

ONLINE TRADE MARK DISPUTES: Challenges of an Evolving Front

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The Internet is a place of endless possibilities, increasingly the first port of call for consumers of anything from agricultural machinery to designer clothing. The more that the Internet is embraced by consumers and companies alike, the more frequently it is becoming the battleground for Intellectual Property disputes, such as disputes involving trade marks. Such disputes may involve cybersquatting or typosquatting, the use of Adwords, Facebook, Twitter, Google Places listings on Google Maps, or domain name disputes. The proliferation of available domain names is adding to the likelihood of such disputes. Even the most well protected brands are likely to face an increase in online trade mark disputes.

There are many issues facing brand owners who encounter unauthorised use of their trade marks online. Whilst trade mark rights are generally territorial, the Internet is without such geographical boundaries, which leads to difficulties when attempts are made to enforce rights such as registered trade marks. Furthermore, often use online does not correspond clearly to a particular good or service and it is not always clear whether use online constitutes use as a trade mark. For example, domain names technically function as the electronic equivalent of a street address, but they are commonly understood to act in practice as an indicator of origin as well. Options to address online trade mark disputes include relying on trade mark infringement, passing off and/or the Fair Trading Act 1986. There are also options specific to online issues, such as the New Zealand Dispute Resolution Service Policy for .nz domain disputes.

In order to establish trade mark infringement, the use online must constitute use of the same or similar sign as the registered trade mark, in relation to the same or similar goods or services, and such use must be likely to deceive or confuse. In addition, the use must be use as a trade mark. Determining whether use online constitutes use as a trade mark requires consideration of whether the online mark is used to distinguish the goods or services of one trader from those of another. For example, if a domain name is used in relation to a website which does not offer goods or services, or does not offer goods or services that are the same or similar as those covered by a registered trade mark, then an action for trade mark infringement is unlikely to be successful. However, there may be some scope for injunctive relief if a third party has registered a domain name incorporating a registered trade mark, but is not yet using the website to trade, on the basis of the threat of infringement. However, this is a grey area of law and will depend on the circumstances of the case.

In the recent case of *Sports Warehouse Inc.v Fry Consulting Pty Ltd* [2010] FCA 664 (25 June 2010), the Federal Court of Australia considered the issue of when use of a domain name can constitute use of a trade mark. Australian cases have influence in New Zealand, particular in an area of law such as this where there is very little judicial guidance. In this case, the issue arose during the course of considering whether the Applicant had established sufficient use of the mark TENNIS WAREHOUSE to overcome the concerns regarding lack of distinctiveness. The Applicant wanted to rely on their use of the domain name www.tennis-warehouse.com in support of their claim for acquired distinctiveness. The respondent argued that this use was not use as a trade mark. The Court held that use of a domain name may constitute use of a trade mark, and it is not to be considered as only an address on the Internet. Whether or not a domain name is used as a trade mark was said to depend on the context in which the domain is used. In this case the Court found that it did constitute use as a trade mark as the domain would be seen by the public as a sign for the online services identified by the trade mark as

available on the webpage to which it carries the user. This view is consistent with previous decisions regarding domain name use including *CSR Ltd v Resource Capital Australia Pty Ltd* [2003] FCA 279, which was a case dealing with cyber squatters who had no real intention of using the domain name as a trade mark. In that case, although the use was not found to be use as a trade mark, the Court allowed for the possibility that a domain name might be used as a trade mark and could constitute infringing use.

Further options for dealing with online trade mark disputes are available under the Fair Trading Act 1986 and under the common law action of passing off. To establish passing off, a reputation in the words (or similar words) in the mark used online must be established. The defendant's use must also amount to a misrepresentation and damages must be suffered, or likely to be suffered, as a consequence. A further cause of action may be on the grounds of misleading and deceptive conduct under the Fair Trading Act 1986. The Fair Trading Act provides legislation for the protection of consumers from unfair trade practices, and allows for anyone to take action against conduct in trade that is misleading or deceptive or is likely to mislead or deceive. Establishing passing off can be onerous and costly, due to the requirement to prove damages and reputation. However, if successful, damages and costs may be awarded.

The number of domain name extensions (such as .com) available is increasing, which is adding to the likelihood of Intellectual Property disputes involving these domain names. Recent additions include the launch of the .co top level domain name extension, as well as the availability in New Zealand to register a .nz domain using the macronised vowels **ā, ē, ī, ō** and **ū**, allowing correct representation of the Māori language. ICANN, the International body in charge of regulating the domain name space, have indicated they are liberalising their approach to domain name extensions generally. This leaves it open that companies may be able to obtain their own name as a domain name extension, for example, .cocacola.

In New Zealand, in addition to the recourse available by way of trade mark infringement, passing off and/or breach of the Fair Trading Act, those encountering an online trade mark dispute involving a .nz registered domain may wish to take advantage of the dedicated Dispute Resolution Service Policy ("DRSP"). This is administered by the Domain Name Commission, on behalf of InternetNZ, who are responsible for .nz domain names in New Zealand. New Zealand has been well represented on the domain front by Peter Dengate Thrush, a former Baldwins partner, has been involved in both ICANN and the New Zealand's InternetNZ since their inception. The DRSP differs from ICANN's Uniform Dispute Resolution Service (UDRS), which deals with top level domains such as .com. All .nz registrants agree to be bound by the DRSP when registering or renewing a .nz domain name. To receive a favourable decision under the DRSP a Complainant must establish on the balance of probabilities both "Rights" in respect of a mark which is identical or similar to the Domain Name, as well as that the domain name, in the hands of the Respondent, is an "Unfair Registration". "Rights" are defined as including, but not limited to, rights enforceable under New Zealand law. Therefore, this appears to cover both New Zealand registered and unregistered trade marks, and possibly foreign trade marks. "Unfair Registration" is defined as a domain name which was registered or acquired in a manner which took unfair advantage or was unfairly detrimental to the Complainant's rights, or is used or likely to be used in a manner which takes undue advantage or is unfairly detrimental to the Complainant's rights.

The procedure under the DRSP begins with both parties having the opportunity to file submissions. A period of Informal Mediation follows, facilitated by an officially appointed mediator. If no acceptable resolution can be achieved by Informal Mediation, the Complainant will have to pay a fee of approximately NZD\$1800 plus GST (approximately USD\$1320 or EUR€1000) and an Expert will be appointed who issues a written Decision. The written Decision may include a direction that a domain name should be cancelled, transferred, suspended or otherwise amended. There is an option to appeal the Expert's decision to a panel of three Experts. The DRSP process is a relatively quick and cost effective method of dealing with a domain name dispute and there is a general consensus that the process generally favours Complainants. Furthermore, there is not a strict requirement that the domain be in use as a trade mark, as there is for an action based on trade mark infringement. This is

particularly useful in dealing with cybersquatters or typosquatters. However, it is not possible to obtain an award for costs or damages, which may otherwise be available under trade mark infringement and/or passing off.

In today's ever-evolving world of the Internet, it is clear that the misappropriation of a brand online is a serious cause for concern. In the event that this involves a .nz domain name dispute, the most cost effective and timely option for resolution is by way of the official DRSP process. However, in many other cases brand owners will have to rely on their rights under a trade mark registration, common law rights under passing off and/or breach of the Fair Trading Act 1986.

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