from doing so."\textsuperscript{336}

It is essential for the plaintiff to establish the existence of goodwill and to show that the name or mark in question is associated in the minds of the public with the business in question.\textsuperscript{337} Further:

\begin{itemize}
\item \textsuperscript{333} Ibid.
\item \textsuperscript{334} Hutchinson “Can Trade Mark Protection Respond to the International Threat of Cybersquatting?” \textit{The Journal of Information Law and Technology} [2001] 1.
\item \textsuperscript{335} 1999 JOL 4947 (A) 12.
\item \textsuperscript{336} Ibid.
\item \textsuperscript{337} \textit{Haggar Company v SA Tailorscraft (Pty) Ltd & Another} 1985 4 SA 569 (T) at 573.
\end{itemize}
“...the plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods a name, mark, sign or get-up which has become distinctive...”\textsuperscript{338}

It is also essential to establish that the area in which the goodwill is affected and evaluated is the area from which the business draws its customers.\textsuperscript{339} The court submitted that:

“...the plaintiff has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his business. As far as the ‘location’ of reputation is concerned, it must subsist where the misrepresentation complained of caused actual or potential damage to the drawing power of the plaintiffs business. Otherwise the misrepresentation would be made in the air and be without any consequences.”\textsuperscript{340}

This requirement poses the first difficulty to trademark owners who are not in the same business with the domain names in question. The South African courts have accepted the requirement frequently raised in English courts that there should be a common field of activity.\textsuperscript{341} This approach has been followed in a number of subsequent decisions. A trademark owner not in the same business with a domain name registrant claiming infringement of the trademark will find it difficult to prove the infringement.

It may be argued that the presence of similar domain names could lead to confusion, thereby resulting in infringement. This argument can be based on the fact that the Internet search engines may well lead a potential user to a wrong website leading to passing off. Also taking into consideration cybersquatting cases,\textsuperscript{342} users might end up at the wrong websites if they misspell the names and businesses they intend to search for. In such a case

\begin{itemize}
\item \textsuperscript{338} Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd 1977 4 SA 434 (W).
\item \textsuperscript{339} Pockets Holdings Ltd & Others v Oak Holdings Ltd 1953 2 SA 659 (SR).
\item \textsuperscript{340} Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd 1998 (3) All SA 175 (A) at 183h – 184d.
\item \textsuperscript{341} Capital Estates & General Agencies (Pty) Ltd & Others v Holiday Inns Inc & Others 1977 2 SA 916 (A).
\item \textsuperscript{342} That will be discussed in Chapter Five below.
\end{itemize}
the passing off action may be applied. This could result in infringement especially if the domain names in question are for the same or similar goods or services. It appears that the remedy of passing off would not to afford protection in cases where there is no common field of activity. The passing off remedy can therefore be applied to protect similar goods or services.

4.2.4 Unlawful competition

Another remedy available in South African law is the action for unlawful competition. The law recognizes unlawful competition as a delict. The principles that relate to unlawful competition have developed through an extension of the general principles of the *lex Aquilia*. In order to succeed in an action based on unlawful competition, all the requirements of *Acquilian* liability have to be established. The courts will afford protection to a plaintiff by granting an interdict or damages against the competitor infringing on the rival’s business marks. In *Prat v Greene & Co*:

“...the court recognised the right of a trader to carry on his trade without wrongful interference from others and held that such interference is wrongful when it is caused by competition which is expressly prohibited by law.”

4.2.4.1 The scope of protection concerning unlawful competition

The test for wrongfulness of the competition is an objective one of public policy. This is the general sense of justice of the community manifested in public opinion. In determining and applying this test, the interests of competing parties are weighed to establish infringement. Other factors like the morals of the market place, the business ethics of that section of the community are important in the determination of infringement. Existence of

343 Woker Advertising Law in South Africa 91.
344 Woker Advertising Law in South Africa 91; Neetling Unlawful Competition 62.
345 1907 TS 427.
346 Webster and Page South African Law of Trade Marks par 15.1 pg 15-5.
347 Minister of van Polisie v Ewels 1975 3 SA 590 (A) 597A.
goodwill is not a requirement in an unlawful competition claim. On the other hand this right accrues only to persons who are engaged in business. A person who is not a competitor cannot restrain the conduct of another on the basis of unlawful competition.

The courts have granted relief based on unlawful competition in circumstances where confidential information and trade secrets were misappropriated and misused by a competitor, where a competitor sabotaged the business of a trade rival by enticing customers and staff, or where a competitor intended to sabotage the business of a rival by spreading disparaging and untrue remarks concerning a product of that rival in the marketplace.

If the above principles are applied to domain names and a trademark owner could prove that a trade rival’s action in choosing a particular domain name was to sabotage the legitimate business and marketing activities of a plaintiff, then it would be possible to apply this remedy. It also appears to be applicable in cases where a domain name owner registered a domain name that disparages the rival’s website (so called suck sites).

An examination of the delictual principles of unlawful competition indicates that this remedy is capable of keeping up with the ingenious schemes of unscrupulous people. The provisions of the Trade Marks Act, passing off and unlawful competition discussed above are reinforced by section 91 of the ECTA also applicable to the regulation of domain names in South Africa.

348 Webster and Page South African Law of Trade Marks par 15.1 pg 15-5.
349 Silver Crystal Trading (Pty) Ltd v Namibia Diamond Corporation (Pty) Ltd 1983 4 SA 884 (D).
350 Stellembosch Wine Trust Ltd v Oude Meester Group Ltd 1972 3 SA 162 (C).
352 ITC (SA) Ltd v United Tobacco Co (South) Ltd 1955 2 SA 1 (WLD).
353 194 of 1993.
The South African courts have not yet had the chance to decide on a trademark and domain name dispute in terms of these traditional principles. The courts in other jurisdictions (for example the United States and United Kingdom) have dealt with such disputes and their decisions are likely to be authoritative in South Africa should such disputes arise.

The next paragraphs will examine the laws that regulate domain names in the United States and United Kingdom.

4.3 JUDICIAL DISPUTE RESOLUTION IN THE UNITED STATES

The United States has been in the forefront of enacting legislation relating to trademarks and domain names. Federal law, state law and common law is used to resolve trademark and domain name disputes. The majority of disputes that will be used to illustrate the law are from the United States. These disputes involve some disagreement over the use of business names amounting to infringement in terms of the United States law. This problem is not limited to the Internet. It has generated a substantial body of law regarding the use, ownership, and infringement of trademarks and business names.

The federal statute will be discussed first, followed by a survey of the Anticybersquatting Consumer protection Act of 1999.

4.3.1 The United States Trade Marks Act 1946\textsuperscript{354}

The federal statute provides for enforcement of both registered and unregistered trademark rights. If trademark law as developed in real space is to be applied to domain names used in cyberspace, there should be points of identity between a domain name and a trademark. A trademark is defined by the federal Trademark Act 1946 (also known as the Lanham Act) as:

\textsuperscript{354} Hereinafter referred to as The Lanham Act.
“...either a word, phrase, symbol or design, or combination of words, phrases, symbols or designs, which identifies and distinguishes the source of the goods or services or one party form those of others.” 355

According to the Lanham Act, a service mark is the same as a trademark, except that it identifies and distinguishes the sources of a service rather than a product. Most activities on the Internet are considered services by the United States Patent and Trademark Office (hereinafter called USPTO). 356

Actions for infringement of federal trademark registrations are brought in terms of section 32 of the Lanham Act. The section provides that any person who uses a registered mark in commerce without the consent of the trademark registrant in connection with the selling or distribution of goods or services, in a manner which is likely to cause confusion, is liable for monetary damages and/or subject to injunctive relief. 357

4.3.1.1 The scope of trademark protection

There are generally five categories of distinctiveness when considering the adoption of a trademark or service mark. Trademarks can be assessed with reference to: arbitrary, fanciful, suggestive, descriptive, and generic. 358 Arbitrary and fanciful marks are afforded the greatest protection because of their association with the goods or services they are well known for. 359 Fanciful marks are invented words, such as “Exxon”, applied to goods and services. 360 A party claiming protection in terms of the Lanham Act must

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355 15 USC 1051.
358 Ibid.
359 Ibid.
also demonstrate that the use of an infringing mark is likely to result in consumer confusion as to the source of the marked goods.\textsuperscript{361}

\subsection*{4.3.1.2 Factors considered to determine infringement}

The likelihood of confusion test is used to establish whether infringement took place. Factors considered to establish infringement include:

(i) the similarity between the marks;
(ii) the strength of the plaintiff's mark;
(iii) the distinctiveness of the owner's mark;
(iv) the characteristics of potential customers and the degree of care exercised by these customers;
(v) the similarity of the marketing method and channels of distribution;
(vi) the defendant's intent or bad faith;
(vii) the proximity of the goods in advertisements and
(viii) instances of actual confusion, and the sophistication of consumers in respect of goods, and whether the trademark owner's goods are known in the infringer's territory.\textsuperscript{362}

Courts look to the totality of the above factors in determining the likelihood of confusion, and no single factor is determinative.\textsuperscript{363} The Lanham Act specifically provides that:

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(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.```

\textsuperscript{364}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{361} Loundy "A Premier on Trademark Law and Internet Addresses" 470.
\item \textsuperscript{362} Ibid.
\item \textsuperscript{363} Ibid.
\item \textsuperscript{364} 15 USC 1125(d)(1)(B)(ix).
\end{itemize}
\end{footnotesize}
This legislation, however, fails to address whether knowledge of the existing or an unrelated business using the same or similar mark will constitute bad faith. The Lanham Act also provides for a cause of action for unfair competition which can be brought in terms of section 43(a), discussed below.

### 4.3.2 Unfair competition

The Lanham Act also provides a remedy for trademark infringement through unfair competition.\(^{365}\) A remedy for unfair competition may be available in terms of section 43(a) of the Lanham Act.\(^{366}\) This section provides that:

> “Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol or device, or any combination, or any false designation or origin... which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, as to the origin...shall be liable in civil action by any person who believes that he or she is or is likely to be damaged by such act.”\(^{367}\)

This section applies to both federally registered and unregistered trademarks and service marks. It protects a trademark owner against the use of names that would cause confusion, or likelihood of confusion, as to the source of origin, sponsorship or association, between the goods and services offered in terms of the owner’s mark and those offered by a competitor. This section can afford the owner protection against a wide variety of deceptive commercial practices, including trademark infringement and the false description or representation of goods or services.\(^{368}\)

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\(^{365}\) Section 43(a).

\(^{366}\) Tanenbaum “Rights and Remedies for Three Common Trademark-Domain Name Disputes” 261.

\(^{367}\) 15 USC 1125(a).

\(^{368}\) Tanenbaum “Rights and Remedies for Three Common Trademark-Domain Name Disputes” 261.
The action for unfair competition may be applied when a domain name is used in commerce in a manner likely to cause confusion or mistake as to the affiliation. The action affords protection against trademark misuse as a domain name, especially when the domain name is directed at an undesirable website.

4.3.3 Trade Mark Dilution Act of 1995

The Trademark Anti-dilution Act, section 3, amended section 43(c) of the Lanham Act, is another option in resolving trademark and domain name disputes. The Anti-dilution Act provides that the owner of a mark deemed a “famous mark” under the trademark laws may enjoin another person from using in commerce a trademark or trade name which causes dilution of the distinctive quality of the famous mark.

The Lanham Act defines dilution as the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of, competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake, or deception.

4.3.3.1 Factors considered to determine a famous trademark

In terms of section 3 of the Trademark Dilution Act the court may consider (but is not limited to) the following factors to determine whether a mark is famous or not:

“(i) the degree of the inherent or acquired distinctiveness of the mark;
(ii) the extent of use of the mark in connection with the goods or services;
(iii) the extent of the advertising and publicity of the mark;
(iv) the geographical extent of the trading area in which the mark is used;


370 15 USC 1125(c) of the Lanham Act; Section 4 of the Federal Trade Mark Dilution Act of 1995.
(v) the channels of trade for the goods or services with which the mark is used;
(vi) the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom an injunction is sought;
(vii) the extent of the use of the same or similar marks by third parties; and
(viii) whether a federal registration has been issued for the mark.”

Section 3(4) of the Trademark Dilution Act specifically excludes fair use of a famous mark in comparative commercial advertising or promotion. It also excludes non-commercial use of the mark or news reporting or commentary. The rationale for the exclusion of non-commercial use of a famous mark is to prevent courts from restricting constitutionally protected speech.

Internet users often select second-level domain names that conflict with registered trademarks but are used in different businesses. The burden of proof in a dilution case is less than that in an application for a remedy based on trademark infringement. Likelihood of confusion is not a requirement. Instead, dilution by tarnishment or blurring is sufficient.

4.3.3.2 Application of the legislation in case law

In February 1996, in Hasbro Inc v Internet Entertainment Group Ltd, the dispute was over the registration of the name candyland.com as a domain name. The name in question was well known to the plaintiff and the defendant used it to identify its sexually explicit Internet site, thereby diluting the well-known trademark. A preliminary injunction was granted by the court against the defendant’s use of the well-known name and trademark. The dilution claim was successful because protection extends beyond different goods or services.

371 Section 1125 (c)(1)(A)-(H) see also Tanenbaum “Rights and Remedies for Three Common Trademark-Domain Name Disputes” 262.
372 Bender Trademark Law and Practice quoted in Panavision International v Toeppen 945 F Supp 1296, 1303 [CD Cal 1996].
373 No C 96-130 1996 WL 84853 [WD Wash Feb 9 1996].
Later, in 1996, another dispute arose between *Toys ‘R’ Us Inc v Akkaoui*. The defendant operated an adult website using the domain name *adultsrus.com*, offering sexual devices and intimate clothing. *Toys ‘R’ Us Inc* was in the business of selling toys. The court held that *Toys ‘R’ Us* is a famous and distinctive trademark, and that the defendant tarnished its mark by associating it with adults’ products. An injunction was granted.

Dilution claims were also successful in *Panavision International v Dennis Toeppen*. Toeppen registered many famous trademarks, as domain names, *panavision.com* and *panaflex.com* amongst others. Registration of these two names was part of his scheme to obtain money from *Panavision International* which resulted in claim for infringement. The circuit court stated that:

> “Toeppen did considerably more than simply register Panavision’s trademarks as his domain names on the Internet. He registered those names as part of a scheme to obtain money from Panavision. Pursuant to the scheme, Toeppen demanded $13,000 from Panavision to release the domain names to it.”

The court had to determine whether the act of registering domain names (and then offering them for sell at a profit to their rightful owners) amounted to infringement in terms of the State Anti-Dilution statute and the Trademark Dilution Act. Another question presented to the court was whether such acts of registering a domain name and offering the domain name for sale to the owner amount to ‘commercial use’ within the meaning of Federal Dilution Act. In response, Toeppen argued that his use of

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375 141 F 3d 1316 [9th Cir 1998].
376 Some of the names Toeppen registered include *aircanada.com, anaheistadium.com, Lufthansa.com, and yankeestadium.com.*
377 1322.
378 Section 1125(c).
379 Toeppen based his arguments on *Academy of Motion Picture Arts & Sciences v Network Solutions Inc* 989 F Supp 1276 1997 WL 810472 [CD Cal Dec 22 1997]: “The mere registration of a domain name does not constitute commercial use”; and
*Panavision* simply as his domain name could not constitute a commercial use in terms of the Act:

“...the mere registration of a domain name does not constitute commercial use.”\(^{380}\)

The court held that his argument was misstated:

“...his use is not as benign as he suggests, Toeppen’s ‘business’ is to register trademarks as domain names and then sell them to the rightful trademark owners.”\(^{381}\)

The district court enjoined the defendant from all further use of plaintiff’s mark, and ordered a transfer of the domain names to *Panavision International*.\(^{382}\) Toeppen’s business objectives were to profit by the resale or licensing of these domain names, presumably to the entities who conduct business under these names.

The matter was sent to the Ninth Circuit court on appeal. The appeal court held that the registration of a domain name and subsequently offering it for sell was aimed at *Panavision International* California, and caused it to suffer injury.\(^{383}\) **Toeppen** knew that Panavision would be likely to suffer harm. He also prevented *Panavision International* from registering the desired domain name thus ‘acts as a spoiler’ preventing *Panavision International* and others from doing business on the Internet under their trademark names unless they pay a fee.\(^{384}\) These principles were based on the fact that *Panavision*...
and others could not register their domain names when they wanted to.\textsuperscript{385}

A domain name is the easiest way of locating a website. People looking for \textit{Panavision International} would be disappointed after landing at some other web page.\textsuperscript{386} The circuit court also mentioned that \textit{panavision} is not found in the dictionary, so it had enjoyed a long period of exclusive use by the plaintiff. The court upheld the decision of the trial court holding that a significant purpose of a domain name is to identify the entity that owns the website. The court ruled that simply by registering domain names identical to \textit{Panavision’s} famous mark, \textit{Toeppen} was diluting the value of \textit{Panavision International}.\textsuperscript{387}

In a nearly identical \textit{Panavision International} case involving \textit{Toeppen and Intermatic Inc},\textsuperscript{388} over 240 domain names where registered. The domain name incorporated famous trademarks. \textit{Intermatic Inc}, a manufacturer of electric and electronic products sued alleging trademark infringement and dilution. A federal district court of Illinois held that \textit{Toeppen’s} violated the Federal Trademark Dilution Act. \textit{Toeppen} registered the domain names with the intention of selling them at a profit. The court found that \textit{Toeppen’s} intention to arbitrage the domain name constituted a ‘commercial use’\textsuperscript{389} Registration of these domain names prevented \textit{Intermatic Inc} from using the trademarks as domain names.\textsuperscript{390}

\textsuperscript{21} (9) EIPR 450; \textit{Panavision International v Toeppen} 1322.
\textsuperscript{385} Ibid.
\textsuperscript{386} 1318.
\textsuperscript{387} 1319.
\textsuperscript{388} \textit{Intermatic Inc v Toeppen} 947 F Supp 1241.
\textsuperscript{389} This was also the case in \textit{Teletech Customer Care Management Inc v Tele Tech Co} 977 F Supp 1407 [CD Cal 1997] where a trademark injunction was granted in terms of the Trademark Dilution Act for using a trademark as a domain name.
\textsuperscript{390} \textit{Intermatic v Toeppen} 1233-34.
In terms of the Lanham Act, infringement can only occur if there is commercial use or otherwise use for the purposes of registration. In both cases, *Toeppen* was found to have made a commercial use of the trademarks, even though the marks were not attached to any product. The attempt to sell the domain names was sufficient commercial use under the Federal Trademark Dilution Act and the California Anti-dilution statute.\(^\text{391}\)

### 4.3.4 Anti-Cybersquatting Consumer Protection Act (1999)

The Anti-cybersquatting Consumer Protection Act section 1255\(^\text{392}\) provides that a person who with bad faith intent to profit from the goodwill of a trademark or service mark of another, registers or uses an Internet domain name that is identical to, confusingly similar to, or dilutive of such a mark, shall be liable in a civil action to the owner of the mark.\(^\text{393}\) Infringement is based on bad faith.

The Anti-cybersquatting Consumer Protection Act prohibits registration of a domain name that contains protected trademarks. It also protects a famous name with the bad faith intent to profit from that mark. Several factors for determination of 'bad faith intent', including commercial use, *bona fide* use


\(^{392}\) This section of the Act has its origins from a nearly identical Bill, HR 3028 Trademark Cyberpiracy Prevention Act, section 1255 of the Anticybersquatting Act included in the Conference Report 'Intellectual Property and Communications Omnibus Reform Act of 1999', HR 1554, as 'Trademark Cyberpiracy Prevention' under Title III; Kilian "Cybersquatting and Trademark Infringement" *E Law* [2000] vol 7(3) 73.

\(^{393}\) Section 1255.
of the name, and the extent to which the protected name is distinctive or famous are provided for. Guidelines are provided in the Act to determine the question of bad faith. In determining the question of bad faith the following factors are considered:

“(i) other intellectual properties in the domain name
(ii) whether it is the name of the person;
(iii) prior, bona fide use;
(iv) fair use of a mark in the site;
(v) intent to divert consumers from the mark owner’s online location to another site;
(vi) the person’s offer to sell the domain name to the mark owner, without having used it in a bona fide manner;
(vii) a person’s acquisition of multiple domain names that are identical or similar to the trademark.”

The Act provides for remedies, which include an order by the court for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the trademark. Punitive damages in the amount of a $1000 to $100,000 per domain name may also be recovered.

These provisions are intended to protect not only the owners of the names in the United States, but also users of the Internet searching for information on products, services and celebrities anywhere in the world. The protection afforded by the ACPA extends beyond borders. The ACPA protects names, labels and expressions to prevent confusion. The law also provides for a system by which consumers and producers can identify the source of a product and services and the identity of the business. Property rights are protected by this Act and it extends protection accorded by the federal anti-dilution statute to include bad faith cases. Typosquatting and meta tags are protected in the ACPA.

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394 Section 1255 (B) of the Anti-cybersquatting Act.
395 Section 1255 of the Anti-cybersquatting Act.
396 Cabell “Learning Cyberlaw in Cyberspace: Name Conflicts”.
397 Shields v Zuccarini 89 F Supp 2d 634 [EDPA 2000]; Bihari v Gross 119 F Supp 2d 309 [SDNY 2000]: where meta tags were referred to.
4.3.4.1 *In rem* proceedings

Section 1125(d) of the Anti-cybersquatting Act provides that:

“The owner of a mark may file an *in rem* civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located ...”

The ACPA facilitates an *in rem* action. This is an action taken against property, rather than against a person. Holders of famous trademarks are often left without an effective remedy because of the logistical difficulty of identifying cybersquatters. To institute legal proceedings, the trademark holders are required to serve a multitude of complaints in many jurisdictions where their trademarks are infringed.

This paragraph investigates the potential solution where action is taken against the property and not the person. The property against which action is taken for a domain name dispute is the registration certificate of the domain name kept at the registry where the domain name was registered.

The trademark holder can proceed *in rem* when the trademark owner cannot obtain *in personam* jurisdiction over a person who would have been a defendant or is not able to find a person who would be a defendant.

4.3.4.2 Application of the ACPA to case law

In *Barcelona.com v Excelentinsimo Ayuntamiento de Barcelona* in 1996 the domain name *barcelona.com* was registered for the purposes of providing information about the city of Barcelona. In 1999 the owner of the domain

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398 15 USC 1125(d) 2A.
400 Ibid.
401 Waelde “Trade Marks and Domain Names: There is a lot in a name”: This is considered after a postal and e-mail notice of the alleged violation and intent to proceed under the ACPA.
name offered it to the City of Barcelona at an inflated price. A civil action was filed in terms of the ACPA in order to establish whether the registration of a confusingly similar domain name was unlawful. The federal court held that the filing of the domain name was unlawful. The federal court held that no distinction is made between United States and foreign marks, even though trademark law has traditionally been governed and regulated at national level.\textsuperscript{402}

In 1999, \textit{Porsche Car North America Inc}\textsuperscript{403} lodged a complaint against the different registrants of domain names incorporating the name \textit{Porsche}. This complaint was lodged prior to the enactment of the ACPA. Most of the information submitted by the relevant registrants was false. \textit{Porsche Car North America Inc} had to take an \textit{in rem} action to avoid establishing personal jurisdiction over the holders of the domain names. \textit{Porsche Car North America Inc}’s request to have the registration certificates transferred on the grounds of dilution was turned down on the basis that the United States Trade Mark Dilution Act did not allow \textit{in rem} actions in these circumstances.\textsuperscript{404}

The legal situation was, however, changed by the introduction of the likelihood of confusion provision, which provides that the owner of a mark may file an \textit{in rem} civil action against a domain name in the district in which the domain name authority is located.\textsuperscript{405} This can only be done if the person or entity that registered the domain name cannot be located.\textsuperscript{406}

\begin{footnotes}
\textsuperscript{402} Van Vuuren “Your SA Trade Mark Can Protect Your Domain Name in .com World”.
\textsuperscript{403} \textit{Porsche Car North America Inc v Porsche.com} 51 Supp 2d 707 [ED Va 1999].
\textsuperscript{404} Lee “\textit{In rem} Jurisdiction in Cyberspace” 75 \textit{Wash L Rev} [2000] 110.
\textsuperscript{405} Ibid.
\end{footnotes}
An *in rem* action was considered the following year in *Caesars World, Inc v Caesars-Palace.Com, et al.*\(^{407}\) Here the plaintiff sought an *in rem* action over domain names in terms of the ACPA. The defendants argued that the *in rem* provisions of the ACPA were unconstitutional. The court held that an *in rem* action does not violate the due process clause of the United States Constitution. The court in Virginia has jurisdiction over all domain names registered with NSI.\(^{408}\)

In an *in rem* action the court can order the forfeiture, cancellation or transfer of the domain name, but damages cannot be claimed.\(^{409}\) This provision is valuable for entities with domain name disputes. In at least one important sense, the traditional mechanism of an *in rem* action seems to be the ideal solution in cases where contact details submitted were false or not accurate.\(^{410}\)

### 4.4 Judicial Dispute Resolution in the United Kingdom

In the United Kingdom, domain name conflicts have been dealt with in terms of the Trade Marks Act of 1994 and the common law action of passing off as well as unfair competition.\(^{411}\) Infringement of a trademark by a domain name is judged in exactly the same way as infringement of a trademark in any other medium. The classic test of likelihood of confusion will apply: the goods or services must be the same or similar, and the mark must be used in the territory.\(^{412}\)

\(^{407}\) Civil Action No. 99-550-A ED Va March 3[2000].

\(^{408}\) Lee “*In rem* Jurisdiction in Cyberspace” 75 *Wash L Rev*[2000] 126.

\(^{409}\) Section 1255 (B)(3).

\(^{410}\) Ibid.


\(^{412}\) Waelde “Trade Marks and Domain Names: There is a lot in a name”.
4.4.1 The Trade Marks Act of 1994

The United Kingdom Trade Marks Act section 1(1) defines a trademark as:

“…any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.”

The purpose the Act is among other things to provide protection against names which are deception as to the origin and consequently to safeguard goodwill. Liability for infringement will only arise if certain requirements have been met. These requirements are primarily that the mark should have been correctly registered and that the defendant’s use of the mark falls within the definition of infringement set out in section 10.

The Trade Marks Act makes provision for the registration of trade marks, trade marks and trade names in order to receive protection from others using the same or confusingly similar marks. Trade marks and names can perform a variety of functions. Some of the functions include; indicating origin, providing a guarantee of quality, advertising or promoting goods as they can be instantly recognizable, sometimes without the use of words. They can thus be extremely valuable to those who own rights. The same trademark can also be registered in different product sectors since there is then no likelihood of confusion for example, polo in different sectors represents a mint, a car and casual sportswear. Subject to this a trademark will give territorial protection to its owner although the same mark can be owned by different enterprise in different jurisdictions. Section 10 of the act is applicable to domain names in cases of infringement. According to this section:

“A person infringes a registered trademark if he used in the course of trade a sign which is identical with the trademark in relation to

413 Hereinafter referred to as the Act.
414 Trade Marks Act 1994 section 1(1).
416 To be discussed below.
417 Rowland “Trademarks, Domain Names and the Net”.

96
goods or services which are identical to those for which it is registered."\(^{418}\)

This section applies if a sign that is identical to a registered trademark is used in the course of trade in connection with identical goods or services for which the mark is registered. The use of an identical domain name in the course of trade will also result in conflict with section 10(1). There is no requirement of likelihood of confusion. Unlike section 10(1), section 10(2) provides that:

"A person infringes a registered trademark if he uses in the course of trade a sign where because-
  a. the sign is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered, or
  b. the sign is similar to the trademark and is used in relation to goods or services identical with or similar to those for which the trademark is registered,
  c. there exists a likelihood of confusion on the part of the public, which included the likelihood of association with the trademark."\(^{419}\)

This section provides for infringement where a mark that is not only identical but also similar to a registered trademark is used. The test according to the section is the likelihood of public confusion. It therefore affords wider protection that section 10(1).

### 4.4.1.1 Application of the legislation in case law

A few example will be discussed below to illustrate the application of the Act to case law. In *Avnet Inc v Isoact Limited* (1998),\(^{420}\) the owner of a trademark attempted to use trademark law to obtain the domain name *avnet.co.uk*. *Avnet Inc* (a United States Company) registered the trademark *Avnet* in the United Kingdom in class 35. The United States Company was engaged in advertising business by catalogue. *Isoact Limited* carried on business in

\(^{418}\) Section 10(1).

\(^{419}\) Section 10(2).

\(^{420}\) [1998] FSR 16.
Internet Service Providing with a particular interest in aviation. *Isoact Limited* registered the domain name *avnet.co.uk* since they used the words *Aviation Network* and *Avnet* in connection with their business. *Avnet* argued that *Isoact Limited* infringed their registered trademark by using the word *Avnet*. The United Kingdom court held that there was no infringement because the goods or services were not identical. Therefore *Isoact Limited* had the right to keep the domain name.421

According to Waelde,422 if the element of public confusion is proved even if the marks are not identical but similar, ‘an application brought under section 10(1) will likely succeed’. Section 10(2) therefore affords more protection to marks that are not only identical but also similar.

### 4.4.2 Dilution provisions

In terms of the dilution provisions of the Trade Marks Act of 1994:

> “A person infringes a registered trademark he uses in the course of trademark if he uses in the course of trade a sign which—
> (a) is identical with or similar to the trademark, and
> (b) is used in relation to goods or services which are not similar to those for which the trademark is registered,
> where the trademark has a reputation in the United Kingdom and use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.”423

The provisions of this section focus on dilution of a trademark. The section provides for trademark infringement if a similar or identical mark is used in relation to goods or services which are not similar to those for which it is registered. This applies where the trademark has a reputation, and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trademark.424

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421 Waelde “Trade Marks and Domain Names: There is a lot in a name”.
422 Ibid.
423 Section 10(3).
424 Section 10(3).
4.4.2.1 Application of the legislation in case law

This section was considered very briefly in *British Telecommunications and Others v One in a Million and others case* (1999),\(^{425}\) where a number of famous domain names were in dispute. The case was, however, decided primarily by looking at the law of passing off, and by some extensions of existing principles. The court decided in terms of the Act and the common law that registering domain names created the potentiality of deception. The registration of domain names for the purpose of blocking their use by the proprietors, except upon payment of money, was both passing off and infringement in terms of section 10(3). This decision makes it clear that it is not necessary for a trademark owner to register multiple variants of his or her marks. The courts in the United Kingdom applied traditional principles, and extended legislative provisions to protect trademark owners.\(^{426}\)

4.4.3 Passing off and unlawful competition

The rules relating to passing off in the United Kingdom were considered in *Erven Warnick v Townend*.\(^{427}\) Passing off consist the in following requirements:

“...there must be a misrepresentation; made by the trader in the course of trade; to the prospective customers of his or ultimate consumers of goods or services supplied by him; which is calculated to injure the business or goodwill of another trader and lastly which causes actual damage to the business or goodwill of the trader.”\(^{428}\)

Passing off in the United Kingdom occurs when a mark or name is used to deceive the public as to the origin of goods. The rules relating to passing off seek to protect the ‘origin function’ of the trademark, so that the customer


\(^{426}\) Waelde “Trade Marks and Domain Names: There is a lot in a name”.

\(^{427}\) [1979] AC 731.

\(^{428}\) 731.
knows the commercial origin of the product. The protection lasts only as long as the business is operating, and it cannot be transferred to another trader unless the business is reassigned at the same time. The remedy is therefore restricted to injury during the course of trade. This is the common law mechanism for protecting the goodwill between a business and its customer. In Reddaway v Banham it was stated that:

“...nobody has any right to represent his goods as the goods of somebody else...”

The above-mentioned requirements were also applied in Reckitt & Colman Products v Borden Inc in 1990. According to this case goodwill or reputation refers to the distinctive ‘get up’ or a reputation attached to the plaintiff’s goods or services must be established. Secondly, misrepresentation or deception which refers to the confusion of source (and this should result in damages that the plaintiff suffered) must also be established. Lastly, the plaintiff must produce evidence of goodwill that is being misappropriated. It is not sufficient that a member of the public is confused with regard to the products of two companies.

4.4.3.1 Application of the common law in case law

The remedy for passing off was applied in Harrods Limited v Lawrie and others. The registration of harrods.com as a domain name resulted in a landmark passing off decision in 1997. An individual who had no connection to the renowned departmental store registered the domain name. Proceedings on the grounds of trademark infringement and passing off were

430 Day v Brownrigg [1878] 10 Ch D 294.
431 [1896] AC 199.
432 [1990] 1 All ER 873 (HL).
initiated. The court applied strict trademark principles concluding that registration of domain names resulted in trademark infringement. ‘The special rules that apply to famous and well-known trademarks and marks with a reputation, applied equally to infringement by an Internet domain name’. The court took a flexible approach to passing off, and held that even though the defendant had not attempted to use the domain name, he was still trading on the goodwill of Harrods Limited. By registering the domain name, the defendants were misrepresenting that they were somehow associated or connected with the plaintiff. Both actual and threatened passing off was established. Summary judgment was granted, and an order to hand over the domain name made.435

In Marks & Spencer Plc v One in a Million Ltd (1997),436 the plaintiffs were well known companies, each of which possessed considerable goodwill. They brought five actions for summary judgment against the defendant who had registered domain names with intent to sell them to the plaintiffs. The defendants had not attempted to make use of the registered domain names. The court found it sufficient for passing off for a person to put an ‘instrument of deception’ into the hands of others.437 The held that that:

“The essence of the tort of passing-off is a misrepresentation to that public...liable to lead them to believe that the goods and services offered by the representor are those of the plaintiff. However the tort is also committed by those who put or authorise someone to put an ‘instrument of deception’ into the hands of others”438

The United Kingdom court also concluded that actual and threatened passing off had been established. The mere registration of domain names in the above cases amounted to passing off. According to Rowland:

435 Taylor & Foggo “United Kingdom Ban on Domain Name Speculators Strengthened” Trademark World September [1998].
437 Singer v Loog (1880) 18 Ch D 395.
438 476.
“Once a website is launched on the internet it can be accessed from anywhere in the world and in theory could therefore cause potential liability in any jurisdiction in which it is viewed”.439

A trade mark registered in one jurisdiction if incorporated into a website in another jurisdiction constitutes use resulting in infringement. The court observed that:

“Any person who deliberately registers a domain name on account of its similarity to the name, brand name or trademark of an unconnected commercial organisation must expect to find himself on the receiving end of an injunction to restrain the threat of passing off…”440

It is clear from the above discussion that the United Kingdom legislation and the common law can be applied in domain names conflicts.441 In the traditional sense, passing off does not provide a remedy against those who hijack domain names. However, the courts have been flexible in their interpretation of passing off, so that it now covers those who threaten to sell domain names to third parties or legitimate owners. This is evident form the application of common law to the court decisions discussed above.442 Some of these decisions have been referred to in other jurisdictions443 and are likely to be influential in the South African courts.

439 “Trademarks, Domain Names and the Net” Department of Law University of Wales, Aberystwyth.
440 265.
443 Qantas Airways Ltd v The Domain Name Co Ltd P26-SD99 9 Dec [1999]: “...the deliberate blocking of the lawful exploitation of goodwill by Qantas through registration effectuated for the purpose or with that consequence is a fraudulent appropriation of that part of the goodwill attaching to [the Qantas] name. The most likely purpose for registering the name of such a well known entity is to block the entity’s lawful exploitation of its goodwill through the use of the internet.... Such registration is an instrument of fraud.”
4.5 NON-JUDICIAL DISPUTE RESOLUTION PROCESSES

The existence and regulation of domain names is not territorial in nature, as is the case with trademarks. Domain names require a dispute resolution system that is not limited by national boundaries to resolve conflicts. Applying traditional trademark law to the cyberspace realm therefore compels an expansion of prevailing standards. International agreements have been concluded to assist in the formulation of national rules with a view to resolving disputes beyond borders. The international procedures are available to parties in a domain name/trademark dispute by agreement, and can be adopted by countries for their ccTLDs. In the last several decades, it has become increasingly apparent that settling disputes by other means, other than litigation may be advantageous in many cases. Non-judicial dispute resolution at is speedy and efficient, and a means of preventing infringement of intellectual property rights at beyond boundaries.

Non-judicial dispute resolution processes will be investigated below. The ICANN procedure will be looked at first, Nominet UK dispute resolution service next and the position in South Africa in the third place.\(^{444}\)

4.5.1 ICANN Uniform Dispute Resolution Process

Domain name conflicts have been a pressing issue even prior to the establishment of ICANN. In 1998, the United States government requested WIPO to conduct a study on the regulation of trademarks in domain names. WIPO’s final report called for the institution of a uniform policy enforced by all registrars to regulate domain names. When the United States government drafted the White Paper proposing the creation of a private, non-profit corporation to administer the DNS, it specifically considered the need for resolution of disputes between domain names and trademarks.\(^{445}\)

\(^{444}\) South Africa is currently in the process of establishing a non-judicial dispute resolution service.

\(^{445}\) Kornfeld “Evaluating the Uniform Domain Name Dispute Resolution Policy”. 
The UDRP has been since October 1999 in registries accredited by ICANN in the top level domain; .com, .net, .org, .biz, .info and .name and has also been adopted by some ccTLD.\textsuperscript{446} The policy also applies to Network Solutions Inc (hereinafter called NSI) accredited registries since January 2000.\textsuperscript{447} The UDRP was not intended to be the global trademark arbiter regarding domain name disputes or to replace national courts\textsuperscript{448} and also according to Gunning:

“...the method of dispute resolution does not preclude either party from taking action in appropriate courts.”\textsuperscript{449}

4.5.1.1 The policy

The procedure’s main objective is to provide a cheap and quick solution to legitimate domain name holders to prevent those without rights from registering their domain names.\textsuperscript{450} The UDRP was designed to provide an administrative remedy to those aggrieved by the registration of an infringing domain name. The UDRP allows trademark holders to seek mediation over the control of a domain name, and if successful, to gain control over the domain name. The UDRP provides for out-of-court resolution of disputes, including negotiation, mediation and arbitration.\textsuperscript{451} Complaints arising out of the domain name agreement may be submitted to any one of the approved dispute resolution service providers such as: Asian Domain Name Dispute Resolution Centre, CPR Institute for Dispute Resolution,\textsuperscript{446} Annexure Four pg 216; \url{http://www.icann.org/dndr/udrp/policy.htm} (2002/08/02) for example .nu, .tv and .ws.

\textsuperscript{447} \url{http://www.icann.org/dndr/udrp/policy.htm} (2002/08/02).


\textsuperscript{450} Kornfeld “Evaluation the Uniform Domain Name Dispute Resolution Policy” \url{http://cyber.law.harvard.edu/ucann/oressubgissues/2000/briefingbook/udrp-review.html} (2003/02/12).

eResolution, The National Arbitration Forum, and finally the World Intellectual Property Organization.\textsuperscript{452}

The policy seeks to create globally uniform rules for resolving domain name and trademark disputes. It also intends to resolve the most abusive cases of cybersquatting. There is, however, doubt as to the success of these rules, and great sensitivity in replacing national law with global law, because there is no guarantee as to the enforcement measures of international law.\textsuperscript{453} Currently, the success of such a claim relies only on the protection conferred by one or more of the various internationally agreed treaties in relation to trademarks and domain names, the way in which protection has been defined by the UDRP, and the way that an arbitration panel would interpret the applicability of the UDRP to the claim.

The policy has been modified several times to prevent cybersquatting or domain hijacking and other related problems.\textsuperscript{454} The policy was also modified to balance the interests of trademark and domain names as there were complaints that the previous policy favoured holders of registered trademarks over unregistered rights. The policy does not deal with a situation of co-existing rights which are decided by the courts.\textsuperscript{455}

This policy is incorporated by reference into the registration agreement for the gTLDs.\textsuperscript{456} It sets forth the terms and conditions in connection with disputes between parties other than the disputant and the registrar. An

\begin{itemize}
\item \textsuperscript{452} Monseau “Balancing Trademark Rights On The Internet: The Case of Domain Name Disputes” \textit{JLSB} [2000] (7) 102.
\item \textsuperscript{453} Osborne “ICANN Procedure Proving A Resounding Success” \textit{Internet Law Review} [2000] 31.
\item \textsuperscript{454} Levi et al “The Domain Name System & Trademarks” 16.
\item \textsuperscript{455} Monseau “Balancing Trademark Rights On The Internet: The Case of Domain Name Disputes” \textit{JLSB} [2000] (7) 102.
\item \textsuperscript{456} Annexure Four pg 2 17.
\end{itemize}
applicant contractually consents to the jurisdiction of the UDRP by completing the registration form.\textsuperscript{457}

4.5.1.2 The procedure

In cases of abusive registration, the complainant should submit a complaint to anyone of the listed dispute resolution service providers. The UDRP states only that the panellists should be impartial and independent, without laying down rules to ensure the absence of particularity.\textsuperscript{458} The fact that there are no settled rules to guide panellists encourages flexibility, and has been seen as one of the advantages of the UDRP over litigation.\textsuperscript{459} The matter is decided by a panel, which has the authority to cancel the registration or order the transfer of the domain name.\textsuperscript{460}

The mandatory administrative proceedings do not prevent the parties from instituting court proceedings.\textsuperscript{461} Action against parties who lose in the course of the administrative proceedings will be taken ten days after the panel’s decision. Parties who wish to appeal to the court will be required to show proof of such application before the expiry of the ten days. The UDRP will not cancel, transfer, de-activate or change the status of any domain name registration, except under the provisions of paragraph 3 of the policy.\textsuperscript{462} This arrangement reduces cases of abusive cybersquatting, though it also increases cases of ‘reverse domain name hijacking’.\textsuperscript{463} Certain critics

\begin{itemize}
\item \textsuperscript{457} Annexure Four par 2 pg 218; Chan “The Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation” \textit{E Law} June [2002] (9) 2.
\item \textsuperscript{458} Annexure Four below: ICANN Policy par 7 pg 217.
\item \textsuperscript{459} Chan “The Uniform Domain Name Dispute Resolution Policy as Alternative to Litigation” \textit{E Law} June [2002] vol 9 (2) 2.
\item \textsuperscript{460} Annexure Four below par 3 pg 227.
\item \textsuperscript{461} One tends to wonder if according to the Policy par 4 it is mandatory to submit to the Mandatory Administrative Panel because paragraph 3 mentions a court order.
\item \textsuperscript{462} Annexure Four par 3 pg 217. Includes (a) a written request by the holder, (b) receipt of a court order, or (c) receipt of a decision from the Administrative Panel.
\item \textsuperscript{463} Monseau “Balancing Trademark Rights On The Internet: The Case of Domain
have thus claimed that the UDRP has become a forum for expanding trademark rights at the expense of free speech and other rights.\textsuperscript{464} To invoke the procedure, a trademark owner should file a complaint in a court of proper jurisdiction against the domain name holder. An \textit{in-rem} action can also be filed in terms of the ACPA, where the domain name holder cannot be identified.\textsuperscript{465}

To succeed with the ICANN procedure, a complainant must prove all three of the following requirements set out in the policy (paragraph 4) to the satisfaction of ICANN appointed arbitrators. The complainant must prove that the domain name is identical or confusingly similar to the trademark in which the complainant has rights; the registrant has no rights or legitimate interest in the domain name, and the name and the domain name have been registered and used in bad faith.\textsuperscript{466}

The domain name registrant must submit to a mandatory administrative proceeding, if the above elements can be proved.\textsuperscript{467} Taking the matter to mandatory administrative proceedings does not restrict the parties from taking the dispute to court at any time.\textsuperscript{468} Trademark owners can use this administrative proceeding to prevent use of their marks as domain names.\textsuperscript{469} Legitimate rights holders, for example, celebrities whose names has been registered can also use this policy or would have to litigate. The policy cannot be used where there is legitimate non-commercial use, or by

\textsuperscript{464} Kilian “Cybersquatting and Trademark Infringement” \textit{MUEJL} Sep [2000] 7 (3); see also Monseau “Balancing Trademark Rights On The Internet: The Case of Domain Name Disputes” \textit{JLSB} [2000] (7) 110.

\textsuperscript{465} Par 4.3.4.1 above.

\textsuperscript{466} Annexure Four below: ICANN Policy par 4 (b); see also Monseau “Balancing Trademark Rights On The Internet: The Case Of Domain Name Disputes” \textit{JLSB} [2000] (7) 102.

\textsuperscript{467} Annexure Four par 4 (a) pg 219.

\textsuperscript{468} Annexure Four below par 4 (k) pg 222.

\textsuperscript{469} Annexure Four below par 4 (a) (i) pg 219.
the holder of an unregistered trademark or where the domain name holder is using his own name.\footnote{470}

\section{4.5.1.3 The requirements}

There are three requirements that an applicant has to proof to succeed with the procedure. Case law reported by the UDRP will be referred to in order to illustrate the application of the procedure to the disputes.

\subsection{1. Identical or confusingly similar names}

The complainant must prove that the domain name at issue is either identical or confusingly similar to the trademark or service mark in which he has rights. A number of factors are taken into consideration in determining the extent of confusion and similarity. The panel would take into account whether the mark and the domain name are used in different countries and/or in relation to different industries, and whether the risk of confusion may therefore be remote or non-existent. Registration of the trademark in the jurisdiction of the respondent or the domain name registrant is not a requirement because the Internet is global in nature.

The following are example of case that dealt with the first requirement in detail. In \textit{Shirmax Retail Ltd vs CES Marketing Group Inc},\footnote{471} the panel decided that mere identicality is insufficient to support a conclusion that two marks are confusingly similar. The domain name \textit{theme.com} was held not to be identical to the trademark THYME. Mere addition or subtraction of a hyphen from the trademark is almost certain to be found confusingly similar to that trademark but it is clearly not identical to the trademark.\footnote{472}

\begin{itemize}
    \item \textit{Monseau “Balancing Trademark Rights On The Internet: The Case of Domain Name Disputes” JLSB [2000] (7) 103.}
    \item \textit{eResolution AF – 0104.}
    \item \textit{Chernow Communications Inc v Jonathan D Kimball WIPO D2000-0119.}
\end{itemize}
Where a mark is incorporated into a domain name, regardless of whether additional words or letters are added, the domain name and the mark are confusingly similar.\textsuperscript{473} This approach is entirely objective, and the test exists independently of the intentions of the domain name registrant.\textsuperscript{474} In \textit{Gateway, Inc v Pixelera.com}\textsuperscript{475} the panellist held that:

\begin{quote}
"While the domain name gate-way.com is not identical to the complainant’s trade marks GATEWAY or GATEWAY.COM, the only difference is the hyphen and this is insufficient to avoid confusing similarity. Evidence of lack of actual confusion is irrelevant since the test is confined to a consideration of the disputed domain name and the trademarks."\textsuperscript{476}
\end{quote}

The question that arose in \textit{Chernow Communications Inc v Jonathan D Kimball}\textsuperscript{477} was whether identicality and confusingly similar means the same or can one replace the other. Identicality and confusing similarity are two distinct concepts. The panellist mentioned that:

\begin{quote}
"It seems obvious to me that there cannot be many different domain names that are all identical to the same trademark. If Complainant’s trademark is identical to a domain name, that domain name is ‘c-com’ or perhaps ‘c-com.net’ or ‘c-com.com’. But it is not simultaneously identical to all three of these, and it certainly cannot be identical to them..."\textsuperscript{478}
\end{quote}

Confusingly similarity is a less inclusive version of identicality and alleging either of these does not allege the other. The complainant must therefore allege both. \textit{C-com} was held not be identical to \textit{ccom}, but confusingly similar.

\begin{flushleft}
\textsuperscript{473} \textit{State Farm Mutual Insurancence Company v J & B Inc} NAF Case FA 94804; see also \textit{GA Modefine S.A v Armani International Investments} WIPO D2000-0305.  \\
\textsuperscript{474} \textit{Brittania Building Society v Brittania Fraud Prevention} WIPO D2000-0662-0505.  \\
\textsuperscript{475} WIPO D2000-0109.  \\
\textsuperscript{476} \textit{Gateway, Inc v Pixelera.com} at 4.  \\
\textsuperscript{477} \textit{Chernow Communications Inc} 6.  \\
\textsuperscript{478} Ibid.
\end{flushleft}
and the panellist ordered the transfer of the domain name to the complainant.\footnote{Bennett Coleman & Co Limited v Seven S Lalwani WIPO D2000-0014: Well-known though unregistered marks have also been successfully protected, such as the Times of India, for which the trademark registration in India had lapsed.}

\section{2. No rights or legitimate interest}

Paragraph 4(c) of the policy provides that the use of, or preparations to use, the domain name in connection with the \textit{bona fide} offering of goods or services, the fact that the respondent has commonly been known by the domain name, and the legitimate non-commercial or fair use of the domain name is taken as a legitimate interest. The policy provides these examples of circumstances that can demonstrate the existence of rights or legitimate interests.\footnote{Annexure Four par 4 (c) pg 220.}

The circumstances to prove a legitimate interest were applied in the following cases. An example is \textit{Penguin Books} which lost its application in relation to the domain name \textit{penguin.com} because the domain name holder brought evidence that he was known by the nickname ‘Penguin’, and his wife ‘Mrs Penguin’.\footnote{Penguin Books Ltd v The Katz Family and Antony Katz WIPO D2000-0204.} Registration of a trademark from which a domain name is derived can also be used as evidence for a legitimate claim.\footnote{Madonna WIPO D2000-0847.} However, a change of name did not help the defendant who had changed his name to Mr Oxford University.\footnote{The Chancellor Masters and Scholars of the University of Oxford v DR Seagle WIPO D2000-0308.} The defendant only changed his name after he registered the domain name. In most cases, the defendants do not defend the charges, which makes it easy for the complainant to prove a legitimate claim.
The emphasis on legitimate claims in the UDRP and other new legislation\textsuperscript{484} has increased the value of establishing such a claim. A defendant can escape liability for infringement in an UDRP dispute if it is established that there is a legitimate interest in the domain name. The UDRP will consider the use or demonstrable preparations to use a domain name as evidence of a legitimate claim in the name.

3. **Bad faith**

The next requirement is that the complainant must prove bad faith in order to succeed with the claim. Thus, the policy provides a list of circumstance which (non-exhaustive), if found by the panel, shall be evidence of use of a domain name in bad faith\textsuperscript{485} These include: the circumstances that the applicant has registered or acquired the domain name primarily for the purpose of selling or renting; and proof that there was an intention to transfer the domain name to the owner, for valuable consideration in excess of the documented registration fee. The registration of a domain name to prevent the owner of the trademark or service mark from using the mark as a domain name is punishable especially if there is proof that the defendant is engaged in a pattern of such conduct\textsuperscript{486} The policy also provides for penalties for registering a domain name primarily for the purpose of disrupting the business of a competitor\textsuperscript{487}

Mere registration of a domain name without any further use (such as setting up a web page) constitutes ‘registration and use in bad faith’ for purposes of the policy\textsuperscript{488} In *Cigna Corporation v JIT Consulting*,\textsuperscript{489} the mere act of registration was found not to be evidence of use in bad faith, but the failure of the domain name holder to respond to a ‘cease and desist’ letter was

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\textsuperscript{484} For example, The Anticybersquatting Consumer Protection Act of 1999.

\textsuperscript{485} Annexure Four par 4 (b) (i) pg 220.

\textsuperscript{486} Annexure Four par 4 (b) (ii) pg 220.

\textsuperscript{487} Annexure Four par 4 (b) (iii) pg 220.

\textsuperscript{488} *Guerlain SA v Peikang* WIPO D2000-0055.

\textsuperscript{489} AF0174.
found to be evidence of bad faith. Usually trademark owners produce evidence of an offer by the domain name holder. An offer by the trademark owner to purchase the domain name for a price will not necessarily constitute evidence of bad faith.\(^{490}\) The panellist will consider other factors such as the number of other domain names the defendant has registered.\(^{491}\) Registration of a domain name and not making any use of the domain name is one such example. An offer to sell the domain name to either the trademark owner or a third party also constitutes bad faith. In *Adobe Systems Incorporated v Domain Oz*,\(^{492}\) two hundred and fifty-six domain names were registered. The defendant kept them without making any use of them. The panellist held that the defendant prevented the rightful owners from registering their desired domain name. There was enough evidence to show a ‘pattern of such conduct’.\(^{493}\)

Bad faith is evident where there is proof of disruptive registration by small companies registering large company’s names in order to disrupt their business. This act is common where the companies are in competition.\(^{494}\) A clear intention to attract Internet users by causing confusion can be demonstrated when cybersquatters register mispelt famous marks. The computer giant *Microsoft Inc*, discovered that another company had registered *microsof.com* which is confusingly similar to *microsoft.com*. In *Encyclopedia Britannica Inc v Zuccarini and the Cupcake Patrol*,\(^{495}\) the defendant had registered more than 1300 domain names, from which he got a substantial amount of money from people who got to his website by mistake.

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\(^{490}\) *Physik Instrumente GmgH and Co v Stefan Kerner and others* WIPO D2000-1001.

\(^{491}\) *The Wiggles Touring Pty Ltd v Thompson Media Pty Ltd* WIPO D2000-0124.

\(^{492}\) WIPO D2000-0057.

\(^{493}\) Which is one of the requirements discussed above.

\(^{494}\) *Northwest Plumbing Drain Station Inc v Summer Plumbing* NAF FA0094197.

\(^{495}\) WIPO D2000-0330.
4.5.1.4 Benefits of the policy

One of the benefits of the policy is to prevent wealthy trademark owners from harassing legitimate domain name users by way of reverse domain hijacking. ICANN Rule 1 defines ‘reverse domain hijacking’ as:

“...using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.” \(^{496}\)

It is not easy for a trademark owner to indulge in reverse domain hijacking because the policy requires that the claimant has legitimate rights before lodging a claim. \(^{497}\) In *Goldline International, Inc v Gold Line*, \(^{498}\) the complainant *Goldline International* dealt with goods and services relating to coins and precious metals. The respondent, *Gold Line Internet* was an Intellectual Property consultancy including vanity domain names and 800 telephone numbers. The complainant alleged bad faith registration and the use of a domain name *goldline.com*. The claim was based primarily on the likelihood of confusion even when the businesses were not in the same field and unlikely to be confused. Moreover, this claim was brought even when the complainant knew that the respondents’ use was limited to a narrow field, and therefore could not constitute bad faith. The panel held that:

“Complainant’s action in this case constitute bad faith. Prior to filing its Complaint, Complainant had to know that Complainant’s mark was limited to a narrow field,...the Panel finds that Complainant has engaged in Reverse Domain Name Hijacking.” \(^{499}\)

According to this ruling, reverse domain hijacking occurs when a complaint is brought despite knowledge that the domain name holder has a right or legitimate interest in the domain name. Knowledge that the domain name

\(^{496}\) ICANN Rule 1.

\(^{497}\) ICANN Policy rule 15 (e).

\(^{498}\) WIPO D2000–1151.

\(^{499}\) WIPO D2000–1151.
was registered in good faith, with or without aggravating circumstances of harassment or proven bad intent by the complainant seeking to gain the name, also amounts to reverse domain hijacking.

The procedure can also not be used to shut down a parody site in the absence of bad faith. The provisions of the policy does not discourage legitimate non-commercial or fair use of a domain name without the intention to gain commercially or mislead or divert consumers or tarnish the trademark or service mark at issue. The panellists may take into account the ICANN rules and any rules and principles of law they deem applicable.

The policy also has provisions for defences that may be raised by a party to demonstrate legitimate interest in a domain name. The registrant may demonstrate that the use, or demonstrable preparation to use, the domain name is in connection with a *bona fide* offering of goods and services. The registrant may also argue that he has been commonly known by the domain name, even if no trademark or service mark rights had been acquired in the name. A demonstration that the registrant has been making a legitimate non-commercial or fair use of the domain name, without intent of commercial gain, to confuse consumers or to tarnish the trademark or service mark, is a valid defence.

It is not always that the judgment of the UDRP is in favour of the applicant as alleged. There are cases where the respondent defended and won. In *easyjet.com* there was no proof or an offer to sell or proof that the respondent held any other domain name registrations. There was no

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500 Monseau “Balancing Trademark Rights” 102; This is why George W Bush could not invoke the policy to shut down the website *http://www.gwbush.com* (2003/08/05) which attacked his political campaign.

501 Annexure Four par 4 (c) pg 220.

502 ICANN Policy rule 15.

503 *Penguin* case Chapter Four 5.6 above.

504 WIPO D2000-0024.
evidence of bad faith, and the defendant maintained that it intended to use
the name in Jet Ski business and had never heard of the Easy Jet Airline. In
Pharmacia & Upjohn Company v Moreonline,⁵⁰⁵ there was no proof that the
respondent had any other registrations of domain names which could be
used as evident acts of domain piracy. In this case, the arbitrator was
impressed by the distinctive nature of the domain name rogaine.net.
Interesting to note was the fact that the respondent did not defend the case.
Based on its finding that the respondent, Moreonline, had engaged in
abusive registration of the domain name rogaine.net within the meaning of
paragraph 4(a) of the policy, the panel ordered that the domain name
rogaine.net be transferred to the complainant, Pharmacia & Upjohn
Company.

Most people appear to be in favour of the UDRP, judging from the number of
disputes referred to it, and also from the fact that seven new gTLD’s also
use this process. This can also be supported by the fact that some countries
have adopted this policy to help solve disputes in their ccTLDs. Parties are
free to have their matters decided in a national court before or after the
ICANN dispute procedure is instituted.

The UDRP has greatly extended the powers of both registered and common
law trademarks to prevent abuse of their rights by the registration of
domain names. Prior to the adoption of the UDRP and the passage of the
Anti-Cybersquatting Piracy Act (hereinafter called the ACPA),⁵⁰⁶
legislation, trademark owners had to resort either to filing an expensive civil
litigation to protect their rights or to filing a complaint with the domain
registrar. This resulted in the domain being put on ‘hold’, which meant that
neither the claimant nor the domain owner could use the domain name.
The effect of these new remedies is to have the domain name actually
transferred to the rightful owner.

⁵⁰⁵ WIPO D2000-0134.
⁵⁰⁶ Lanham Act section 43(d).
Although many cases, especially those where trademark infringement is alleged, find their way to the courts, the more usual method of resolving disputes over ownership of domain names is the UDRP. The UDRP therefore serves an important function to resolve domain name disputes in an out-of-court proceeding that can be implemented beyond national boundaries. The UDRP certainly has its shortcomings, some of which will be investigated below.

4.5.1.5 Problems with the ICANN procedure

The following problems could be identified with regards the UDRP.

(i) The overwhelming majority of the cases that have been administered by the UDRP were a victory for the trademark holder over the non-trademark holder.\(^{507}\)

(ii) The policy does not address these problems of legitimate trademark ownership. It only deals with instances of bad faith.\(^{508}\)

(iii) The UDRP is cheap and encourages enthusiastic users on the Internet to 'try on' the registration process.\(^{509}\)

(iv) Another problem is that the quality of arbitrators varies. There is no guarantee that one gets an arbitrator of high quality because of the roster system.\(^{510}\)

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\(^{507}\) Chan “The Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation” *E Law* (9) 2 [2002] 2; Argy “Domain Name Dispute Resolution Procedures Updated, New Australian Policy for 2002” *The Computer Law Association* vol 17 (1) [2002] 11; According to Waelde “Domain Names and Trade Marks: What's in a name?” *Law and the Internet* [1997]: “This dispute resolution policy was rightly criticised for providing far too much ammunition to registered trade mark holders, and taking no cognisance of other intellectual property rights.”

\(^{508}\) Conflicts have also arisen between multiple owners of a trademark in the same country but different categories of goods and services or same business but different countries or regions within a country.

\(^{509}\) Chan “The Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation” *E Law* (9) 2 [2002] 5.
Trademark owners often make claims against domain name holders, forcing them to settle out of court.\textsuperscript{511}

Another problem concerns the finality of the UDRP decision.\textsuperscript{512}

There is no relationship between the court system and the UDPR, so that decisions of the one may be used in an appeal by the other.\textsuperscript{513}

In the UDRP there is a high respondent default rate, which can be attributed to the short response period (ten days) allowed or the abandonment of the domain name by the registrant.\textsuperscript{514}

Another shortcoming in the UDRP is that the remedies for UDRP are limited to cancellation or transferring domain names. Thus if a complainant is seeking damages for misuse of the domain name, litigating is the only option.\textsuperscript{515}

The alternative dispute resolution rules provide trademark owners with an alternative course of action against abusive domain registrants. This procedure is designed to offer quick, cheap, simple and straightforward method of resolving disputes involving claims of abusive domain name

\begin{itemize}
\item[(vi)] Chan “The Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation” \textit{E Law} (9) 2 [2002] 5.
\item[(vii)] According to the \textit{Parisi v. Netlearning} NAF FA0008000095471: “...a cybersquatter who has lost a UDRP proceeding can force the re-litigation of issues already decided in the UDRP proceeding and further delay the transfer of a domain name.”
\item[(viii)] Chan “The Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation” \textit{E Law} (9) 2 [2002] 2; see also Cabell “Overview of Domain Name Policy Development” \textit{http://eon.law.harvard.edu/udrp/overview.html} (2003/02/12).
\item[(ix)] Ibid
\item[(x)] Cabell “Overview of Domain Name Policy Development” \textit{http://eon.law.harvard.edu/udrp/overview.html} (2003/02/12).
\end{itemize}
registration. The procedure has shortfalls as discussed above, but is definitely a useful method of resolving conflicts.

### 4.5.2 Nominet Dispute Resolution Service (Nominet DRS)

Nominet UK is a non-profit Internet domain name registry, which acts as trustee for the .uk domain names on behalf of the Internet Community. Nominet is acknowledged by the United Kingdom government as a manager of the .uk ccTLD, and is in regular contact with the United Kingdom government departments. Nominet UK has operated a Dispute Resolution Service (hereinafter referred to as the DRS) since April 1997. The original service was modified in September 2001.

#### 4.5.2.1 The procedure

The Nominet DRS attempts to resolve disputes quickly and cost effectively. Complaints must correspond to the prescribed format and should be submitted to the Nominet DRS using the online submission form. The procedure offers an efficient and transparent method of resolving disputes in the .uk top level domain. Like the UDRP discussed above, parties in conflict are encouraged to mediate through an open channel for negotiation between them. If a mediated resolution cannot be reached, a decision can be made by a member of an independent expert panel based on the facts of the complaint.

The old policy dealt with likelihood of confusion to Internet users. Evidence of bad faith was not a requirement as in the ICANN policy. The new Nominet DRS is binding on the parties. The policy does not replace the

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518 Nominet above. At this stage, a fee of seven hundred and fifty pounds is required.
role of the court. Nominet acts on the findings of the domain name dispute ruling made by the United Kingdom courts. Nominet has the power to transfer, cancel or suspend the domain name registration. The mediation or arbitration procedures also allow the decision-maker and the parties to consider any monetary damages involved. The Nominet DRS also provides for an appeal within five days after being informed of the decision. A fee of three thousand pounds is required at this stage, and a panel of three other experts, appointed from the list, determines the appeal.

4.5.2.2 The requirements

A respondent must submit to proceedings in terms of the Nominet DRS if a complainant asserts that:

(i) the complainant has rights in respect of a name or mark which is identical or similar to the domain name;

(ii) the domain name, in the hands of the respondent, is an abusive registration.

Some of the factors considered by the panel to establish the requirements are that the domain name was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the complainant’s rights. Rights include, but are not limited to, rights enforceable under English law and this definition excludes a name or term which is wholly descriptive of the complainant's business. Other factors include the use of the domain name in a protest website. The requirements will be discussed below to establish how the Nominet DRS apply these requirements to case law.

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4.5.2.3 Application of the policy in case law

A few example will be discussed to illustrate the application of the DRS policy in case law. In *Eli Lilly and Company v David Clayton* the panellists decided in favour of the applicant, a well-known pharmaceutical company and owner of a Community Trade Mark XIGRIS. The defendant (a former employee of the applicant) registered the domain name *xigris.co.uk* which comprises the applicant’s trademark. The applicant alleged that he had rights in the domain name, and the registration by the defendant was abusive. Abusive registration means that the domain name was registered or acquired in a manner which (at the time of the registration or acquisition) took unfair advantage of, or was unfairly detrimental to, the complainant’s rights.

The panel concluded that the complainant had rights in respect of the domain name which is identical to the trademark. The panel also submitted that the registration of the domain name by the defendant blocked the applicant from registering its unusual and invented trademark which does not appear in the English Directory. The panel therefore ordered the transfer of the domain name to the complainant.

In *Barclays Bank plc v Game*, the panel also decided in favour of the applicant, whose domain name had been registered by the defendant. If particular interest in this dispute is that the applicant alleged that the defendant registered the domain name primarily for the purpose of selling the domain name. This is one of the factors considered by the panel to establish registration in bad faith. Registration of the domain name was also abusive in that the respondent used the domain name in a way which

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523 DRS 0001.
524 Nominet Policy par 1.
525 DRS procedure rule 1: see also Ellis “Getting Justice for Your Domain Name” *Inter Internet Law Review* [2000] 11.
526 DRS 00115.
deludes people or businesses into believing that the defendant was authorised or connected to the applicant. The panellist held that:

“...due to the nature of the Domain Name, there is no legitimate or fair use of the domain name that could be made by the Respondent without confusing or misleading users or abusing the Complainant’s trade mark rights”\(^\text{527}\)

The panellist decided that the applicant had rights in respect of a mark both identical and similar to the domain name. The requirements discussed above were also proved in this case resulting in an order to transfer the domain name *barclaysbank.co.uk*.

To date\(^\text{528}\) Nominet has received 1056 new disputes since its re-launch in September 2001. 932 cases have completed the informal mediation, and 57% the cases have been reached settlement.\(^\text{529}\) Furthermore, a total of 179 cases have been referred to an independent expert for a decision. 173 decisions have so far been made, with 138 cases in favour of the complainant. The statistics and cases presented above show that the Nominet DRS is the preferred route, and the complainant has succeeded in instances where the respondent had no right or the respondents’ registration of the domain name was abusive. An investigation of the position in South Africa now is preceded with.

### 4.5.3 Non-judicial dispute resolution in South Africa

South Africa is in the process of establishing a non-judicial dispute resolution process for the .za domain, like Nominet DRS discussed above for the .uk. Currently, traditional rules are applicable to domain name and trademark disputes in South Africa. The ECTA proposed that a dispute

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\(^{527}\) DRS 00115.


The proposed dispute resolution body will only apply to the administration of the .za domain name. In terms of section 69 of the ECTA, the Minister of Communications, in consultation with the Minister of Trade and Industry, must make regulations for the dispute resolution body in accordance with existing international precedent.

An applicant who registers a domain name in the .za domain is automatically subject to the .za domain name dispute resolution body. This dispute resolution body will apply to .za domain names in the same way as Nominet DRS for .uk domain names. Apart from establishing its own dispute resolution body, South Africa could adopt the WIPO UDRP. Should the WIPO UDRP be adopted, .za registrants will have two main options: to have disputes settled either by the proposed body or by the existing WIPO policy. These two options would not preclude parties from relying on traditional court litigation at any time.

Prior to the enactment of the ECTA, Namespace ZA administered the .za domain and UniForum was responsible for the registration of the co.za domain name. UniForum had not established a dispute resolution process. UniForum did not adopt ICANN UDRP, leaving parties with disputes to litigate. Uniforum adopted a passive attitude in domain name disputes where registration was in conflict with existing trademark rights, unless ordered by the court. Trademark proprietors could only negotiate with the domain name registrant or institute proceedings in the High Court.

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530 Section 69.
531 Ibid.
532 Chapter Two par 2.3.
4.5.3.1 The position in South Africa

Conflicts that have arisen in South Africa have been dealt with in terms of the UDRP. The procedure was preferred because it is less expensive and faster than the court system. The UDRP applies to TLDs and some ccTLDs that have adopted the process.\(^{534}\) Goldberg submits that:

“It is important to note that the procedure only applies at this stage to .com .net and .org domain registration. It will therefore not apply as this stage to South African registered .za name disputes. It can be used when South African individual or company seek to register a domain name as a .com .net or .org.”\(^{535}\)

In South Africa, disputes involved well-known companies whose names were registered by other people who had no legitimate right to the trademarks. The first dispute was the *McDonalds v Joshua Quittner* in 1994. McDonald’s operates fast-food restaurants in many countries, including South Africa. Upon application for the domain name *mcdonalds.com*, McDonald’s discovered that the domain name had already been registered by one Quittner.\(^{536}\) Since registration of domain names is on a ‘first-come-first served basis’, the domain name could not be registered to another company. *McDonald’s* finally gave in to Quittner’s ransom of a $3 500 donation to a New York City School in exchange for the domain name thereby settling the dispute out of court.\(^{537}\)

In March 2000 it was reported\(^{538}\) that a United Arab Emirates company had registered the domain name *safmarine.com*, similar to the South African

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\(^{534}\) UDRP par 4.5 above.

\(^{535}\) Goldberg *http://www.spoor.co.za/articles/it_art_1.htm* (2003/08/10); It is now also applicable to other new top level domains.

\(^{536}\) Monseau “Balancing Trademark Rights” 95.


\(^{538}\) (Report in *Sunday Times Newspaper* 27 August 2000); Goldberg *http://www.spoor.co.za/articles/it_art_1.htm* (2001/10/10).
company’s trademark Safmarine. Universal Artist was willing to give the domain name back to Safmarine for twenty thousand United States dollars. The matter was sent to the UDRP since:

“...Safmarine.com falls within the scope of the ICANN/WIPO domain name dispute resolution policy.”

The UDRP dismissed the matter, and ordered the transfer of the domain name back to the South African company Safmarine from the Universal Artist of United Arab Emirates. It was established from the evidence that the registration of a domain name was in bad faith, and the predatory elements of wanting to sell the name to its rightful owner at a profit were clearly demonstrated in this dispute.

Another cybersquatting dispute involved the well-known fast foods restaurant Nandos International Limited and Mr Fareed Faurkhi The food restaurant’s domain names nandos.com, and nandoschicken.com were registered by Mr Fareed Faurkhi of California. This case was a typical cybersquatting case where Mr Faurkhi made:

“...a carefully planned step to take unfair advantage of the intonation repute and goodwill of Nandos International Limited trademarks.”

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539 Ibid.
541 WIPO D2000-004.
543 WIPO D2000-0225.
544 The panel held that the domain name registered by the Respondent is confusingly similar to a trademark in which the Complainant has rights and that the respondent does not claim that nandos.com or nandoschicken.com has any bearing on his name nor does he claim that he had used or made any demonstrable propitiation to use the domain names.
545 WIPO D2000-0225.
According to the panellist, the most damaging evidence was that after Mr Faurkhi bought the domain name *nandos.com* he went on to register *nandoschiken.com*.\(^{546}\) *Nandos International Limited* has registered and used the trademarks *Nandos* and *Nandos Chickenland* since 1989. As in most cybersquatting cases, the intention to sell, rent or transfer the domain name to the owner was present. Transfer of the domain name to the complainant was ordered. The panellist held that:

“...the domain name registered by the Respondent is confusingly similar to a trademark in which the Complainant has rights...”\(^{547}\)

Another dispute involved the South African companies, *Sanlam* and *Pick ’n Pay*, and a United States company, *Selat Sunda Incorporate* (addressed by the UDRP in August 2000).\(^{548}\) The United States company registered the domain names *sanlam.com*, *sanlam.net*, and *pickandpay.com* in which complainant had rights, and the domain names were identical and confusingly similar to the trademarks of the South African companies.\(^{549}\) The South African companies alleged that registration of these domain names was in bad faith, and that the respondent had no rights or legitimate interests in respect of the domain names in terms of the UDRP requirements. The UDRP ordered the transfer of the domain names back to the South African companies after the three elements required by the UDRP had been proved.

The disputes mentioned above clearly show that the domain names registered were confusingly similar, or identical to, well-known trademarks in South Africa. The South African companies had rights and a legitimate

\[^{546}\text{All he wanted to do was to take advantage of the International repute of the Nandos trademark. The Respondent also had knowledge of the business operations of holder of Nandos International Ltd and Nandos Chickenland trademarks.}\]

\[^{547}\text{WIPO D2000-0225.}\]

\[^{548}\text{WIPO D2000-0895.}\]

claim to the domain names which were registered first by unscrupulous cybersquatters.

South Africa was also involved in another dispute with Virtual Countries Inc, over the domain name southafrica.com, which to date is owned by Virtual Countries Inc. South Africa discovered that Virtual Countries Inc registered the domain name southafrica.com which it is using as a marketing tool to attract tourists. This domain name is one of the many domain names owned by Virtual Countries Inc, used for advertising and corporate sponsorship. Virtual Countries Inc tried to prevent South Africa from instituting proceedings by an interdict from a United States court. Virtual Countries Inc was not successful and South Africa intended to take the matter to the UDRP. South Africa asserted that:

“...domain names of sovereign nations belonged to them as essential identifiers and individuals, and entities unaffiliated with that sovereign country had no right to register these domain names.”

South Africa also alleged that Virtual Countries Inc, had no legitimate right and interest in the domain name, and that the domain name be transferred to South Africa. Virtual Countries Inc, maintained that it was the owner of the domain name and had not used the domain name in bad faith - which is one aspect South Africa had to prove in order to be successful in this dispute. Virtual Countries Inc alleged that South Africa was attempting (in bad faith) to deprive a registered domain name holder of its domain name – ‘reverse hijacking’.

To succeed in this dispute, South Africa had to prove that the geographic name ‘South Africa’ is a registered or common law trademark. This would be

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552 See Chapter Four par 5.6.
extremely difficult, as there are other companies and organizations that incorporate the name South Africa in their trademark or domain name, but do not have affiliation to the South African government. South Africa treated this case as one of cybersquatting, but could not get protection because infringement could not be proved in terms of the UDRP requirements. The only option open to South Africa is to buy back the domain name.\(^{553}\) WIPO has given protection to countries names, as is the case with famous persons who have a common law right. But this will not help South Africa because the protection is not retrospective.\(^{554}\)

It is clear from the disputes outlined above that cybersquatters targeted well-known South African companies. One can also conclude that misuse of trademarks is universally condemned. Aggrieved parties could not get protection from traditional principles, the UDRP had to be applied to protect proprietors of a well-known trademark in South Africa. The proposed dispute resolution body would extend the protection afforded by traditional principles and international bodies.

4.6 COMPARISON OF JUDICIAL AND NON-JUDICIAL DISPUTE RESOLUTION

Parties in a dispute have two main options, which are the traditional litigation and non-judicial dispute resolution. From the discussion above, the following differences can be identified.

(i) The rules relating to trademarks are well established and benefit from a long history of judicial interpretation. The

\(^{553}\) Bodasing “The Battle for Southafrica.com” *De Rebus* April [2001] 32. Korea purchased the domain name *korea.com* for five million dollars from the holder of the domain name.

\(^{554}\) Whitford “SA negotiates for southafrica.com” *e-business* [6 May 2003].
UDRP is new, its terms are not well defined, and the interpretation of the rules is not a matter of *stare decisis*.\(^\text{555}\)

(ii) The rules relating to trademarks are territorial, and differ from jurisdiction to jurisdiction. The UDRP is intended for global application, and does not specify which local law, if any, should be applied.\(^\text{556}\)

(iii) Trademark law applies to commercial enterprises, whereas most of Internet use may not be for profit.\(^\text{557}\)

(iv) Trademark rights are enforced by legislation, whereas the UDRP is enforced by contractual agreement.

(v) The UDRP was designed to provide for a quick and relatively inexpensive procedure. Trademark litigation on the other hand, is a slow, expensive, deliberative process which requires rigorous standards of proof with application limited to the local jurisdiction.\(^\text{558}\)

### 4.7 CONCLUSION

The problems surrounding domain names and trademarks have resulted in the establishment of more than one system of resolving disputes. The difference in domain name regulation and registration, which vary widely from country to country, the nature of domain names, and the identification of parties and jurisdiction problems contributed to the development of these two systems for resolving disputes. These factors also influence the nature and amount of litigation surrounding domain names.

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\(^{555}\) Cabell “Overview of Domain Name Policy Development”


\(^{556}\) Kornfeld “Evaluation the Uniform Domain Name Dispute Resolution Policy”;

Cabell “Overview of Domain Name Policy Development”


\(^{557}\) Cabell “Overview of Domain Name Policy Development”


\(^{558}\) Kornfeld “Evaluation the Uniform Domain Name Dispute Resolution Policy”;

Cabell “Overview of Domain Name Policy Development”.
Many developments have taken place in the domain name system in a bid to reach solutions to problems that have arisen in other jurisdictions. These have led to the development in law of procedures applicable to domain name disputes and a change in the regulatory systems. South Africa enacted the ECTA, which covers electronic issues including domain names. The fundamental problem remains that the South African trademark system protects identical and similar goods and services. Legislation similar to the ACPA should be enacted to widen protection for different goods and in different countries. Without this extension, problems would still arise despite the UDRP and other laws.

All this demonstrates two challenges that the Internet poses to the current dispute resolution processes. Firstly, it is the creation of new property which fits uneasily in the current system of intellectual property law, and secondly, it is the difficulties presented by a global medium in a world of national laws. There should be a balance between the two to reduce conflicting judgments.

As a final word, a process which resolves disputes fast and cheaply, and which caters for all interests is the most preferable. Non-judicial dispute resolution bodies seem to offer this remedy even though it has deficiencies. The court system is well known for its consistency and the redress it offers in the form of damages. The next Chapter provides an investigation into the different kinds of conflicts between trademarks and domain names will be entered upon.
CHAPTER FIVE

DOMAIN NAME, TRADEMARKS AND OTHER RELATED DISPUTES

5.1 INTRODUCTION

This Chapter addresses some of the different conflicts and misuse cases that have arisen between domain names and trademarks. Originally, domain names were meant to function as Internet addresses. Domain names now fulfil the same roles as corporate identifiers.\(^{559}\) This often results in disputes between domain name holders and owners of trademarks. One of the reasons for conflicts between domain and trademarks is the fact that the two systems are inherently different, as shown above.\(^ {560}\) There is no connection between domain name and trademark registration systems, yet trademark rules have been used to address domain name disputes.\(^ {561}\) Trademark law permits two entities to use the same trademark for different goods or services, while each domain name must be unique to a single owner in order to exist on the Internet.\(^ {562}\)

The different types of domain name infringement or misuse will be discussed below.

\(^{559}\) Wilkof “Trademark and the public domain” [2000] EIPR 575; Chapter Two par 2.2.

\(^{560}\) Chapter Three par 3.6.

\(^{561}\) Horton “The name of the game”: “… disputes often arise because of the loose fashion in which InteNIC allows domain name registrations. Unlike the U.S. Patent and Trademark Office and many other trademark registries world wide, InterNIC does not conduct a search to determine whether an applicant has the right to use the proposed domain name in commerce.”

\(^{562}\) Chapter Two par 2.5: This has given speculators a chance to register famous names first, before the rightful owners could do so.
5.2 CYBERSQUATTING

The first and most common type of domain name misuse is cybersquatting. There is no single accepted definition of cybersquatting. Generally, however, if someone who lacks a legitimate claim registers a domain name with the intent to sell the domain name, prevent the trademark holder from gaining access to the domain name, or divert traffic, this activity will be considered cybersquatting. Cybersquatting is sometimes called “cyber-piracy” or “domain hijacking”. Cybersquatters take advantage of the increase in domain name value because of its importance on the Internet as a business identifier and communication tool.

The registration system has also contributed to cybersquatting. Most entities register domain names on a ‘first-come-first-served’ basis. Thus, anyone can register a domain name as long as it has not been registered by someone else before. Some registries do not limit the number of domain names that one can register, and usually only one party has a historical connection to the name. Case law that deals with cybersquatting is fairly

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563 Vergani “Electronic Commerce and Trade Marks in the United States” [1999] EIPR 451 ft 13 defines cybersquatters as: “people, mostly private citizens, who register valuable trade marks as domain names for the purpose of selling to the trade mark owner the right to the domain name.” Also, Panavision International LP v Toepppen 141 F 3d 1316 9th Cir [1998]: “They may also be a company.”

564 In this treatise, the term “cybersquatting” will be used. The author however acknowledges the distinction made by Emigh “Domain Naming” Computerworld 11 Oct [1999] 23: quoting Brown, who distinguishes “Cybersquatters” from “cyber-pirates”: “Cybersquatters are people who simply register lots of names. They are potentially innocent. Cyber-pirates, though, buy up domain names with the intention of selling the names. To them, it’s either make me an offer, or I keep the name. There are those who buy domain names with sales in mind typically prefer to be known as ‘name brokers’ or ‘cyber-brokers’.”

565 Cendali “An Overview of Intellectual Property Issues” 507 mentioned that: “... secondly it is common practice for many internet users to guess at domain names. Thus domain names based on intuition become valuable corporate assets.”

566 Chapter Two par 2.4.

567 Chapter Two par 2.4.
settled.\textsuperscript{568} Very few cybersquatters have won a court case against an intellectual property holder.\textsuperscript{569} A very large portion of cases decided in favour of complainants under the UDRP fall into this category.\textsuperscript{570}

In this Chapter, the following different types of domain name problems will be investigated. The first type is the predatory or classical cybersquatting,\textsuperscript{571} which is an attempt to profit from the Internet by reserving and later reselling or licensing a domain name (incorporating a famous mark) back to the companies that own the trademark.\textsuperscript{572} The second is typographical cybersquatting which is the deliberate misspelling or mistyping of a famous or well-known trademark as a domain name. Typographical cybersquatters seek to take advantage of consumers who are misled by the trademark spelling. Thirdly, there are political cybersquatters who register another company or organization's trademark as a domain name in order to entice users interested in the mark to their website and deliver a message usually critical about the mark or mark holder.\textsuperscript{573}

Sometimes legitimate conflict-of-interest cases and competing-use cases occur where a competitor registers his or her adversary's trademark. Such

\begin{itemize}
\item \textsuperscript{568} Chapter Four.
\item \textsuperscript{569} “Domain name case law” \url{http://eon.law.harvard.edu/h2o/property/domain/CaseLaw.html} (2001/10/09).
\item \textsuperscript{570} Osborne “ICANN PROCEDURE” \textit{Inter Internet Law Review} [Dec 2000/Jan 2001] 27.
\item \textsuperscript{571} Cendali “An Overview of Intellectual Property Issues” 506.
\item \textsuperscript{572} For example \textit{Intermatic Inc v Toeppen} 947 F Supp 1227 1233 40 USPQ2d 1412 ND III [1996].
\item \textsuperscript{573} Oppedahl “Internet Domain Names that Infringe Trademark” \textit{New York Law Journal} Feb 14 [1995] 5; \url{http://www.patents.com/nylj1.sht} (2002/09/10): “A related but distinct area of potential conflict arises when there is a domain name in which no one has any particular accumulated goodwill, and starts to use it. Examples might be \texttt{flowers.com} or \texttt{attorney.com}. One can assume that there will sooner or later be squabbles between people who want to exclude other people from using similar domain names (e.g. \texttt{flower.com} or \texttt{attorneys.com}) on the grounds that it will lead to confusion.”
\end{itemize}
cases will also be discussed. Misuse of famous names, reverse domain hijacking and other related issues, including the use of a trademark as a meta tag and keywords, will be investigated.

5.2.1 Predatory or classical cybersquatting

Predatory or classical cybersquatters are people or organizations who attempt to profit from the Internet by reserving and later reselling or licensing domain names (incorporating a famous mark) back to the people or companies that own the trademark. The only interest in the domain names is to extort money from the trademark owners or sell the domain names to a third party for a profit. They may also keep the domain names without using them, or seek purchase offers as a way of avoiding evidence of dealing in domain names.

The South African courts have not had an opportunity to deal with predatory or classical cybersquatting cases. Generally, the rules dealing with trademark infringement, unlawful competition and passing off are used to settle disputes in this regard. Protection for well-known trademarks has also been extended in terms of the Paris Convention and European Union in order to widen protection in cases of likelihood of confusion or dilutive marks.

The first cases were reported in the United States, where unscrupulous individuals were quick to register domain names based on well-established

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574 *Intermatic Inc v Toeppen* 947 F Supp 1227 1233 40 USPQ2d 1412 ND III [1996].


576 Ibid.

577 The United States has legislation specifically dealing with cybersquatting.

578 See Chapter Three par 3.2.3: Trademark dilution can be applied not only to identical but also to confusingly similar domain names. Well-known trademarks have been a target of predatory cybersquatting.
company’s trademarks or trading names.\textsuperscript{579} In \textit{Panavision International v Toeppen},\textsuperscript{580} famous trademarks were registered as domain names by the defendant, with the intention of selling the domain names to the trademark owners. The defendant argued that there was no commercial use in terms of the United States trademark laws. In response to the question of ‘commercial use’ the court held that:

“Toeppen use made a commercial use of the Panavision trademarks. It does not matter that he did or did not attach the marks to a product. Toeppen's commercial use was his attempt to sell the trademarks themselves.”\textsuperscript{581}

In predatory cybersquatting the mere registration of a famous trademark with the intention of selling curtails the trademark owner from exploitation of the value of the trademark on the Internet.\textsuperscript{582}

Many similar incidents of classical or predatory cybersquatting have occurred all over the world.\textsuperscript{583} The next section will deal with typographical error cybersquatting where famous domain names are deliberately misspelt to take advantage of spelling mistakes or in some cases to register variations of famous trademarks.

\textbf{5.2.2 Typographical error cybersquatting}

Ingenuity leads Internet ‘entrepreneurs’ seek to take advantage of typographical errors by registering a domain name that is almost the same as a registered trademark. Such domain names consist of common


\textsuperscript{580} 141 F 3d 1316 [9th Cir 1998].

\textsuperscript{581} 1325.

\textsuperscript{582} Ibid.

misspellings of well-known or famous trademarks or personal names.\textsuperscript{584} This phenomenon is designed to attract customers unwittingly to pornographic, undesirable or other sites not connected to the original domain name.\textsuperscript{585} In typographical error cybersquatting, the clear intention is to capitalize on the mistakes of public when inputting well-known names and getting hits from the users who inadvertently misspell or mistype the name of the website they actually intend to visit.\textsuperscript{586}

One of the well-known cases in this field is the \textit{Toys 'R' Us Inc v Eli Abir and Web Site Management}.\textsuperscript{587} In this case the defendant registered the domain name \textit{toysareus.com}. The defendants clearly showed their predatory intention, and went on to say that they found it logical to share the extra money they would get from people being misdirected to their site.\textsuperscript{588} The court granted an injunction on the grounds of trademark infringement so as to prevent the defendant’s use of the domain name \textit{toysareus.com}, in such injunction also precluding the solicitation of international business or the selling of the domain name to foreign purchasers for use in foreign markets.

Another case is \textit{Microsoft v Fisher},\textsuperscript{589} where the defendant registered \textit{microsoft.com} and \textit{mnsbc.com} to confuse anyone searching for the plaintiffs’ website. The misspelled domain names led to pornographic sites.\textsuperscript{590} Although the Trade Marks Acts prohibits such use of typographical errors in this fashion, this practice still continues.\textsuperscript{591}

\textsuperscript{584} Cendali “An Overview of Intellectual Property Issues” 509.
\textsuperscript{586} Ibid; see also Loundy “A Premier on Trademark Law and Internet Addresses” 15 \textit{John Marshall J of Computer and Info Law} 485.
\textsuperscript{588} \textit{Toys ‘R’ Us Inc v Eli Abir and Web Site Management} 1948.
\textsuperscript{589} [CD Cal Filed 4/9/99].
\textsuperscript{590} Loundy “A Premier on Trademark Law and Internet Addresses” 15 \textit{John Marshall J of Computer and Info Law} 485.
\textsuperscript{591} \textit{Microsoft v Global Net} 2000 WIPO D2000-0554: where domain names like
5.2.3 Political cybersquatting

This term is used to describe the situation where an entity advocating a particular social, political, or other opinion registers a domain name that will induce individuals with the opposing opinion to visit its website. These are the most difficult cases because the use made of the name is not commercial, or not use by a commercial entity for profit. Such cases test the objectives of trademark law and its relationship with constitutional freedoms of speech.

A leading example of a political cybersquatting case is Planned Parenthood Federation of America Inc v Bucci. The plaintiff was the well-known, non-profit, reproductive health care organization that provides services related to, inter alia, family planning including abortion. The defendant was the host of ‘Catholic Radio,’ a daily radio show broadcast in Syracuse, New York who registered the domain name plannedparenthood.com. This website contained information on abortion, which was contrary to the plaintiff’s beliefs. The defendants’ counsel admitted that they were trying to reach Internet users who thought, in accessing this website they would be getting information from the plaintiff. The court held that there was a substantial likelihood of confusion because the plaintiff’s mark was very strong. The two names were nearly identical and the degree of competitive proximity was very high. There was further evidence that actual confusion had occurred. The court held that:

“Like the plaintiff, defendant has a practical as well as a political motive. He offered information services for use in convincing people that certain activities, including the use of plaintiffs services, are

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hotmail.com, hotmai.com, otmail.com and homail.com with some letters deleted were registered.

593 Cendali “An Overview of Intellectual Property Issues” 515; see also Cabell “Name Conflicts”.
595 1433.
morally wrong. In this way ...defendant offered his own services, and his use of plaintiff's mark is in connection with the distribution of those services over the Internet."

The court concluded that defendant’s use of plaintiff’s mark was in connection with the distribution of services because it is likely to prevent some Internet users from reaching plaintiff’s website. In such situations, the Internet users do not immediately realize that the information contained on this website is not from owner of the famous trademark. Prospective users of plaintiff’s services who mistakenly access defendant’s website may fail to continue the search because of frustration, anger or the disbelief that the plaintiff’s website does in fact exist. The court enjoined the plaintiff from using the defendant’s domain name because of the degree of confusion.

In *Jews for Jesus v Brodsky* the plaintiff was the owner of the federally registered trademark *Jews for Jesus*, the common law service mark for *Jews for Jesus*, and the operator of an Internet site with the domain name *jews-for-jesus.com*. The defendant who was a professional Internet site developer, who admittedly was critical of plaintiff organization’s goals of converting Jews to Christianity, used the domain name *jewsforjesus.org*. The defendant put a critic on his site clearly indicating opposing views. The plaintiff instituted an action in terms of the Lanham Act for trademark infringement, unfair competition and dilution. The court held that the defendants intended to intercept potential converts before they have a chance to see the real site they are looking for. The court granted a preliminary injunction for the plaintiff.

In both *Planned Parenthood Federation of America Inc* and *Jews for Jesus* the disclaimer was insufficient to remedy the confusion created by the

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596 1433.
597 1441.
598 Ibid.
599 993 F Supp 282 46 USPQ2d 1652 (DNJ) aff’d No 98-6031 [3D Cir 1998].
domain name in terms of the Lanham Act. According to the judgment, the defendant:

“...had done more that merely register a domain name but had created a bogus Jews for Jesus site intended to intercept, through the used of deceit and trickery.”

The South African courts have not had a chance to deal with such cases. The only dispute of this type to the knowledge of the writer was resolved by the National Arbitration Forum between South African Airways and Vern Six. South African Airways discovered that an unsatisfied traveller had registered www.neverflysaa.com which it alleged the website to be confusingly similar to its common law and registered mark ‘SAA’ and domain name www.flysaa.com. The complainant also alleged that not all Internet users are native English speakers who could correctly interpret the ‘never’ before ‘SAA’. The website contained criticism about South African Airways, which was a result of the respondent’s dissatisfaction with complainant’s services. In some cases, the respondent even used vulgar, sexist and racist language to criticize the complainant as in the case of South African Airways and others. The respondent argued that:

“The Reasonable Man Test clearly dictates that no reasonable man would confuse the names neverflysaa.com with the name flysaa.com.”

The panel ruled in favour of the respondent holding that any reasonable man would not confuse the two domain names. The respondent is still maintaining this site.

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600 Planned Parenthood v Bucci 1441 and Jews for Jesus v Brodsky 282.
601 NAF FA0204000109385.
603 NAF FA0204000109385.
This type of misuse prevents the legitimate owners of the trade names and famous trademarks from reflecting their true identity, and obstructs their advertisement policy.

5.3 COMPETING USE

It is interesting to note that there are many competing companies with the same name in different geographical locations using different ccTLDs or nTLDs. There are instances where competitors have registered their adversary’s trademark as domain names with the intention of preventing the rightful trademark owner from registering its trademark as a domain name. A few examples will be discussed.

In 1997, the United States court dealt with a dispute between Green Products Co and Independence Corn By-Products Co⁶⁰⁵ (hereinafter referred to as ICBP). The two businesses were direct competitors in the corncob by-product industry. ICBP registered greenproducts.com. When Green Products instituted an action, ICBP had not created a website. Green Products brought an action in terms of the Lanham Act to compel ICBP to transfer the domain name. Green Products argued that even though ICBP had not created a website, the use of the domain name is analogous to hanging a sign in front of its store that has the plaintiff’s trademark, and then telling customers that this store is not owned by Green Products but by ICBP.⁶⁰⁶ The court held that ICBP intended to use the confusing domain name to lure potential customers to the website once it had been created. The defendant’s conduct was likely to infringe the plaintiff’s mark, and to cause consumer confusion.⁶⁰⁷ The court granted the plaintiff a motion to compel the defendant to transfer the domain name to the plaintiff.

⁶⁰⁵ 992 F Supp 1070 US Dist Lexis 21937 [ND Iowa 1997].
⁶⁰⁶ Levi et al “The Domain Name System & Trademarks” 28.
⁶⁰⁷ Ibid.
Several cases were dealt with, and the courts have ruled against such behaviour.\textsuperscript{608} The South African court has not yet dealt with competing use cases or international competitors. Legitimate use, where there is no element of attacking and discrediting the other party, will be discussed in the next paragraph.

\section*{5.4 Legitimate Conflict of Interest}

A more difficult type of trademark and domain name conflict involves co-existing rights in the same name.\textsuperscript{609} Holders of famous marks are not automatically entitled to use those marks as their domain names. If another Internet user has innocent and legitimate reasons to use a famous mark as a domain name and is the first to register the domain name, that user could use the domain name, provided it does not infringe or dilute the famous trademark.\textsuperscript{610}

The trademark registration system in most countries including South Africa allows two companies to exist on the register as long as they are registered in different classes.\textsuperscript{611} The companies will not be in competition because they may be in different regions or businesses. An example of such existence is the domain names \textit{calstore.com} which was used by a computer software company in California and an on-line shopping mall based in India.\textsuperscript{612} Another example is \textit{fuji.com} used by a well-known film company

\begin{footnotesize}
\textsuperscript{608} Brookfield Communications v West Coast Entertainment Corp 174 F 3d 1036 [9\textsuperscript{th} Cir April 22 1999]; \textit{Interstellar Starship Inc v Epix Inc} 983 Supp 1331 [D Or 1997].

\textsuperscript{609} Tanner & Gordon “The Interrelationship of Trademark & Internet Law” 12; Dundas “Intellectual Property and the Internet” \url{http://www.africaip.com/newscat2.asp?ID=19} (2002/10/09) discusses the relationship between the franchiser and the franchisee in the use of domain names.

\textsuperscript{610} Tanner & Gordon “The Interrelationship of Trademark & Internet Law” 12.

\textsuperscript{611} Monseau “Balancing Trademark Rights” 104; see Chapter Three par 3.2 and par 3.6: for the registration of domain names and the difference between trademarks and domain names.

\textsuperscript{612} Osborne “ICANN PROCEDURE” \textit{Inter Internet Law Review} [Dec 2000/Jan
\end{footnotesize}
and a new technology company in Washington. The important issue is whether confusion is likely or not. Confusion is more likely if the respondents were commonly known by the name registered as a domain name or where there is a franchise relationship.

The South African courts have not yet decided on this type of case. The examples discussed in this paragraph are from the United States and the United Kingdom. In Hasbro v Clue Computing, the defendant Clue Computing registered the domain name clue.com in the United States in June 1994. The defendant used the website to advertise its business which included Internet consulting, training, system administration and network designing. The plaintiff brought proceedings in terms of the Lanham Act against the defendant for trademark infringement and dilution of the Clue trademark. The court stated that:

“Hasbro has produced evidence proving similarity of the marks and strength of its mark, but it has failed to produce any adequate evidence indicating intent to confuse...”

The court rejected Hasbro’s argument that the two companies provided competing services. The court determined that Hasbro failed to demonstrate that there was a likelihood of confusion based on the eight factors of infringement analysis. The court held that:


Ibid.


66 F Supp 2D 117 [D Mass Sept 2 1999].

120.

Chapter Four par 4.3.1.2: Some of the factors considered by the court to establish infringement include similarity between the marks, the strength of the plaintiff’s mark, the distinctiveness of the owner’s mark, the characteristics of potential customers and the degree of care they exercise, the similarity of the marketing method and channels of distribution, the defendant’s intent or bad faith, the proximity of the goods in advertisement, instances of actual confusion, and the
“The muscularity of a mark, in and of itself, does not relieve the mark holder of the burden to prove a realistic likelihood of confusion.”

The use of a trademark as a domain name to extort money from the mark holder or to prevent that mark holder from using the domain name maybe be per se dilution, a legitimate competing use of the domain name is not.

Another example of a dispute of this type is the ‘innocent’ registration of a domain name. This is where registration is made of what would be a logical choice of a domain name. Mr Schiff, the owner of The New Yorker Gazette, bought a domain name, thenewyorker.com, for his website. The New Yorker magazine, however, accused him of trademark infringement, unfair competition, and dilution under both federal and state law. Mr Schiff surrendered the domain name after he was threatened by severe punishment including monetary damages, interruption of his website, and plaintiff’s attorneys. The dispute was settled out of court.

In the United Kingdom, the Prince plc v Prince Sportswear Group Inc and Pitman Training Limited and PTC Oxford Ltd v Nominet UK Ltd and Pearson Professional Ltd have backed Nominet’s Policy particularly in the absence of any compelling reason to favour the later domain registrant. The two parties were based in the United Kingdom. Pitman Publishing, a division of Pearson Professional Limited, registered the domain name pitmain.co.uk in February 1996. Pitman Publishing did not use the domain name immediately. In March 1996, Pitman Training Limited applied to register the same domain name which it was using for e-mail. All infringement actions sophistication of consumers of the goods and whether the trademark owners goods are known in the infringer’s territory.

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618 120.
619 122.
621 25 FSR 21[Ch 1997].
were unsuccessful because the two companies had a legitimate claim in the domain name.

Although trademark protection is very important to businesses seeking to differentiate their products from their competitor’s, there must be a balance between two legitimate users of marks. The courts have applied the traditional trademark owners and conflicting domain names.

**5.5 PERSONAL NAMES**

Personality rights are recognized and protected throughout the world. Cybersquatters register well-known persons’ names in the hope of either selling the name for a huge profit or attract visitors to their websites because of the name recognition. Celebrities are common victims.\(^{623}\) Protection is based on the fact that identity is a fundamental attribute of human dignity. Unauthorized registration of personal names as domain names may thus result in an infringement of personality rights. Common law principles and legislation could be used to protect one’s well-known name in South Africa and other parts of the world.\(^{624}\) There are a number of examples where well-known names used as domain names have been returned to the owner of the relevant trademark or common law rights in the name.

An example of a trademark infringement case is *Elvis Presley Enterprises Inc v Sid Shaw Elvisly Yours*.\(^{625}\) A cybersquatter registered the well-known celebrity’s name as a domain name. The Court of Appeal in the United Kingdom did not give any protection to the famous name of *Elvis Presley* on

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the grounds that the name had very little inherent distinctiveness. The British court held that:

“\text{It does not help to identify the goods with a particular proprietor, as required by the Act. It only helps to identify the goods with a particular subject matter, namely Elvis Presley. In other words, Elvis Presley’s fame leads away from distinctiveness in the trade mark sense.}\text{”}\text{626}

The court rejected the argument that the fame of Elvis Presley demonstrates inherent distinctiveness after considering the requirements of the British Trade Marks Act.\text{627} This decision obviously did not give any comfort to owners of personality rights in that no prohibition of the unauthorized use of famous names was upheld.\text{628}

This position has since changed. Well-known names are protected. Some of the factors taken into consideration to establish whether a name must be protected include sufficient distinctiveness in the eyes of the relevant public, commercial exploitation of the name through its registration and use as a domain name.\text{629} The commercial exploitation must be unauthorized demonstrating bad faith.\text{630} Factors demonstrating intentional efforts to take advantage of the reputation or goodwill, in the personal identity of the person are also taken as evidence.\text{631}

The interests of freedom of speech and the press need to be taken into account, such that application of this personality right in the domain name system should only prohibit use for commercial purposes.\text{632} Some of the factors were considered in the following UDRP cases where domain names, 

\text{626} [1999] EWCA Civ 964 [12th March 1999].

\text{627} [1999] EWCA Civ 964 [12th March 1999].

\text{628} Ibid.

\text{629} Whybrow “Elvis Presley” \textit{Trademark World} (117) 36.

\text{630} 37.

\text{631} Ibid.

which incorporate famous names, were used to lure visitors to pornographic
and other undesirable websites.\footnote{Whybrow “Elvis Presley” Trademark World (117) 37.}

The registration process of domain names contributes to the misuse of well-
known names. Cybersquatters take advantage of the loose fashion in the
domain name registration system.\footnote{Chapter Two par 2.2.} There is no need to prove any
legitimate link to the domain name when applying for registration.\footnote{Chapter Two par 2.} The
most famous cases involving registered trademarks of well-known actors,
actresses, singers or business people includes \textit{juliaroberts.com},\footnote{WIPO D2000-0210.} \textit{madonna.com},\footnote{WIPO D2000-0847.} \textit{dodialfiyed.com}, \textit{jimihendrix.com}, \textit{kasparov.com}, \textit{chuckburry.com}, just to name a few. There are also cases that involve
unregistered trademark rights of well-known names. These include
\textit{jeanettewinterson.com},\footnote{Jeanette Winterson v Mark Hogarth WIPO D2000-0253 discussed below.} \textit{mickjagger.com} and \textit{ritarudner.com}.\footnote{Osborne “ICANN PROCEDURE” Inter Internet Law Review [Dec 2000/Jan 2001] 31.} In some of
these cases, the names were linked to pornographic sites. In other cases,
famous photographers’ names were linked to photographic websites and
famous musicians to music websites.\footnote{WIPO D2000-0794: \textit{sade.com} and \textit{tupacshakur.com}.}

There is another situation where the use of a well-known name as a domain
name is not directly aimed at infringement but appreciating the fame or
activities of that person.\footnote{Cendali “An Overview of Intellectual Property Issues” 518.} The common cases that have arisen are where
fans established websites that appreciates discussion of celebrities, popular
television shows, movies or sports teams. The problem is that most of these
sites are non-commercial. While some of these sites may have arguable
claims of fair use, there often may nevertheless be serious claims of
confusion as to source or sponsorship and the dilution of a well-known name or fame.\footnote{Ibid.} An example is the American case of \textit{Lewis v Rockies Mountain Internet}.\footnote{No 96 CV4693 (4 FCA) [D Col 9/26/97].} The defendant’s website contained several statements indicating a relationship with the \textit{Colorado Rockies}, including one stating that it was the “Official Source for the Rockies Fan,” which implies a connection to the services offered by the plaintiff.\footnote{Cendali “An Overview of Intellectual Property Issues” 518.} The website also gave the impression that the public could send electronic mail to \textit{Rockies} players via its website. The defendant was enjoined from using the name \textit{rockies} and the logo on its website.\footnote{Ibid.}

Instituting proceedings is not the solution for some celebrities who would want to maintain a good relationship with their clients or fans who would have registered their names as domain names. The publicity in such cases tarnishes the image of the celebrity, especially if the fan website is a well-developed one. Thus, many famous people devise policies sympathetic to the interest of their fans or clients, sending ‘cease and desist’ letters only to websites that infringe their rights, especially during the course of business.\footnote{Cendali “An Overview of Intellectual Property Issues” 518; Osborne “ICANN PROCEDURE” \textit{Internet Law Review} [Dec 2000/Jan 2001] 30.}

The next paragraph deals with a claim by a trademark owner to a domain name in which he or she has no legitimate interest. This is a typical situation where legitimate domain owners lose their domain names because they cannot be fully protected by law.

\section*{5.6 REVERSE DOMAIN HIJACKING}

Trademark holders often attempt to get a domain name from a party who has a legitimate claim in the domain name and where there is no question of
infringement or dilution of the trademark. This act is often referred to as ‘reverse domain hijacking’. ICANN Rule 1 define ‘reverse domain hijacking’ as:

“...using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.”

Complaints are launched by established trademark owners with knowledge that the domain name holder has legitimate rights or where it is obvious that there are no grounds for such complaints. This probably arises from the fact that trademarks have been given so much protection and also that the trademark owner was slow to register his or her trademarks as domain names. Because domain name registration is based on a ‘first-come-first-served’ basis, a trademark owner may discover that another person with a legitimate claim has already registered the domain name since domain names are registered.

The following are of some clear instances of reverse domain hijacking. A twelve-year-old boy whose nickname was pokey registered a domain name pokey.org. The owner of Pokey trademark (Prema Toy Company) sent a ‘cease and desist’ letter requesting that the boy turn over the domain name. The company withdrew its request only after there was negative publicity from the media. In another similar case, Archie comics sent a ‘cease and desist’ letter to the domain holder of veronica.org which a parent had bought for her one-year-old daughter Veronica. The website only had a picture of baby Veronica in a bathtub. The company also withdrew changes.

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647 Par 4.5.1.4 below; see also Osborne “ICANN PROCEDURE” Inter Internet Law Review [Dec 2000/Jan 2001] 31 for example qtrade.com and k2r.com.

648 ICANN Rule 1.


651 Cabell “Name Conflicts”.
after much negative publicity. These two cases involve non-commercial domain name holders, who when compared the companies, have no financial resources to protect themselves in court.

While there are many reported instances of this behaviour, it is estimated that most domain name holders simply give in to the trademark demands, and thus the majority of disputes are never publicised. In most situations it is not easy to separate incidents of legitimate claim and cases of domain name hijacking which makes it difficult to resolve these disputes. Such behaviour is not tolerated either by the United States Anti-cybersquatting Consumer Protection Act or the ICANN Uniform Dispute Resolution procedure.

The recent UDRP case involving South Africa with Virtual Countries Inc is one example where the defendant Virtual Inc argued that South Africa was attempting to deprive Virtual Inc of the domain name, which was being used in good faith. Virtual Countries Inc tried to prevent South Africa from instituting proceedings in the United States on the grounds that South Africa was attempting ‘reverse domain hijacking’, which according to the UDRP is the use of the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name. The attempt was unsuccessful.

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653 Section 3002: “Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person’s consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.” See also Chapter Four par 4.3.4.

654 ICANN policy rules par 15(e).


656 Chapter Four par 4.5.1 above.

657 ICANN policy rule 1.
and South Africa took the matter to the UDRP where it lost the case because the UDRP did not protect geographic names.\textsuperscript{658}

It is clear in both cases that the trademark owners were late to register their trademarks as domain names. There was no infringement or dilution in either instance, and these cases were clearly not cybersquatting cases. Trademark owners took advantage of the various legislation that protected their interests even where there was no infringement. They aggressively pursued polices to prevent other Internet participants from using any name that includes or alludes to their registered trademark, in most cases quite unjustifiably.\textsuperscript{659}

\section*{5.7 TRADEMARKS IN POST DOMAIN UNIFORM RESOURCE LOCATOR PATHS}

Famous names and trademarks are sometimes used in the post-domain ‘path’ of the Uniform Resource Locator (URL) in order to increase the number of visits to web pages.\textsuperscript{660} The post-domain path of a URL appears after the domain name in the URL as the user delves further into the page of a website. The misuse of famous marks and names in this way helps to generate hits to a website, to which they are connected. The infringer derives value for his domain name by attracting web surfers who mistakenly believe they are accessing a site related to the true owner. This happens when users enter a query in a search engine or in the locator bar on the web browser.

In the United States 1997 case \textit{Patmont Motor Werks v Gateway Marine Inc},\textsuperscript{661} the defendant used the plaintiff’s name in the file path,\textsuperscript{662} for

\begin{flushleft}
\textsuperscript{658} Whitford “SA negotiates for southafrica.com” \textit{e-business} 6 May 2003.
\textsuperscript{661} No C96-2703 THE [1997] US Dist LEXIS 20877.
\textsuperscript{662} Which are characters to the right of the slash after the TLD.
\end{flushleft}
example, www.idiosync.com/go-peds/. Patmont Motor Werks sent a ‘cease and desist’ letter to Gateway alleging that the website and its associated URL, as well as certain e-mail addresses, infringed Patmont’s ‘Go-Ped’ mark. The court had to determine whether the use of another entity’s registered trademark as part of a post-domain ‘path’ is actionable. The court held that infringement would depend upon the junior user’s intention. In this case, the American court found no trademark infringement because the defendant’s use fell within the traditional trademark doctrine of normative fair use. 663

In Playboy Enterprises Inc vs Universal Tel-A-Talk Inc (1998), 664 the defendant also included playboy and playmate to its URL so as to attract more traffic to its website. The court ruled that the act of simply putting in the post-domain path gratuitously to facilitate more page views constitutes infringement. The court held that:

“The defendant ... actively participated in the infringing acts. Although Huberman did not physically type the html code for the website, he did make the decision to use the mark PLAYBOY and BUNNY and approved of all work done by Mr. Merkel on the website. In addition, Huberman approved all requests for subscriptions to the PLAYBOYS PRIVATE COLLECTION service.” 665

The court enjoined the defendant from using the plaintiff’s trademark in the post-domain path of its URL. 666 This amounted to an effort to capitalize on Playboy Enterprises. 667

663 [1997] US Dist LEXIS 20877: Normative fair use is the use of a mark to refer to the mark holder’s product or service where there is no other way readily to identify the mark holder’s product without use of the mark.
666 adultsex.com/playboy/members/pictures.
The next section will deal with a more complicated kind of conflict, which arises when a trademark is used in an ‘invisible code’ to attract users without the permission from the trademark owner.

5.8 META TAGS

A meta tag is a tag (a coding statement) in the Hypertext Mark-up Language (HTML) that describes some aspect of the contents of a web page. Meta tags are hidden codes on web pages that search engines use to determine what topics a web page covers. Meta tags can be used to locate a company’s or organization’s web page or a web page that deals with a particular topic. Many users rely on search engines such as Alta Vista, Lycos, Hotbot, Inforseek and ExCite to retrieve information or a web page from the Internet. Meta tags are invisible fields in the website with certain keywords or descriptors that pertain to the content of the site. Most search engines utilize programs that read the entire content of web pages and categorize the pages. These invisible codes are part of the web page programming language that is embedded on a web page, but never seen by the end-user. There are multiple types of meta tags, but for the purpose of this treatise, the critical meta tag type is the ‘keyword’ meta tag.

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669 Have been referred to as ‘Invisible link, or codes’ See Jun “Metatags” NYLJ 1998 Oct 24; Jackson “The Case of the Invisible Ink” Financial Times Monday Sept 22 [1997].


671 Nguyen “Shifting the paradigm in e-commerce” AULR 50 [2001] 960.

672 Bodard & Vuyst Lic “Meta Tag Litigation” E Law 9 (2) [June 2002]; Tanner & Gordon “The Interrelationship of Trademark & Internet Law” 10.

673 Ibid.

674 Cendali et al “An Overview of Trademark Issues” 529; Bodard & Vuyst Lic “Meta Tag Litigation” E Law 9 (2) [June 2002].

The keyword meta tag allows a website creator or operator to specify terms that best describe the site. Information on the Internet is still largely text-based although image and sound directories are expanding rapidly.676 A car manufacturer’s website, for example, would probably have meta tags that include words such as cars, automobiles, driving, transportation, the manufacturer’s name and his or her trademark. When a query is entered, the Internet search engine scans the meta tags of the Internet sites to find meta tags containing the query.677

5.8.1 Meta tag problems

Meta tags are designed to enable search engines to scan and generate hits to the site that an Internet user desires to access. To generate hits a website needs to position itself so that the greatest number of users will access it. Some website designers, instead of using only the relevant information from the website, add words that are frequently searched on the Internet even where those words have nothing to do with the site, such as sex, nude, and pornography.678 The site designer might even include a competitor’s famous name or well-known trademark to attract or criticize679 visitors and the business on own website resulting in infringement.680 Every search directed at the competitor’s website would therefore include the Internet user to the designers’ site on the match list of the search engine. This is, however, not the only way to generate hits. Another way of generating hits is to negotiate a link to the site designer’s site from another famous site.681

676 Cabell “Name Conflicts” 27.
678 Ibid.
679 Referred to as “suck sites” for example, “Bally Sucks” Bally Total Fitness Holding Corporation v Andrew S Faber 29F Supp 2d 1161 [CD Cal Nov 231998]. See also Chapter 4.2.3 above.
It is the ‘keyword’ meta tag that can infringe rights to trademarks. This makes it difficult for a web surfer to access the sought-after sites, particularly when a search yields fifty results, the first twenty of which are irrelevant to the surfer.682 Below are some meta tag cases that have been to court or dispute resolution bodies.

5.8.2 Meta tag cases

The South African courts have not yet had cases to deal with meta tag issues. Such cases have been dealt with in the United States and United Kingdom courts. What immediately follows are discussions of meta tag cases in the United States and United Kingdom.

One of the first meta tag cases was decided in 1997. It involved a United States law firm Oppedahl & Larson and Advanced Concepts.683 Advanced Concepts used Oppedahl & Larson’s name in the hope of capturing traffic to their website. The plaintiff alleged that the defendant’s use of the law firm’s names as a meta tag violated the Lanham Act. The plaintiff, which operates the website, www.patents.com, alleged that it expended substantial money and time in developing and promoting its trademark "OPPEDAHL & LARSON." According to the plaintiff, as a result of its efforts, the trademark had realized substantial goodwill and is now identified exclusively with the law firm. The court held that:

“Such use by defendants of web pages bearing a substantially identical mark to plaintiff's mark ‘OPPEDAHL & LARSON’ is misleading and is likely to cause confusion and mistake, and to deceive the public into believing falsely that defendants’ web pages are connected with and/or sponsored or authorized by Plaintiff, when in fact defendants have no connection whatsoever with Plaintiff in regard to such web pages.”684

682 Blakeney “Interfacing Trade Marks and Domain Names” MUEJL Vol 6 (1) [1999] 9; Ricco “Registration of Domain Names and Infringement of Intellectual Property Rights” 133 Trademark World 17.

683 Civ No 97 Z1592 [DC Colo July 23 1997].

684 Civ No 97 Z1592 [DC Colo July 23 1997].
The court banned the defendant through a permanent injunction from using the plaintiff’s name without authorization. This case is important because it is the first case dealing with the issue of misleading meta tags. In the same year, in *Insituform Technologies Inc v National Envirotech Group*, the defendant *National Envirotech*, a competitor in the field of pipeline construction was ordered not to use the plaintiff’s trademark in its meta tag.

In September 1997, in *Playboy Enterprises v Calvin Designer Label*, the defendant had developed an adult entertainment website and had used *Playboy Enterprises’* famous mark, *playboy* and *playmate* as meta tag repeatedly. The United States District Court of the Northern District of California held that this use of *Playboy Enterprises’* trademarks constituted infringement and dilution that justified an injunction. The defendant was enjoined from using the plaintiff’s marks in any manner, including as Internet domain names and meta tags. The court also ordered the cancellation of the domain name by Network Solutions Inc.

Also, in *Nettis Environmental Ltd v IWI Inc et al* the defendant used plaintiff’s name in connection with the advertising or promotion of its goods, services and website, as a meta tag. The defendants’ website gave the impression that it was authorized, sponsored or connected with the plaintiff. Plaintiff sought a preliminary injunction against the defendant to enjoin it from using, or removing the terms from its meta-tags and site.

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685 Civil Action No 97-2064 [ED La final consent judgment entered Aug 27 1997].


687 44 USPQ 2d 1157 [ND Cal Sept 8 1997].

688 985 F Supp 2d 1219 [ND Calif 1997].


690 *Nettis Environmental Ltd v IWI Inc et al* Case No 198CV 2549 1999 US Dist Lexis 5655 [ND Ohio April 14 1999].
defendant was prohibited from continuing to use plaintiff's name in connection with the advertising or promotion of its goods.\(^691\) In some of these cases, the court ruled that the use of the complainant’s trademark as a meta tag would confuse web surfers, who will in the end utilise the defendant’s services instead of searching for the complainant's website.\(^692\)

These cases illustrate another novel issue in the growing field of Internet litigation where new forms of technology must be evaluated in terms of the more traditional principles of intellectual property law.\(^693\) The unlawful use of meta tags to keywords will be discussed below.

5.9 KEYWORDS

The most current way of possible trademark infringement on the Internet involves Internet keywords. Keywords are simple words typed instead of Uniform Resource Locators (hereinafter called URLs) to fetch sites on the Internet.\(^694\) Internet keywords can quickly find a website or document from the Internet.\(^695\) Some search engines are just directories containing a limited set of pre-selected URLs. Others utilize robots that continually transverse the Internet, reading and indexing every web page in their paths.\(^696\) There is no need to visit a search engine or enter a specific URL or web address.


\(^{692}\) *Playboy Enterprises; Inc v Terri Welles et al* 7 F Supp 2d 1098 [SD Cal Feb 27 1998].


\(^{695}\) Nguyen “Shifting the paradigm in e-commerce” *AULR* 50 [2001] 957.

\(^{696}\) Cabell “Name Conflicts” 27.
The Internet keywords system matches those words to a URL and quickly directs the browser to that URL. If the Internet keywords system cannot match the typed word, a search result on the typed words will be set. For example, if one types ‘yahoo’, the browser fetches \textit{www.yahoo.com}. Typing \textit{Apple iMac} will fetch the website \textit{www.apple.com/imac}, and \textit{cnn} will take you to \textit{www.cnn.com}. Typing a generic word, such as jobs or vacations, will fetch a page that has a variety of links to resources about that subject, or the query will be sent to Net Search.\(^6\)\(^9\)\(^7\)

In order for a company or organization to use a keyword, it must register with any one of the registries, for example, RealNames, Smart Browsing, which is Netscape’s Internet keyword System or Microsoft Network Internet Service.\(^6\)\(^9\)\(^8\) Registration of keywords is by contract on any one of the registry’s websites where the company or organization can search for the availability of the desired keyword.

The Internet keywords system works much like the Domain Name System (hereinafter called the DNS) that fetches websites when a URL is typed (web address) or a link or bookmark clicked on.\(^6\)\(^9\)\(^9\) The difference between the Internet keywords system and the DNS system is that with the Internet keywords system, real words are used instead of URLs. With Internet keywords system one can use the language of one’s choice by changing the language preference in their browser.\(^7\)\(^0\)

\(^6\)\(^9\)\(^7\) Nguyen “Shifting the paradigm in e-commerce” \textit{AULR} 50 [2001] 957; see also Ebersohn “Keyword banner advertisement” \textit{JBL} vol 11 (1) 10.

\(^6\)\(^9\)\(^8\) Waelde “Domain Names and Trade marks: What’s in a name?”


\(^7\)\(^0\) Sullivan “Netscape’s Smart Browsing Measures”

5.9.1 **Keyword problems**

The business community has simply not come to grips with the keyword crisis. Like domain name hijacking, keywords have the same implications of 'register now or you lose it'.\footnote{Kaufman “The Domain Name System Act Now or Regret Later” 120 Trademark World 17.} The keyword providers that need registration do not require the applicant to prove a legitimate link to the keyword when applying for registration. There is a serious problem governing keyword registration. There are far too many applications for keywords, and in different languages.\footnote{Sullivan “Netscape’s Smart Browsing Measures” http://www.searchenginewatch.com/sereport/article.php/2167131 (2003/07/28).} The number of Internet users is increasing daily—soon all the keywords will be taken. Companies or organizations in the same business or using the same domain name for different goods cannot register their desired keywords. Some systems allow parties to share the same keyword;\footnote{The Internet ONE system permits such co-existence.} other systems like RealNames do not permit this. When a user enters a keyword that is shared by several parties in this system, a screen will appear listing all such parties together with their description, and a link to their websites.\footnote{Ebersohn “Keyword banner advertisement” JBL vol 11 (1) 10; See for illustration http://www.lloyds.io (2003/01/11).}

There are also registries on the Internet that advertise and give information for free on how to obtain a 'good keyword' encouraging users to buy them.\footnote{Ebersohn “Keyword banner advertisement” JBL vol 11 (1) 10; http://www.goodkeywords.com (2003/01/11).} Such information is based on the most searched words, and the most visited sites on the Internet. Other websites allow for banner advertisement on their sites for a fee. In this regard:
“...search engine operators sell these banner advertisements on a 'per impression basis'. This means that they receive advertising revenue from displaying a banner advertisement ...”

The end result is no different from cybersquatting, in that a website may have another famous or well-known company's banner, thereby attracting more hits. Companies or organizations are now repeating their keywords too many times at the bottom of the page to attract traffic. Even though most search engines will penalize the company or organization, the problem still exists.

5.9.2 Keyword cases

An example of a case involving keywords is *Playboy Enterprises v. Welles* a former playmate. *Terri Welles* erected a website featuring her work. The website used Playboy's trademarked terms "Playboy" and "Playmate" in its metatags and keywords. Playboy instituted an action in terms of trademark infringement. The court denied Playboy's motion for a preliminary injunction, ruling that *Welles* had made fair use of the terms.

In *Reed Elsevier Inc v Rice Innovator Corp.*, along with *DoubleClick* and *AltaVista*, the defendant Rice bought the rights to certain keywords that were trademarks belonging to plaintiff *Reed Elsevier Inc*. A trademark infringement action was brought by the owners of the keywords. *Rice Innovator Corp* bought rights to place banner advertisements keyed to plaintiff's trademarks on portal sites. When users search using plaintiff's trademarks as the keywords, the banner advertisement that appears above the search result is the defendant's. The court denied *Rice Innovator Corp*'s motion to transfer the venue on the grounds that possible breach of a prior

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706 Ebersohn “Keyword banner advertisement” *JBL* vol 11 (1) 10.
708 No 98-CV-0413-K JFS (SD CA April 22 1998).
709 105 F Supp 2d 816 [SD Ohio 2000].
Washington settlement agreement regarding false advertising is sufficiently unrelated to the case at hand. The court also noted that a transfer would merely shift the inconvenience of litigating from Rice Innovator Corp to the plaintiffs.

Conflicts and problems relating to the misuse of trademarks as keywords also led to the establishment of a Keyword Dispute Resolution Process, administered by WIPO and eResolution.\textsuperscript{710} The process explains when keywords will be cancelled or transferred due to a dispute by a third party proving cybersquatting.\textsuperscript{711} It offers parties with complaints about keywords and keywords registrants a method of resolving cybersquatting disputes though efficient online administrative proceedings. The process is similar to the UDRP and conducted online.\textsuperscript{712} This Policy is incorporated in the keyword registration contract.\textsuperscript{713}

\section*{5.10 CONCLUSION}

Disputes between trademark holders, domain name and keyword holders will continue because of the different purposes of the trademark and Internet address systems. The unavailability of legislation in South Africa that specifically controlled on-line dealings was a contributing factor.\textsuperscript{714} The South African government enacted the ECTA that addresses electronic issues. Among other issues, the Act makes provisions for domain names and extends existing legal rules to domain names and other Internet-related issues. Like cybersquatters, keywords hijackers are on the rampage of

\begin{itemize}
\item \textsuperscript{710} http://arbiter.wipo.int/keywords/ (2003/07/29).
\item \textsuperscript{712} http://ipc.songbird.com/ppt/PresotoIPC_9/tsl019.htm (2003/07/29).
\item \textsuperscript{713} Keyword Dispute Resolution Policy above.
\item \textsuperscript{714} Ebersohn “Keyword banner advertisement” JBL vol 11 (1) 10: The South African Trade Marks Act and Common Law applies.
registering keywords to which they do not have legitimate claims. The possible result is that the owner of a well-known trademark will buy the keyword from the hijacker at an inflated price, as was the case with trademarks.

Whilst the cases of other jurisdictions provide useful guidance to South African courts, the lack of case law in South Africa makes the litigious path a precarious one. The UDRP, on the other hand, having resolved many disputes in this area, is definitely a useful method of settling such disagreements also for South African companies. The next chapter will address the issue of domain name regulation in South Africa.
CHAPTER SIX

THE REGULATION OF DOMAIN NAMES IN SOUTH AFRICA

6.1 INTRODUCTION

In this Chapter the regulation of domain names before the enactment of the Electronic Communications and Transactions Act\(^\text{715}\) will be briefly summarized. Thereafter an in-depth investigation of the provisions of Chapter X of the Act will be made. Concerns relating to some aspects of the provisions will be examined and proposals relating to the provisions regulating to domain names in terms of section 68 and 69 will also be considered together with their benefits and implications. In conclusion a summary of the regulation of domain name disputes in South Africa as presented in this treatise will follow.

6.2 REGULATION BEFORE THE ELECTRONIC COMMUNICATIONS AND TRANSACTIONS ACT 25 OF 2002

The administration of domain names in South Africa was awarded to UNINET by the IANA after the decentralization of all ccTLDs. UNINET originally appointed a person as administrator,\(^\text{716}\) but later transferred the administration to Namespace ZA, Uniforum and other registries.\(^\text{717}\) In 2002, the Electronic Communications and Transactions Act further transformed the administration and regulation of domain names in South Africa. Section 59 provided for the establishment of the .za Domain Name Authority, for the purpose of assuming responsibility for the .za domain name space.\(^\text{718}\)

There was no specific legislation regulating the .za domain before the enactment of the Electronic Communications and Transactions Act. The

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\(^{715}\) 25 of 2002 (hereinafter referred to as the Act).

\(^{716}\) Mike Lawrie.

\(^{717}\) Chapter 2.4.1 above.

\(^{718}\) Section 59.
requirements for registration were determined by the administrator on contract between the registry and the applicant. An applicant had to undertake and warranty *bona fide* use of the domain name and agree to the cancellation of the domain name in circumstances mentioned in the contract.\textsuperscript{719} The administrator had no authority to determine the rights of a domain name holder in conflict with a trademark and was not obliged to act as an arbiter in disputes arising from the registration of a domain name. Because the administration was based on contract between the registry and applicant, it therefore did not have legal implications on the status of trademarks.

The contracts between the registry and the domain name holder however, did normally not include provisions for dispute resolution. Disputes had therefore to be resolved by the traditional rules, relating to trademarks, unlawful or unfair competition and passing off.\textsuperscript{720} The only remedies in terms of the contract available for abusive registration were limited to the status of the domain name. Such remedies resulted in either the cancellation or transfer of the domain name to the complainant.\textsuperscript{721}

As far as the gTLDs were concerned, the WIPO’s Uniform Dispute Resolution Policy was also available.\textsuperscript{722} In some cases legislation from foreign jurisdictions was applicable provided that such country had jurisdiction.\textsuperscript{723} An example of such is the Anti-cybersquatting Consumer Protection Act.\textsuperscript{724} Internationally, other rules relating to the protection of Intellectual Property rights, for example, the Paris Convention, the Treaty of the European Economic Community and the TRIPs agreement are also applicable to

\textsuperscript{719} Par 2.4.1.1 above.
\textsuperscript{720} Chapter Two par 2.3 above.
\textsuperscript{721} Ibid.
\textsuperscript{722} Chapter Four par 4.5.1 above.
\textsuperscript{723} Par 4.5.3 above.
\textsuperscript{724} See par 4.3.4.2 above.
disputes relating to conflicts between trademarks, business names and domain names.\textsuperscript{725}

\section*{6.3 THE REGULATION OF DOMAIN NAMES IN TERMS OF CHAPTER X OF THE ELECTRONIC COMMUNICATIONS AND TRANSACTIONS ACT}

\subsection*{6.3.1 Introduction}

From the outset it must be noted that Chapter X of the Electronic Communications and Transactions Act is only applicable to the .za domain system. It thus does not influence what has been said above about the regulation of gTLDs.

\subsection*{6.3.2 The .za Domain Authority}

In terms of section 59, the .za Domain Name Authority, a juristic person, is established for the purpose of assuming responsibility for the .za domain space. The Minister must incorporate the .za Authority as a company as provided by section 21(1) of the Companies Act.\textsuperscript{726} The memorandum and articles of association of the Authority must be consistent with Chapter X of the Act as well as the Companies Act.\textsuperscript{727} The memorandum and articles must provide for among other things: rules for convening meetings, manner in which decisions are to be made, establishment and management of committees and the preparation of the Board of an annual business plan. Amendments to the memorandum and articles of association do not have legal effect unless the Minister consented in writing.

\footnotesize{
\textsuperscript{725} See Chapter Three par 3.3 above.
\textsuperscript{726} Section 60.
\textsuperscript{727} Section 61.
}
The Authority is controlled and managed by a board of nine directors appointed by an independent selection panel. The selection panel was appointed by the Minister in terms of section 62 (2). According to this section:

“...the panel must recommend to the Minister names of nine persons to be appointed to the Board taking into account the sectors of stakeholders listed...”

The nominees came from the stakeholders who include the existing domain name community; academic and legal sectors, science technology and engineering sectors; labour; business and private sectors; culture and language; and the public sector and internet community. The reason for including various sectors is to have a fair representation of the demographics of the country including gender and disability. The directors must be persons who are committed to fairness, openness and accountability and to the objectives of the Act and serve in a part-time and non-executive capacity.

The Minister has the power to appoint a Chairperson of the Board from among the names recommended by the panel. The Board was appointed by the Minister on the 15th of July and met with the Minister for the first
time on the 30th of October 2003 in Pretoria.\textsuperscript{736} Section 63 provides for the appointment of a chief executive officer and staff working for the Authority. The Board must determine regulations for the working conditions of the chief executive officer and staff.\textsuperscript{737} 

The Authority is responsible for the licensing or administration of registrars and registries of second level domain names.\textsuperscript{738} The functions of the .za Domain Authority are to:

\begin{quote}
“\textsuperscript{a.} administer and manage the .za domain name space; \\
\textsuperscript{b.} comply with international best practice in the administration of the .za domain name space; \\
\textsuperscript{c.} license and regulate registries; \\
\textsuperscript{d.} license and regulate registrars for the respective registries; and \\
\textsuperscript{e.} publish guidelines on-}
\end{quote}

\begin{quote}
\textsuperscript{i.} the general administration and management of the .za domain name space; \\
\textsuperscript{ii.} the requirements and procedures for domain name registration; and \\
\textsuperscript{iii.} the maintenance of and public access to the repository, with due regard to the policy directives which the Minister may make from time to time by notice in the Gazette.”\textsuperscript{739}
\end{quote}

The Authority also has to enhance public awareness on the economic and commercial benefits of domain name registration.\textsuperscript{740} The Authority has the power to conduct investigations, research, continually survey and evaluate, and issue information on the domain names. It is also the duty of the Authority to keep the .za domain name abreast of developments in the Republic and elsewhere on the domain name system.\textsuperscript{741}

\begin{flushright}
\texttt{http://www.mywealth.co.za/index.php?fSectionID=552&fArticledID.188904 (2003/12/03).}
\end{flushright}

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\textsuperscript{736} Section 63(3). \\
\textsuperscript{737} Section 64(1). \\
\textsuperscript{738} Section 65(1) a-e. \\
\textsuperscript{739} Section 65(1) a-e. \\
\textsuperscript{740} Section 65(2). \\
\textsuperscript{741} Section 65(3) a-d.}

165
Provision is made for the protection of the vested rights and interests of parties that were actively involved in the management and administration of the .za domain name space for an interim period of six months after which the parties must apply to become registrars and registries as provided for in terms of the Act.\textsuperscript{742}

The Authority may further, with the approval of the Minister, make regulations regarding the: licensing; assignment; pricing policy; restoration of domain names and penalties; the terms of the domain name registration agreements; process and procedure for unfair or anti-competitive practice; contacts of applicants and new sub-domains.\textsuperscript{743}

The internet community has criticized the wide powers of state to intervene in the .za domain name system. Internationally, many domain names are administered and managed by the private sector with little or no intervention by the state.\textsuperscript{744}

These criticisms relate to among other things, the powers provided to the Minister to intervene; the requirements which the domain name Authority may set by way of regulation for registrars and registries in order to be licensed; the requirement for assignment, and the pricing policy.\textsuperscript{745}

These powers of the Authority are an important mechanism for the proper regulation and management of the .za domain names space as will be shown later.

\textsuperscript{742} Section 65(7).
\textsuperscript{743} Section 68 a-k.
\textsuperscript{744} Ross “Domain Name Dispute Procedure And Related Issues” Rose & Rose May [2001].
\textsuperscript{745} Section 68.
6.3.3 The alternative dispute resolution mechanism in terms of Chapter X of the Act

Section 69 of the Act creates a dispute resolution mechanism. It provides that the Minister of Communications, in consultation with the Minister for Trade and Industry, must make regulations for an alternative mechanism for the resolution of disputes in respect of the .za domain name space. These regulations must be made with due regard to the existing international precedent.

The Ministers must mandate regulations concerning the procedures for the resolution of disputes; the role of the .za Authority in dispute resolution; the appointment, role and function of adjudicators; procedures and rules followed in adjudication; unlawful actions and measures to prevent unlawful actions; the manner, cost and time within the determination must be made; limitation of liability of registrars and registries; enforcement and publication of determination.

The Act provides the Ministers with wide powers which are important for the alternative dispute resolution for the .za domain space. These powers, as with the regulation, have been criticized by the internet community. One of the criticisms is that the extent of involvement by the .za Domain Name Authority in dispute resolution is not clear since all regulations are made by the Minister and not the Authority in consultation with the Minister as with the previous section.

If one considers the fact that domain names are intellectual property rights with substantially high economic value, it is of the utmost importance that

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746 Section 69.
747 Section 69(2).
748 Section 69(3) a-j.
749 Section 68 discussed in the previous section.
such valuable assets be managed in an effective way in order to limit potential expensive conflicts.

Two proposals with regards to the most effective way to regulate these valuable assets are suggested below. The first step could be to make use of the za Domain Name Authorities’ powers to provide for a strict registration process for the .za domain in terms of section 68. A second possibility is for the Minister to introduce an efficient dispute resolution process and even, if possible, to exclude or limit the jurisdiction of the courts.

In the following paragraphs the above-mentioned possibilities are investigated and their advantages and disadvantages analyzed.

6.3.3.1 Management of the .za domain name system

The domain name Authority should create a system that reduces friction between domain name registration and other forms of intellectual property rights. In establishing this system, it should be considered that the starting point should be the avoidance, rather than the resolution, of conflicts. The new system should attempt to regulate the registration and use of domain names more efficiently than the old system which was based on “first-come first-served basis” where little or no investigation into possible conflict of interests between domain name owners and trademark owners was made. This system should not unduly increase costs and hinder the speed in which domain names can be acquired. This can be achieved by making use of the powers conferred by section 65 and 68 to the Authority to provide for stringent registration provisions. The process could also adopt a number of standard practices for domain name registration in order to reduce the tension that exists between domain names and other intellectual property rights.

To achieve this, the following may be considered:
(i) The domain name Authority must consider to provide for a stringent registration process to avoid *mala fide* registrations. Provisions relating to use, registrable and unregistrable domain names, procedure for registration, licensing and the prevention of infringement should be considered. Such provisions could attempt to prevent dilution, likelihood of confusion and other potential infringement of intellectual property rights.

(ii) On application to register a domain name, the registration system must establish whether the proposed domain name would not infringe existing trademarks before it is registered. This can be done by searching for confusingly similar domain names and trademarks from the trademark registry.

(iii) In addition to the above, words that are regarded as obscene, offensive or contrary to public policy should not be registered.

(iv) Presence in South Africa should be required for persons, companies or organizations registered or trading in South Africa to register a .za domain.\(^{750}\) There should be a requirement of minimum use of a domain name or a demonstrable preparation to use the domain name. In the absence of minimum use, the domain name should be forfeited.

(v) Provisions should be made for registrant to be compelled to provide a physical address for the purposes of for example vesting jurisdiction. Domain names with inaccurate or insufficient information should be refused.

(vi) The different categories of domain names should be clearly defined, for example, .org for non-profit organizations only, in order to prevent the registration of similar names and trademarks or variations thereof in categories which may lead to confusion.

There are, however, implications for introducing tough measures on the registration of domain names. Some of the implications are:

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\(^{750}\) The same is applicable to the .au domain.
(i) Stringent regulation complicates the registration process which is supposed to be fast, efficient, cost effective and conducted on-line from anywhere in the world.

(ii) The deprivatisation of the domain name system from the non-profit organization to a state controlled body of the domain name system is contrary to international trends.\textsuperscript{751}

Some of the benefits of a highly regulated registration procedure are:

(i) It can limit costly litigation as potential infringing registrations can more effectively be avoided.

(ii) The provisions can also be used to limit \textit{mala fide} registrations.

(iii) It provides with certainty and security to domain name owners.

The importance of having coherent and strict provisions to deal with domain name registration outweighs the need for a quick and cheap registration process. A highly regulated registration process (or foundation) limits potential conflict.

A stringent, but effective registration procedure should therefore be established to minimize future domain name and trademark conflicts. The proposed system should offer a remedy to trademarks and domain names without disregarding existing laws.

\textbf{6.3.3.2 The alternative dispute resolution}

If an efficient domain name registration process is in place, a well-regulated and efficient dispute resolution process would help to solve conflicts which may arise. According to Hurter:

\begin{footnote}{
\textsuperscript{751} Ross “Domain Name Dispute Procedure And Related Issues” \textit{Rose & Rose} May [2001].
}

170
“In cyberspace legitimate government regulation will be virtually impossible, as will the task of determining which set of rules apply.”\textsuperscript{752}

This is not particularly true for a domain name space like the .za domain space because the state regulation is limited to that specific jurisdiction. Thus an efficient dispute resolution process can be implemented if it is possible to place the dispute within a particular jurisdiction. It is submitted that this is possible in case of .za domain space. The application of alternative dispute resolution that is state regulated is therefore possible.

The proposed procedure could be an adaptation of the UDRP.\textsuperscript{753} The peculiarities of the .za TLD system and the pitfalls that have been discovered through the administration of the UDRP should, obviously be taken into account.\textsuperscript{754} The procedure should clearly define the type of cases that can be resolved by the body.

There is a perception amongst trademark holders that the court system is slow and therefore does not provide meaningful relief in cases where domain names infringe trademarks. An online alternative dispute resolution that is fast and effective will have more credibility.\textsuperscript{755}

Taking into account the perceived limitations of litigation and current dispute resolution polices, the Minister, by means of the regulations in terms of section 69 should design a system that addresses the following:

(i) An alternative dispute resolution body that is independent of the registry should be created.


\textsuperscript{753} Chapter Four above.

\textsuperscript{754} Chapter 4.5.1.5.

\textsuperscript{755} Chapter Four below.
(ii) The procedure should provide a mechanism for the production of evidence so that facts such as trademark rights, may be proved and not merely alleged. Guidelines for evidentiary documentation should therefore be established.

(iii) Guidelines should be set to assist panellists to make determinations based on the requirements of fairness, openness and accountability. The panellist should provide enough comment elaborating on the determinations the specific basis of the decision.

(iv) The determinations should be in writing and reasons for it be given in order to build a source for future reference. This will also make future determinations more predictable.

(v) The process should be administrative and decisions should be final. Where possible jurisdiction of the courts should be excluded.

(vi) The regulations should also make provisions for remedies which are not limited to the status of the domain name. The panellist should have the power to: order cancellation or transfer of the domain name; award damages; impose fines for bad faith or other unscrupulous behaviour.

(vii) Provisions shall be made for an administrative appeal body.

There are criticisms that alternative dispute resolution bodies of this nature resolve only a limited number of disputes. Although efficiency is often lauded as one of the benefits of alternative dispute resolution, the proceeding’s truncated nature may not be suitable for relatively complex cases involving a variety of claims and factual disputes. This could be avoided by providing a special appeal mechanism to allow unsatisfied parties to have disputes reviewed by three or more panellists.

In the case of appeals, the appellant would be forced to bear the expense of filing a case, a prospect that would presumably filter out some bad faith appeals. Internet users, on the other hand, prefer to resolve their disputes through the same medium judging from the cases that have gone to the

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756 Chapter Four par 4.5.1.5.
alternative dispute resolution.\textsuperscript{757} Alternative dispute resolution can be effective if the above suggestions are applied. The alternative dispute resolution system should address these limitations by making the decisions final thereby limiting or excluding the courts jurisdiction.

6.3.3.3 The relationship between trademark owners and domain name holders

Domain names do not exist in a separate universe, but rather a subset of ‘real world’ governed by ‘real-world’ laws. Whatever the original purpose of domain names, in today’s commercialized cyberspace, they fulfil many of the same functions that trademarks have in the ‘real world’.\textsuperscript{758}

It is submitted that the dispute resolution process discussed will never be able to replace remedies which trademark holders have in terms of the common law an the trademarks Act. A working relationship between these two sets of rules can be created by encouraging trademark owners to make use of the alternative dispute resolution instead of litigation when conflicts with domain names holders arise. Trademark owners should be encouraged to make use of the alternative dispute resolution process by providing incentives such as a reduction in costs and effective remedies.

The above are some of the opportunities in terms if the Act to make provisions for an efficient registration system which can limit disputes and also, in those cases where disputes arise, for an effective dispute resolution process. The provisions of the Act should thus be used in a positive way to establish an effective regulation system in South Africa.

\textsuperscript{757} Chapter 4.5.1 above.
\textsuperscript{758} Blackman “The Uniform Domain Name Dispute Resolution Policy” Harvard Journal of Law & Technology 15 (1) 212 [2001].
6.4 CONCLUSION

There is likely to be discomfort in placing complete trust in a system which is new in South Africa and has the capacity to affect valued rights. If the powers granted by the Act are responsibly utilized to establish a stringent but efficient regulation system, time may show that Chapter X of the Electronic Communications and Transaction Act was not as draconian as it is sometimes made out to be.

This treatise has investigated the law applicable to the protection and regulation of domain names and domain name disputes in South Africa. A study of the United States and United Kingdom legal rules applicable to domain names has been undertaken to establish the extent to which these countries deal with domain name disputes and the extent to which South African law is suited for resolving trademark and domain name disputes. A study on these countries assists South Africa to enact rules that best addresses conflicts and to establish an effective dispute resolution body.

Technology will continue to change rapidly, and new vulnerabilities and threats will be uncovered. The proposed legal principles could be applied to the regulation of domain names in South Africa. South African law must be dynamic and continually reflect and adapt to the changing environment. It should be obvious that the proposals discussed above will only apply to the .za domain name and not to the gTLDs. The debate as far as gTLDs and dispute resolution in that regard is concerned, therefore still continues.
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INDEX

...co.za..........................................................................................................................12, 23, 25, 213, 214

A
Alternative Dispute Resolution body ..............................................................................3
APARNET ......................................................................................................................16, 17, 210
application form ...........................................................................................................25, 26, 27, 33, 61
ARIPO ................................................................................................................................65

B
bibliography ....................................................................................................................7
bona_fide.........................................................................................................................23, 26, 30, 49, 96, 115, 120, 214, 218

C
ccTLD ..............................................................................................................................11, 12, 18, 29, 109, 124, 210
Chapter Five ..................................................................................................................2, 4, 6, 7, 49, 76, 83, 170, 171, 178, 180
Chapter Four ...................................................................................................................2, 4, 7, 26, 31, 67, 71, 72, 73, 120, 133, 139, 149, 156, 170, 171, 175, 178, 180, 185
Chapter Three ..............................................................................................................2, 3, 7, 137, 141, 148, 184
Chapter Two .................................................................................................................29, 69, 70, 128, 137, 138, 153, 155, 169, 170, 184
countries of domain names..............................................................................................34, 35
community law ...............................................................................................................2, 3, 4, 6, 7, 9, 14, 38, 40, 41, 43, 44, 47, 51, 52, 57, 73, 76, 80, 81, 86, 100, 104, 105, 107, 121, 133, 145, 151, 171, 183, 184, 185, 186, 187
Community Trade Mark ..................................................................................................62, 65, 126, 206
conflicts between ............................................................................................................2, 7, 9, 20, 21, 74, 136, 137, 170, 171
confusingly similar trademark .........................................................................................45
country code ...................................................................................................................31, 34, 100, 179
country details ...............................................................................................................11, 29, 35
custom international law ...............................................................................................5, 181, 182
cybersquatting cases ....................................................................................................83, 131, 140, 157

D
DARPA ..............................................................................................................................16
development of the Internet .............................................................................................15, 20, 24, 169
dispute resolution ..........................................................................................................2, 6, 18, 26, 34, 76, 108, 109, 110, 111, 122, 123, 128, 130, 134, 135, 136, 161, 174, 177, 178, 179, 183, 185
domain name registration process ...................................................................................9, 37
domain name registration system ..................................................................................30, 153
domain name regulation .................................................................................................3, 135, 168, 180, 187
domain name system ....................................................................................................9, 10, 13, 15, 17, 18, 19, 24, 25, 29, 36, 37, 75, 135, 152, 172, 174, 175, 177, 182, 185
Domain names and Trademarks ..................................................................................2

E
eResolution ....................................................................................................................8, 110, 114, 167, 181, 203, 204
European Economic Community ...................................................................................61, 64, 184
existing legal principles ...................................................................................................1, 2
eexisting legislation .........................................................................................................4, 183

F
famous persons' .............................................................................................................4, 187
functions of a domain name ..........................................................................................14

G
goodwill .........................................................................................................................2, 14, 41, 45, 48, 49, 50, 54, 68, 79, 81, 82, 84, 96, 101, 104, 105, 106, 108, 131, 139, 152, 162

194
reverse domain hijacking
regulation of domain names in South Africa
regulation of domain names
registration procedure
registration of variations
registration of company names
registration of a similar domain name
registration form
registration fees
registered trade marks
recommendations and conclusions
Predatory or classical cybersquatters
possibility of applying trademark laws to domain names
international principles
International agreements
international protection
Internet Protocol
InterNIC
ISOC
Nature of domain names
Namespace ZA

I
IANA
ICANN
ICANN....
identical domain name
importance of trademark registration
intellectual property rights
International agreements
international principles
international protection
Internet Protocol
InterNIC
ISOC
Nature of domain names
Namespace ZA

J
judicial dispute resolution

K
keywords

L
Lanham Act

M
meta tags

N
NAF
Namespace ZA
nature of domain names
NRF
NSF
nTLD

P
Paris Convention
passing off
Personality rights
possibility of applying trademark laws to domain names
Predatory or classical cybersquatters
problems created by
protection of domain names

R
recommendations and conclusions
registered trade marks
registration fees
registration form
registration of a similar domain name
registration of company names
registration of domain names
registration of variations
registration procedure
regulation of domain names
regulation of domain names in South Africa
reverse domain hijacking
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACPA</td>
<td>Anti-cybersquatting Consumer Protection Act</td>
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<tr>
<td>AIPPI</td>
<td>Association Internationale pour la Protection de la Propriete Industrielle</td>
</tr>
<tr>
<td>APARNET</td>
<td>Advanced Research Projects Agency Network</td>
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<td>AT&amp;T</td>
<td>American Telephone and Telegraphic Company</td>
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<tr>
<td>CCC</td>
<td>Correspondence College Council</td>
</tr>
<tr>
<td>ccTLD</td>
<td>Country code top-level domain</td>
</tr>
<tr>
<td>DARPA</td>
<td>Department of Defence’s Advanced Research Projects Agency</td>
</tr>
<tr>
<td>DNS</td>
<td>Domain Name System</td>
</tr>
<tr>
<td>DRS</td>
<td>Dispute Resolution Service</td>
</tr>
<tr>
<td>ECTA</td>
<td>Electronic Commerce Communications Transactions Act</td>
</tr>
<tr>
<td>EIPR</td>
<td>European Intellectual Property Review</td>
</tr>
<tr>
<td>FNC</td>
<td>Federal Networking Council</td>
</tr>
<tr>
<td>FRD</td>
<td>Foundation for Research and Development</td>
</tr>
<tr>
<td>gTLD</td>
<td>generic Top-level domain</td>
</tr>
<tr>
<td>HSRC</td>
<td>Human Science Research Council</td>
</tr>
<tr>
<td>HTML</td>
<td>Hypertext Mark-up Language</td>
</tr>
<tr>
<td>IAHC</td>
<td>International Ad Hoc Committee on Domain Names</td>
</tr>
<tr>
<td>IANA</td>
<td>Internet Assigned Numbers Authority</td>
</tr>
<tr>
<td>ICANN</td>
<td>Internet Corporation for Assigned Names and Numbers</td>
</tr>
<tr>
<td>IP</td>
<td>Internet Protocol</td>
</tr>
<tr>
<td>ISOC</td>
<td>Internet Society</td>
</tr>
<tr>
<td>ISP</td>
<td>Internet Service Provider</td>
</tr>
<tr>
<td>JBL</td>
<td>Jutas’ Business Law</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>NRF</td>
<td>National Research Fund</td>
</tr>
<tr>
<td>NSF</td>
<td>National Science Foundation</td>
</tr>
<tr>
<td>NSI</td>
<td>Network Solutions Incorporation</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>nTLDs</td>
<td>National top-level domain</td>
</tr>
<tr>
<td>SCT</td>
<td>Standing Committee on law of Trademarks</td>
</tr>
<tr>
<td>SLD</td>
<td>Second level domain</td>
</tr>
<tr>
<td>TLD</td>
<td>Top-level domain</td>
</tr>
<tr>
<td>UDRP</td>
<td>Uniform Domain Name Dispute Resolution Policy</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UKERNA</td>
<td>United Kingdom Education and Research</td>
</tr>
<tr>
<td>Networking Association</td>
<td></td>
</tr>
<tr>
<td>UNINET</td>
<td>University Network</td>
</tr>
<tr>
<td>URL</td>
<td>Uniform Resource Locator</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USPTO</td>
<td>United States Patents and Trademarks Office</td>
</tr>
</tbody>
</table>
LIST OF ANNEXURES
ANNEXURE ONE

i. There are ten general top-level domains, which are:

<table>
<thead>
<tr>
<th>Domain</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>.com</td>
<td>for commercial activities</td>
</tr>
<tr>
<td>.net</td>
<td>for networks</td>
</tr>
<tr>
<td>.org</td>
<td>for non-profit organizations</td>
</tr>
<tr>
<td>.earo</td>
<td>for the air-transport industry</td>
</tr>
<tr>
<td>.biz</td>
<td>for businesses</td>
</tr>
<tr>
<td>.coop</td>
<td>for co-operatives</td>
</tr>
<tr>
<td>.info</td>
<td>for information databases like encyclopaedias and online libraries</td>
</tr>
<tr>
<td>.museum</td>
<td>for museums</td>
</tr>
<tr>
<td>.pro</td>
<td>for professionals like attorneys and doctors</td>
</tr>
<tr>
<td>.name</td>
<td>for personal names e.g. john.nyama.name</td>
</tr>
</tbody>
</table>

Other popular general top-level domain names are .tv and .ws. These top level domains were initially country codes for the island of Tavalu and West-Samoa. But because of their similarity to the abbreviation tv (for television) and ws (for web site) they became valuable international top-level domains.

ii. In South Africa there are the following

<table>
<thead>
<tr>
<th>Domain</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>.ac.za</td>
<td>for academic institutions</td>
</tr>
<tr>
<td>.alt.co</td>
<td>no definition yet</td>
</tr>
<tr>
<td>.bourse.za</td>
<td>for companies listed on the JSE</td>
</tr>
<tr>
<td>.city.za</td>
<td>for all local cities</td>
</tr>
<tr>
<td>.co.za</td>
<td>for commercial activities</td>
</tr>
<tr>
<td>.edu.za</td>
<td>for distance learning organizations</td>
</tr>
<tr>
<td>.gov.za</td>
<td>for governmental departments</td>
</tr>
<tr>
<td>.law.za</td>
<td>for the legal profession</td>
</tr>
<tr>
<td>.mil.za</td>
<td>for military establishments</td>
</tr>
<tr>
<td>.net.za</td>
<td>for the ports on networks of internet services providers</td>
</tr>
<tr>
<td>.ngo.za</td>
<td>for non-governmental organizations</td>
</tr>
<tr>
<td>.nom.za</td>
<td>for individuals and persons</td>
</tr>
<tr>
<td>.org.za</td>
<td>for non-commercial activities</td>
</tr>
<tr>
<td>.school.za</td>
<td>for schools</td>
</tr>
<tr>
<td>.tm.za</td>
<td>for the owners of registered trademarks</td>
</tr>
<tr>
<td>.web.za</td>
<td>for individuals who require namespace only and for web servers.</td>
</tr>
</tbody>
</table>
ANNEXURE TWO

UNIFORUM SA
TERMS AND CONDITIONS
for Domains registered in the CO.ZA Domain Name Space
As at Fri Oct 9 17:28:22 CAT 1998

1. Definitions

1.1 "Agreement" means the Application read together with these terms and conditions;
1.2 "Applicant" means the party making application for the registration or update of its Domain Name in terms of this Agreement;
1.3 "Application" means the application for the registration or update of a Domain Name submitted by the Applicant and to which these terms and conditions apply;
1.4 "Domain Name" means domain names in the ".co.za" namespace of the Internet, including all other subdomains of ".za" that are administered by UniForum SA;
1.5 "effective date" means, in respect of the registration or update of a Domain Name, the date on which such registration or update is registered by UniForum SA (as evidenced by an electronic message from UniForum SA to Applicant confirming same), provided that UniForum SA receives payment of the fees in respect of such registration or amendment within the period contemplated in clause 3;
1.6 "UniForum SA" means UniForum SA (Association Incorporated under Section 21), Registration No 88\04299\08;

2. UniForum SA is responsible for assigning domain names in the ".co.za" namespace of the Internet. These terms and conditions apply to the use and registration of Domain Names.

3. Fees

3.1 Applicant shall, within 30 (thirty) days of submitting its application, pay the then current fee in respect thereof, as determined by UniForum SA from time to time. In addition, Applicant shall, within 30 (thirty) days of the anniversary of the effective date pay an annual maintenance fee, as determined and published by UniForum SA from time to time, in respect of the Domain Name registration.

3.2 Should applicant fail to pay any of the fees contemplated in this clause 3 within the periods stated herein, UniForum may, without derogating from any other right which it may have in terms of this Agreement or otherwise, and without notice, de-register the Applicant's Domain Name.

4. UniForum SA shall under no circumstances whatsoever be obliged to determine the right of the Applicant to register a Domain Name. Domain Names are registered on a "first come, first served" basis and registration of a Domain Name by UniForum S.A shall in no way constitute any indication or warranty of Applicant's right to utilise such name.

5. Applicant's Warranties & Indemnity

5.1 Applicant hereby irrevocably represents, warrants and agrees as that:

5.1.1 its statements in the Application are true and correct;
5.1.2 it has the right without restriction to use and register the Domain Name requested in the Application;
5.1.3 it has a bona fide intention to use the Domain Name on a regular basis on the Internet;
5.1.4 the use or registration of the Domain Name by Applicant does not or will not interfere with, nor infringe the right of any third party in any jurisdiction with respect to trademark, service mark, tradename, company name, close corporation name, copyright or any other intellectual property right;

5.1.5 it is not seeking to use the Domain Name for any unlawful purpose whatsoever, including, without limitation, unfair competition, defamation, passing off or for the purpose of confusing or misleading any person;

5.1.6 at the time of the initial submission of the Domain Name request, and at all material times thereafter, it shall have an operational name service from at least two operational Internet servers for that domain name. Each server is and will continue to be fully connected to the Internet and capable of receiving queries under that Domain Name and responding thereto;

5.1.7 it has selected its Domain Name without any input, influence or assistance from UniForum SA.

5.2 Pursuant to the above warranties, Applicant hereby agrees that it shall defend, indemnify and hold harmless UniForum SA, its directors, officers, members, employees and agents, for any loss, damage, expense or liability resulting from any claim, action or demand arising out of or related to a breach of the aforementioned warranties or the use or registration of the Domain Name, including reasonable attorneys fees on an attorney and own client basis. Such claims shall include, without limitation, those based upon tradename infringement, copyright infringement, dilution, unfair competition, passing off, defamation or injury to reputation. UniForum SA agrees to give Applicant written notice of any such claim, action or demand within reasonable time of becoming aware thereof. Applicant agrees that UniForum SA shall be defended by attorneys of UniForum SA’s choice at Applicant’s expense, and that Applicant shall advance the costs incurred in such litigation, to UniForum SA on demand from time to time.

6. UniForum SA gives no warranties of any nature whatsoever with regard to the Domain Name, the registration or use thereof and hereby disclaims all such warranties, whether express or implied.

7. Applicant agrees that UniForum SA shall have the right to withdraw the Domain Name from use and registration on the Internet:-

7.1 in the circumstances contemplated in clause 3;

7.2 should UniForum SA receive an order by any competent court having jurisdiction that the Domain Name rightfully belongs to a third party or infringes a third party’s rights;

7.3 should Applicant breach any other provision of this Agreement, and fail to remedy such breach within 14 (fourteen) days of receiving written notice from UniForum calling upon it to do so;

7.4 should Applicant not make regular use, as determined by UniForum SA in its reasonable discretion, of its assigned Domain Name for a period of 90 (ninety) days or more.

8. Applicant acknowledges that all information provided to UniForum SA in the Application may be published by UniForum SA on its website at http://co.za and Applicant hereby irrevocably and without limitation consents to the publication of such information.

9. Under no circumstances whatsoever shall UniForum SA be obliged to:-

9.1 act as an arbiter of disputes arising out of the registration and use of the Domain Name;

9.2 refund any fees paid by the Applicant once the registration or amendment, as the case may be, in respect of which such fees are paid, has been effected by
10. Should UniForum SA be presented with evidence that indicates that a Domain Name registered to Applicant violates the rights of a third party, UniForum SA shall be entitled to provide the complainant with Applicant's name and address and all further communication will exclude UniForum SA and UniForum SA will have no further obligations to the Applicant or complainant.

11. UniForum SA WILL UNDER NO CIRCUMSTANCES WHATSOEVER AND HOWSOEVER ARISING BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, LOSS OF USE, BUSINESS INTERRUPTION OR LOST PROFITS), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, DELICT, OR OTHERWISE, EVEN IF UniForum SA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. WITHOUT DEROGATING FROM THE AFOREGOING, UniForum SA's LIABILITY FOR DIRECT DAMAGES ARISING OUT OF THIS AGREEMENT SHALL UNDER NO CIRCUMSTANCES EXCEED THE REGISTRATION OR AMENDMENT FEE, AS THE CASE MAY BE, PAYABLE BY APPLICANT.

12. The Applicant hereby consents to the jurisdiction of the High Court of South Africa sitting at Pretoria for the adjudication of any legal dispute between UniForum SA and Applicant and these terms and conditions will be construed and interpreted in accordance with the law of the Republic of South Africa.

13. These terms and conditions may only be varied or cancelled with the express written consent of UniForum SA.

14. Without derogating from the aforesaid, Applicant hereby acknowledges that UniForum SA may alter, delete or supplement ("amend") these terms and conditions by publishing such amendments on the UniForum SA website at http://co.za from time to time. Applicant accepts that it is incumbent on it to monitor such changes and it hereby agrees that should it fail to notify UniForum of Applicant's wish not to be bound by such amended terms and conditions within 30 (thirty) days of such amendment being published, it shall conclusively be deemed to have acceded and agreed to the amendments thus published.

15. In the event that any of these terms are found to be invalid, unlawful or unenforceable, such terms will be severable from the remaining terms, which will continue to be valid and enforceable.
# ANNEXURE THREE

**The South African Trade Marks Act 193 of 1994**

<table>
<thead>
<tr>
<th>The Trade Marks Act 193 of 1994 Requirements for Infringement</th>
<th>Identical mark</th>
<th>Identical or similar mark</th>
<th>Similar/Identical Mark</th>
<th>Deception and Confusion</th>
<th>Takes unfair advantage</th>
<th>Well-known in the Republic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 (1)a</td>
<td>YES</td>
<td></td>
<td></td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>34(1)b</td>
<td>YES</td>
<td></td>
<td></td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>34(1)c</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>
Uniform Domain Name Dispute Resolution Policy

Policy Adopted: August 26, 1999
Implementation Documents Approved: October 24, 1999

Notes:

1. This policy is now in effect. See www.icann.org/udrp/udrp-schedule.htm for the implementation schedule.

2. This policy has been adopted by all accredited domain-name registrars for domain names ending in .com, .net, and .org. It has also been adopted by certain managers of country-code top-level domains (e.g., .nu, .tv, .ws).

3. The policy is between the registrar (or other registration authority in the case of a country-code top-level domain) and its customer (the domain-name holder or registrant). Thus, the policy uses "we" and "our" to refer to the registrar and it uses "you" and "your" to refer to the domain-name holder.

Uniform Domain Name Dispute Resolution Policy

(As Approved by ICANN on October 24, 1999)
1. **Purpose.**

This Uniform Domain Name Dispute Resolution Policy (the "Policy") has been adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"), is incorporated by reference into your Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you and any party other than us (the registrar) over the registration and use of an Internet domain name registered by you. Proceedings under Paragraph 4 of this Policy will be conducted according to the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules of Procedure"), which are available at www.icann.org/udrp/udrp-rules-24oct99.htm, and the selected administrative-dispute-resolution service provider's supplemental rules.

2. **Your Representations.**

By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.

3. **Cancellations, Transfers, and Changes.**

We will cancel, transfer or otherwise make changes to domain
name registrations under the following circumstances:

a. subject to the provisions of Paragraph 8, our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;

b. our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction, requiring such action; and/or

c. our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by ICANN. (See Paragraph 4(i) and (k) below.)

We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your Registration Agreement or other legal requirements.


This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/udrp/approved-providers.htm (each, a "Provider").

a. Applicable Disputes.

You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

b. Evidence of Registration and Use in Bad Faith.

For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or
other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

c. How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint.

When you receive a complaint, you should refer to Paragraph 5 of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

d. Selection of Provider.

The complainant shall select the Provider from among those approved by ICANN by submitting the complaint to that Provider. The selected Provider will administer the proceeding, except in
cases of consolidation as described in Paragraph 4(f).

e. Initiation of Proceeding and Process and Appointment of Administrative Panel.

The Rules of Procedure state the process for initiating and conducting a proceeding and for appointing the panel that will decide the dispute (the "Administrative Panel").

f. Consolidation.

In the event of multiple disputes between you and a complainant, either you or the complainant may petition to consolidate the disputes before a single Administrative Panel. This petition shall be made to the first Administrative Panel appointed to hear a pending dispute between the parties. This Administrative Panel may consolidate before it any or all such disputes in its sole discretion, provided that the disputes being consolidated are governed by this Policy or a later version of this Policy adopted by ICANN.

g. Fees.

All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in cases where you elect to expand the Administrative Panel from one to three panelists as provided in Paragraph 5(b)(iv) of the Rules of Procedure, in which case all fees will be split evenly by you and the complainant.

h. Our Involvement in Administrative Proceedings.

We do not, and will not, participate in the administration or conduct of any proceeding before an Administrative Panel. In addition, we will not be liable as a result of any decisions rendered
i. Remedies.

The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the complainant.

j. Notification and Publication.

The Provider shall notify us of any decision made by an Administrative Panel with respect to a domain name you have registered with us. All decisions under this Policy will be published in full over the Internet, except when an Administrative Panel determines in an exceptional case to redact portions of its decision.

k. Availability of Court Proceedings.

The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel’s decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has
submitted under Paragraph 3(b)(xiii) of the Rules of Procedure. (In
general, that jurisdiction is either the location of our principal
office or of your address as shown in our Whois database. See
Paragraphs 1 and 3(b)(xiii) of the Rules of Procedure for details.) If
we receive such documentation within the ten (10) business day
period, we will not implement the Administrative Panel’s decision,
and we will take no further action, until we receive (i) evidence
satisfactory to us of a resolution between the parties; (ii) evidence
satisfactory to us that your lawsuit has been dismissed or
withdrawn; or (iii) a copy of an order from such court dismissing
your lawsuit or ordering that you do not have the right to continue
to use your domain name.

5. All Other Disputes and Litigation.

All other disputes between you and any party other than us
regarding your domain name registration that are not brought
pursuant to the mandatory administrative proceeding provisions of
Paragraph 4 shall be resolved between you and such other party
through any court, arbitration or other proceeding that may be
available.

6. Our Involvement in Disputes.

We will not participate in any way in any dispute between you and
any party other than us regarding the registration and use of your
domain name. You shall not name us as a party or otherwise
include us in any such proceeding. In the event that we are named
as a party in any such proceeding, we reserve the right to raise
any and all defenses deemed appropriate, and to take any other
action necessary to defend ourselves.

7. Maintaining the Status Quo.

We will not cancel, transfer, activate, deactivate, or otherwise
change the status of any domain name registration under this Policy except as provided in Paragraph 3 above.

8. **Transfers During a Dispute.**

**a. Transfers of a Domain Name to a New Holder.**

You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

**b. Changing Registrars.**

You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the
domain name registration was transferred.


We reserve the right to modify this Policy at any time with the permission of ICANN. We will post our revised Policy at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to a Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of our change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration.