CHAPTER 2:
DOMAIN NAMES AND TRADEMARKS: AN UNDERSTANDING OF THE CONFLICT
2.1 Introduction

The invention of computer is one of the cherished gifts of science and technology. Wide spread use of computer led to the further development in the field of communication through the media of Internet. The early days of 1990s saw the use of Internet mainly for e-mails and gathering information. But now with the emergence of electronic commerce (e-commerce) there is a rapid growth in the commercial activities taking place via Internet.\(^1\) Today, Internet facilitates us in all walks of our life. From e-mails to e-governance from online banking to online dispute resolution system, the Internet has been a platform for progress.

While the merits of Internet usage are undisputable, it is not free from the demerits. Internet has always been found as major problem creator for law.\(^2\) Cyberspace has been prone to a number of misuses because of its inherent nature of being without any boundary. It has paved way for different types of crimes and complex conflicting situations in the virtual

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Thus, the various aspects of Internet have posed challenge not only to the business entities and public in general but also to law makers and judges. One such challenging issue which needs immediate attention is the domain name-trademarks conflicts.

### 2.2 Domain Names: Origin and Meaning

The Internet is a novel and unique medium for human communication worldwide, and domain names are the *sine qua non* phenomenon of cyberspace. It is an offshoot of the modern day e-commerce. The Internet is a network of networks of computers. Every computer connected to this network is given a unique electronic address, which is called Internet Protocol (IP) address. Each identifiable location in cyberspace has its own distinctive IP address. The IP addresses are

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5 *Supra* note 1.

numerical in nature as they are expressed by a lengthy sequence of digits. For ex: 0110.11.01.00. Since IP addresses are numerical in nature, they are not catchy and hence not easy to remember ultimately resulting in mistakes being made in typing an intended IP address. As the popularity of the Internet increased so too the difficulty to remember these numerical addresses became obvious. Thus, for the purpose of convenience, a word / alphabet based system called as Domain Name System (DNS) was introduced. In simple, a domain name is the word / alphabet based substitute to the numeric IP addresses. These alternates to the string of numbers are human comprehensible and memorable in nature. Just like the address of a person in the real world, the domain names are the addresses of


the respective domains in the global computer network.\textsuperscript{11} While logging onto the Internet through a server, the server would interpret the said domain name into its particular corresponding numerical IP address. Thus, for example, a domain name ‘search.msn.co.in’ would be interpreted by the server as its corresponding IP address, ‘207.46.176.53’. This is how the domain name system functions.\textsuperscript{12}

Domain name is distinct from website and Universal Resource Locator (URL). Domain name, being the substitute to IP address, forms only part of the other two. However the distinction between domain name and website is blurring, since it doesn’t have much practical significance, and therefore many use these terms interchangeably. While domain name is a part of the website, the URL is the extended path of the website,\textsuperscript{13} which

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helps in locating the website. This can be better illustrated by the following example.


Initially the role of domain name, just like postal addresses, was confined to provide address for computers on the Internet for the purpose of communication. However the situation changed soon with the beginning of commercial activities over the Internet. The domain name system has played a pivotal role in the development of the modern day e-commerce. The identification of goods and services as the goods or services provided by respective entities is indispensible in the modern day commerce, since it helps the buyers to go for quality goods and services. While in the traditional commerce this function of identification is performed by the trademarks of the business entities, on the Internet, the domain names

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Last visited, 05 November 2009.

perform the same function.\(^\text{16}\) Domain names, being the simple and easily memorable form of Internet addresses, are designed in such manner that they function to enable the netizens to locate the specific site on the Internet among rapidly increasing uncountable number of sites. This helps the online customers to reach the website of the particular business entity from where they intend to purchase.\(^\text{17}\) Thus, with the increase in online business activities, the domain name has not only acquired the status of being the business identifier, but also has been considered as most important by the traders, since it is the name that attracts the customers in the modern day business.\(^\text{18}\)

2.3 **An Insight into Domain Name System**

The domain name system consists of two sets of domains. The first level set of domains is called as top level domains (TLDs). They can be seen in the right most part of the domain names. The TLDs can be further divided into generic top level domains (gTLDs), and country code top level domains (ccTLDs). While the gTLDs are intended to provide information

\(^{16}\text{Richard Stim, Trademark Law, (Canada: West Legal Studies, 2000) p. 99.}\)


\(^{18}\text{Supra note 3.}\)
about the type or nature of the organizations, ccTLDs generally give information about the location of organizations. Traditionally, there were seven gTLDs, namely .com, .org, .net, .edu, .int, .gov and .mil.19 After 2000, some new gTLDs are operated due to the efforts of the Internet Corporation for Assigned Names and Numbers (ICANN). These new gTLDs include .biz, .info, .pro, .(name), .museum, .coop, and .aero.20

The three gTLDs, .com, org, and .net, have no restrictions on the persons / entities who may register names in them,21 and these three gTLDs are available for registration on a first come first served basis.22 Since the

19 ‘.com’ refers to commercial organizations, ‘.org’ refers to non-profit organization, ‘.net’ refers to network service providers, ‘.edu’ refers to educational institutions, ‘.int’ refers to international organizations, ‘.gov’ refers to government entities, and ‘.mil’ refers to military and defence entities. Supra note 3, p. 202.

20 ‘.biz’ refers to businesses, ‘.info’ refers to unrestricted general use, ‘.pro’ refers to professionals, ‘.name’ refers to individuals, ‘.museum’ refers to museums, ‘.coop’ refers to cooperatives and ‘.aero’ refers to air transport industries. Ibid, p. 203.


gTLDs indicate the global presence of the holder, huge money is spent in procuring the appropriate gTLD.\textsuperscript{23}

The ccTLDs bear a two letter country code, which helps in identifying the country of the domain name holder. To quote some examples, .uk indicates that the domain name is United Kingdom (UK) based, .fr indicates France based, .ca means Canada based and .in stands for India based domain names. By virtue of this, each country has distinct TLDs.\textsuperscript{24} Each ccTLD can have a second level. For example, in India there can be .co.in (for company), .ltd.in (for private limited company), .edu.in (educational institutions) etc. Though the individuals are free to register their domain names under any gTLD or ccTLD, no one gets any kind of right over either of them.\textsuperscript{25} Both, being generic in nature, are open to everybody for registration.

\textsuperscript{23} Supra note 10, p. 18.


\textsuperscript{25} Supra note 16, p. 100.
For registering a ccTLD, each country has an allocating office. For example, UK based domain names are registered at Nominet UK Limited. In United States (US), the US National Standards Institute (NSI) has the authority to allocate ccTLDs. In India, .IN Registry, which operates under the authority of National Internet Exchange of India (NIXI), performs the function of allocation. The registrations of ccTLDs are subject to restrictions in various countries. While some countries have restrictions on second level structure of ccTLDs and on number of registrations per person or firm, most of the countries require the registrants to be domiciled in that country. However, the recent trend in countries like India and UK shows that the domicile requirement is not necessary for registration of their ccTLDs. In effect, now anyone can register the .in and .uk ccTLDs. The reason for such open registration is to promote the growth of respective


28 Supra note 9, p. 619.

29 United States, Canada and Australia are few examples of states adopting restrictive approach.
state’s Internet world. Unfortunately, this development has served as a death blow to the basic purpose of ccTLDs, which is the identification of domain name holders’ state.

The second sets of domains are referred to as sub-domains. In the domain name, the sub-domains exist in the left of TLD. The sub-domain can further be divided into several levels starting with the second level domain. There can be third level, fourth level, fifth level and so on, with virtually no limitation. The business entities usually prefer to have their trademark as their second level domain, in order to establish their identity over the Internet. The remaining sub-domains would usually depict the subdivisions in the second level domains. Following illustration depicts the different levels of domains found in a domain name.

www.library.nls.uk.in

(4)  (3)  (2)  (1)

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30 It is found that .co.uk and .org.uk are the most commonly registered domain names at present.

Domain Names and Trademarks: An Understanding of the Conflict

(1) Generic top level domain (gTLD)
(2) Country code top level domain (ccTLD)
(3) Second level domain
(4) Third level domain

The domain name system is currently managed and administered by Internet Corporation for Assigned Names and Numbers (ICANN).\(^{31}\) The ICANN is a nonprofit public-benefit nongovernmental organization with an international board of directors, working from 1999.\(^{32}\) It administers the root domain and manages TLDs with the help of hundreds of domain name registries spread throughout the world.\(^{33}\) Each of these registries is certified by and subject to the direct supervision of ICANN.\(^{34}\) The ICANN also sets standards for the performance of registration functions, vetting applicants in relation to those standards and for managing accreditation agreements.


\(^{33}\) See <http://www.internic.net/alpha.html> Last visited, 02 March 2010.

\(^{34}\) <http://www.igoldrush.com/registrars.htm> Last visited, 02 March 2010.
While gTLDs are governed directly under ICANN and subject to the terms and conditions defined by ICANN with the cooperation of gTLD registries,\textsuperscript{35} ccTLDs are governed by the terms and conditions of respective state governments. For the purpose of ccTLD allocation, each country has established a registry.\textsuperscript{36}

The registration of domain name takes place online. There are many open access websites providing information regarding available domain names, national registration requirements and other incidental matters. Thus any intended registrant can check these details free of cost. One of the prominent directories, which provides information about the availability of domain names for registration is the WHOIS directory.\textsuperscript{37} Once a domain name is registered, it takes up to 72 hours to become accessible on the Internet. This is the reasonable time period required for spreading the

\textsuperscript{35} For registering different gTLDs, different registries are setup. For examples, the .biz domain is registered by Neulevel, the .com and .net domains are operated by Verisign Global Registry Services, the .info domain is operated by Afilias Limited, the .name registry is operated by Global Name Registry, the .org domain is operated by Public Interest Registry and the .pro domain is operated by RegistryPro.


information about the new domain name to thousands of name servers all over the Internet.

Since the domain names are unique, and therefore no two persons can register the same domain name, each competing registrar of domain name maintains universal database of unavailable domain names. This prevents the registration of already existing domain name and thereby avoids chaos in the virtual world. An important aspect of the domain name registration is that the registration is valid for specified period of time, extending from one to ten years, after which the domain name holder must renew it periodically. The failure to renew results in the cancellation of registration of domain name, and thereby becomes available for fresh registration by anybody.


40 Different registries offer different registration periods subject to different registration rates. See <http://www.thesitewizard.com/archive/registerdomain.shtml> Last visited, 02 March 2010.
2.4 Domain Name: A Virtual Property?

With the tremendous expansion in the registration of domain names, an obvious question before the legal fraternity is regarding the property underpinnings of the domain names. In other words, whether the domain names qualify to be virtual property of the holders? Since the registration of a domain name gives registrant certain rights over it, though can be subject to challenge before national courts or UDRP panels for different reasons, necessarily we need to consider whether such rights are akin to rights that one enjoy over one’s property?

As rightly pointed out by one of the profound scholars of Jurisprudence, Julius Stone, the right to property exists due to the recognition given in the civilized society for men who have discovered or created by their own labour, physical or mental, something that is beneficial to them under the existing social and economic order. The need to control such things forms the basis of recognition of such rights.41

The legal scholars are divided in their opinion regarding the status of domain names as virtual property. The scholars, who are of the view that

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domain names are not virtual property, consider it as just a licensed right to use the name for a particular purpose, that is, to establish the presence of the domain name holder over the Internet. According to them, in order to qualify as a property in the virtual world, the things need to have value, especially economic, in the virtual world. Domain names though are subject to sale, their sales are not recognized under law, and therefore they are devoid of economic value. Thus, the rights that emanate from domain names are contractual rights and not property rights.

In line with this argument, the Virginian Supreme Court in *Network Solutions, Inc. v. Umbro International, Inc.* held that “a domain name registrant acquires the contractual right to use a unique domain name for a specified period of time… but this contractual right is inextricably bound to the domain name services that Network Solutions provides.” Therefore, *Umbro* concluded that domain name registration agreement is a contract for

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42 See *Supra* note 3, p. 208.


services rather than property. Similar sort of conclusion is also reached by other courts.\textsuperscript{45}

The supporters of virtual property status of domain names might tend to derive support from Roscoe Pound’s statement that the Proculians had the practice of awarding the new thing to its maker because prior to his labor that thing had not existed.\textsuperscript{46} While applying this logic to domain names, the scholars advocate that the registrant applies his intelligence and skill to select such name which helps for his identification and fulfillment of other purposes over the Internet. So he has to be given some sort of property rights over his creation. Hence, domain names, URL, e-mail accounts etc. are classified as virtual property.\textsuperscript{47}

The scholars also argue that the concept of property and contract have undergone revolutionary changes.\textsuperscript{48} In the age of digital information,

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the value has shifted from goods and real estate to control of information and other intangibles. Given the importance of intangibles like domain names, the holder of them asserts his right against the whole world. Therefore, the supporters argue that if the right can be asserted against third parties not in privity with the holder of that right, it should be characterized as property right, even if the contractual rights are associated with it.\textsuperscript{49}

The debate over the property underpinnings of domain names seems to be unending. In this regard, an important aspect for our consideration is the ingredients of property rights. When we say of property right, there are three rights associated with it. They are, right to quite possession, right to use and right to dispose of the property.\textsuperscript{50} The first two ingredients, right to quite possession and right to use, can be seen in the domain name, acquired in accordance with the law. However, they are available only on temporary basis, since the domain name registrations are subject to periodic renewals. Most importantly, the last ingredient of right to property, right to disposal,


\textsuperscript{50} \textit{Milirrpu} v. \textit{Nabalco Pty Ltd.} [1971] ALR 65.
would always be missing in a domain name.\textsuperscript{51} This is due to the fact that the domain names cannot be subject to sale under law, though in practice there are many instances of sale. This continuing sale of domain names under the existing flourishing secondary domain name market has given a false impression that the domain names are freely transferable.\textsuperscript{52} Most of the scholars also bank on this false impression to accord property status to domain names.\textsuperscript{53} These factors clearly show that conferment of any kind of property status to domain name would be a myth.

The support to this view can be seen in both international and national levels. In the international level, when someone registers a domain name, he agrees to be bound by a “service agreement” with the registrar rather than a “purchase agreement”. Moreover, the service agreement uses the term “owner” to describe the holder of trademark and “registrant” to


\textsuperscript{53} See Supra note 49, p. 777.
refer to the party registering a domain name.\textsuperscript{54} This distinction clearly indicates the intention of pioneers of legal regime governing domain names to keep the domain name outside the realm of property.\textsuperscript{55} In the national level, Canadian position on the debate over property status of domain names seems to be relevant. In Canada, while registering a .ca domain name, the registrant must agree, as a contractual condition of registration, that he acquires no property right in the domain name. Similarly, in UK, the .uk domain name registrant is not considered as the owner, thereby the domain names exist devoid of property rights.\textsuperscript{56} Thus, the Canadian and UK positions assert that the domain name is not a property.\textsuperscript{57}

The conferment of property status to domain names would also result in practical difficulties. In a case where the domain name is registered by


\textsuperscript{55} See Supra note 49, p. 771.


borrowing from an intellectual property right, the conflict arises between the rights conferred by domain name and the intellectual property right in question. If the domain names are accepted as a kind of property, the unavoidable dilemma would be regarding the priority of conflicting property rights.\textsuperscript{58} In simple words, whether the domain name as a property should give way to intellectual property right in question or intellectual property right should give way to domain name? Therefore, the conferment of property status to domain names is not only theoretically meaningless, but also practically unadvisable.

2.5 Trademarks: Nature of Protection

The trademarks are one of the well-recognized types of intellectual property rights. Trademark can be defined as any word, name, slogan, design, symbol or sign, which distinguishes particular goods or services of one undertaking from the goods or services of other undertakings.\textsuperscript{59} Section 2 (zb) of the Indian Trade Marks Act 1999 defines trademark as a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and

\textsuperscript{58} Supra note 54, p. 5.

may include shape of goods, their packaging and combination of colours and includes certification trademark and collective mark.

The major function of trademark is to identify the source of origin of different products or services. In other words, trademark helps the consumers to trace the manufacturer of a product or the provider of a service required to them. Thus, the trademarks act as silent salesmen through which direct contact is developed between the consumer and the

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60 Certification trademark is a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable as such under Chapter IX in respect of those goods or services in the name, as proprietor of the certification trademark, of that person. (Sec. 2 (e) of the Indian Trade Marks Act)

61 Collective mark is a trademark distinguishing the goods or services of members of an association of persons (not being a partnership within the meaning of the Indian Partnership Act 1932) which is the proprietor of the mark from those of others. (Sec. 2 (g) of the Trade Marks Act)


the trademark owner.\textsuperscript{64} The trademark right includes an exclusive right to use a particular mark to build goodwill and reputation of an enterprise. This exclusive right prevents others from misleading consumers by creating a false impression of any kind of association with the enterprise owning a particular trademark.\textsuperscript{65} The nature of trademark is such that its value increases with the passing of years, consequent to increasing popularity.

From a commercial point of view, owing to the functions performed by trademarks, every entity wants its trademark to be protected just like any other tangible assets of the said entity.\textsuperscript{66} The laws relating to the protection of trademarks are generally country or region specific.\textsuperscript{67} Some countries require registration of trademark to ensure its protection. But in other countries, especially common law countries, though registration is a proof of validity of trademark, the laws recognize the goodwill built up in the


\textsuperscript{66} Supra note 6, p. 350.

name. Thus, the fact that a particular trade name is publicly acknowledged as being associated with a particular product or service is sufficient enough to obtain some forms of protection for that trade name in those countries. The laws in those countries recognize the action on the basis of common law principle of passing off, provided the trademark, said to be infringed, is well known and has established a reputation within the country.\textsuperscript{68} Section 27(2) of the Indian Trade Marks Act 1999 is an example of providing such kind of protection to unregistered trademarks.\textsuperscript{69}

The registration of trademark guarantees protection to the trademark holder within the territorial jurisdiction of the country where he is registering the trademark.\textsuperscript{70} In case the commercial activities of the trademark owner extend to other countries, he has to register his trademark separately in those countries to extend the shield of protection for his

\textsuperscript{68} Supra note 6, p. 368.

\textsuperscript{69} Sec. 27: No action for infringement of unregistered trademark -

1. No person shall be entitled to institute any proceeding to prevent, or to recover damages for the infringement of an unregistered trademark.

2. Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.

\textsuperscript{70} Supra note 62.
trademark, unless the passing off action is recognized by the country in question. The registration of trademark is always beneficial, even in the states that recognize passing off action. This is because an action for passing off requires the trademark holder to establish the fact that the trademark in question is well known and has obtained a reputation, which is not necessary in case of a registered trademark. Moreover, the legal regime relating to registered trademarks are comparatively more uniform across the countries.

What is key in the trademark infringement case is the likelihood of consumer confusion. Only in the cases where the trademark is used in an offending way by third parties to create consumer confusion, the trademark holder gets right of action. Therefore, there is sufficient scope for more than one person owning the same trademark. This can happen either in the cases where the trademark owners are located in different parts of the world or in the cases where they are dealing with different goods or services, since there can be little scope for consumer confusion.

2.6 Trademark-Domain Name Interrelations

In the modern era of electronic commerce and other online business ventures, every business enterprise is concerned about establishing its identity over the Internet. This function of identifying the business enterprise over the Internet is performed by domain names.\textsuperscript{72} Picking a suitable domain name is not an easy task. A number of factors need to be taken into consideration in doing so. One of the major factors is to include the trademark within the domain name.\textsuperscript{73} This is because the inclusion of trademark, which is well established to identify the enterprise in the real world, would foster the establishment of identity of the said enterprise over the Internet. The consumers, who are generally unaware of specific domain name of an enterprise, can easily locate the enterprise by typing its well-known trademark. Thus, the trademarks, which perform the function of

\textsuperscript{72} Thus the domain names are not only the gateway for information or for personal enjoyment but also are having increased commercial uses. \textit{Ibid}.

identification of enterprises in the real world, also can perform similar function in the virtual world in the form of domain names.\textsuperscript{74}

The interrelation between trademarks and domain names can also be seen in the domain name disputes. In the cases where the domain name is related to a trademark, the trademark right is a formal and substantial prerequisite for the successful domain name dispute. Today, the disputes relating to domain names that infringe the trademarks stand as the most common form of domain name disputes.\textsuperscript{75} Therefore, every trademark owner is burdened with the duty of protecting his trademark over the Internet before it is late.

Though there are lot of similarities between the functions of trademarks and domain names, they are neither theoretically nor practically identical. Apart from the difference in their area of operation, one operating


in the real world and the other in the virtual world, four striking differences can be pointed out. Firstly, while the registration of trademark is national in nature and effect, the registration of domain name is global in nature and effect. Secondly, there is a difference in the purpose of registration. On the one hand registration of trademark is done for protecting the mark from being used by others in the course of trade and on the other hand the domain name registration is for commercial or non-commercial use over the Internet. Thirdly, the trademarks are registered in relation to specific categories of goods or services. However, such kind of link with the goods or services is absent in the registration of domain names. Finally, same trademark can be registered by different persons in different parts of the world or in relation to different goods or services. But there cannot be more than one registrant of same domain name, since they are global in operation.


2.7 Conflicts between Trademarks and Domain Names

Due to the well-established link between the domain names and trademarks, every entrepreneur is keen to get his trademark registered as domain name. For this purpose, huge amount of money and time is invested by them in the modern era of electronic commerce. The involvement of large sum of money has paved the way for taking undue advantage by third parties, and resultantly, conflicts over the registration of domain names. The tremendous increase in the domain name disputes\textsuperscript{78} currently poses a serious challenge to the ICANN and national legal systems.\textsuperscript{79}

As already pointed out, the most common form of domain name dispute is the conflict between the rights of domain name holder and the trademark holder. Conflict between the two arises because of several reasons. Firstly, change in the role of the domain names can be pointed out as a fundamental reason. Though the original role of domain name is to


provide an address for different sites on the Internet, today in the modern era electronic commerce, it has evolved from being a mere means of communication to a mode wherein commercial activities take place. Thus domain names have become part of corporate and individual identities over the Internet. This somewhat independent status of domain name often comes in conflict with trademarks.

Secondly, the trademarks and domain names operate in two different fields and two different levels. While the trademarks operate in the real world, domain names are confined to virtual world. Added to this, trademarks are confined to national level / multinational level and domain names are international in nature. Due to this reason, there can be more than one holder of same trademark but there can’t be more than one holder of same domain name. This difference in the fields and levels of operation has resulted in lot of conflicts, since at some point of time they overlap with each other in determining the interests of stakeholders. Consequent to this overlap, one right holder would try to justify his right under one field / level

81 Supra note 62, p. 408.
and the other right holder would try to justify his right under other field / level, resulting in deadlock.

Thirdly, absence of connection between the systems of registration of trademarks and domain names constitutes a major reason for conflict. While the trademark registrations take place in the national level, domain name registrations take place in the international level. Since there is no interconnection, while granting a domain name, the registrar has no obligation to check whether it conflicts with trademark rights.  

Neither he interferes with the number of domain names one intends to register. His right to reject the domain name registration is confined only to the cases where same domain name already exists.  

Added to this, unlike trademark registration, there is no requirement of prior notice for domain name registration.

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registration. These factors always give sufficient scope for registering a trademark of someone as domain name by someone else.

Lastly and more importantly, the principle of first-come first-served employed in domain name registration has served as the hub of conflict. The first-come first-served makes it mandatory for the trademark holder to go for the registration of his trademark as domain name at the earliest point of time, so as to prevent others from registering it. In this competition for registration, there is a possibility of a genuine right holder losing the domain name to a third party, and thereby resulting in the conflict. The first-come first served is not only fatal to the trademark owners but also disadvantageous to the online consumers of product or services, since they might end up in landing to a website that they never intended.

There are four major situations in which domain names come in conflict with trademarks. They are existence of same trademarks, cybersquatting, registration of domain name similar to well-known trademark or domain name (typosquatting) and reverse domain name hijacking.

2.7.1 Same Trademarks Cases

These are the genuine cases of conflicts between trademarks and domain names because of their fundamental characteristics. The differences in the areas and levels of operation of trademarks and domain names have been a great challenge to law. Due to the national character, the trademarks can be owned by two or more persons. It may be in different countries on the same goods or services, or in relation to different goods or services in the same or different country.\(^8^6\) Since all the owners of same trademark want to promote their business online, they all would be interested to get their trademark registered as domain name. Unfortunately, this cannot happen since the domain names are unique and can only be held by one person.\(^8^7\) The first in time would be able to register the trademark as domain name, depriving all other holders of trademark from enjoying similar form of privilege. This ultimately results in disputes between the owners of same trademark.\(^8^8\)

\(^8^6\) *Supra* note 77, pp. 144 & 145.

\(^8^7\) Though it is possible to register the same second level domain in different TLDs, for example wipo.com, wipo.org, wipo.edu, wipo.net etc, it would not be of any use to the business entrepreneurs since they want their domain name essentially with .com. See *Supra* note 67.

\(^8^8\) *Supra* note 21, p. 5.
What is peculiar to this kind of cases is that the parties in conflict are all endowed with legal basis for their claim.\textsuperscript{89} It is this legal basis for the claims, which pose difficulty in the legal determination of the case. Consequently, neither national laws nor international dispute settlement mechanism (UDRP)\textsuperscript{90} could effectively deal with same trademark cases. One of the classic examples of difficulty encountered by the adjudicating bodies in such kind of cases is \textit{Prince PLC v. Prince Sports Group Inc.}\textsuperscript{91}

In \textit{Prince}, the plaintiff was a British computer services company and the defendant was the manufacturer of tennis racquets in US. The plaintiff had registration of prince.com as a domain name and consequently the defendant could not register the same. However defendant was the registered holder of trademark ‘prince’ in both US and UK. Therefore, he wrote a letter to the plaintiff contending that the use of the domain name ‘prince.com’ was an act of infringement, unfair competition and a dilution of his federal trademark. The defendant also threatened legal action unless

\textsuperscript{89} Usually, in a dispute, one of the parties would be having legal basis for the claim and the other would not be having. Consequently, the adjudicating body can easily uphold the claim of the party having legal basis for his claim.

\textsuperscript{90} Discussed in Chapter 4.

\textsuperscript{91} [1998] FSR 21.
the plaintiff transfer the domain name to him and agreed not to use the name ‘prince’ in future.

Upon failure to get back the domain name, the defendant initiated a domain name dispute with Network Solutions Inc (NSI). The NSI directed the plaintiff either to relinquish domain name within 30 days or to produce a valid pre-existing trademark registration within the stipulated period. Alternatively, the plaintiff was also given an option of taking legal action in any US court. It was also mentioned in the direction that the failure of plaintiff to comply with any of the above-mentioned alternative would result in putting the domain name on hold by NSI.

Instead of complying with the directions of NSI, Price PLC filed a civil action in UK court. Plaintiff sought for declarative, injunctive and compensatory reliefs. To be precise, declaration to the effect that UK trademark of defendant is not infringed, injunction against unjustifiable threat of proceedings and compensation for damage suffered. Despite the plaintiff’s failure to comply with the directions of NSI, the domain name was not put on hold but was deposited with the UK court for disposition.\(^92\)

\(^{92}\) The request of defendant to put the domain name on hold was turned down by NSI.
Quite interestingly, Prince Sports Group Inc. sued both Prince PLC and NSI in a US District Court. These concurrent proceedings in the UK and US courts resulted in a complete chaotic situation. The UK Court found that the threat of proceedings by Prince Sports Group Inc. was not justifiable, and therefore injunction was granted against it. However the UK Court was skeptical about granting the other two remedies. On the one hand, it did not award damages because Prince PLC could not establish that damage has been suffered. On the other hand, the Court refused to grant declaratory relief, in order to prevent the possibility of any contradictory decision by the US Court.93

The US Court was also not sure of the proper way to deal with the case, which ultimately resulted in the withdrawal of action by Price Sports Group Inc. Thus, neither UK Court nor US Court could clarify the law on the point, though in practice Prince PLC continued to use the price.com domain name. Highlighting the problem of same trademarks, Sally Tate the

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93 In this regard, Mr. Justice Neuberger observed that “It is obviously quite possible for an English court to reach the conclusion that the principal letter, in so far as it constitutes a threat of infringement proceedings in relation to the defendant’s UK-registered trade mark is an unjustified threat, and for a US court to reach the contrary conclusion so far as the defendant’s US-registered trade marks are concerned”.

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Joint Managing Director of Prince PLC, commented “In the real world we could have co-existed with Prince Sports Group in trademark classes… How could an IT business in the UK be confused with a tennis racket manufacturer in the US? Only in cyberspace”.  

Thus, the same trademark cases are of great challenge to law and adjudicators. This seems to be the simple result of tremendous pace in the advancement of technology. Since it is very difficult for the legal scholars to predict what novel technology their sibling scientists are coming up with, legal regime governing these new issues is at limbo. Due to this factor, none of the state legislation deals with this kind of conflicts. Even the UDRP, which provides for international domain name dispute resolution mechanism, fails to address the cases of same trademarks. Thus, the

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95 In the field of information technology, it is said that the equation of virtual world with the physical world is three months = one year. Anuradha Nayak and Manish Lakhawat, ‘Cybersquatting and Trademark Infringement’, *Icfai University Journal of Cyber Law*, Vol. VII, No. 3, August 2008, pp. 54 - 60 at p. 59.
researcher strongly feels that there is a need for finding a suitable alternative mechanism/s, especially to settle this kind of conflicts.  

2.7.2 Cybersquatting

One of the most common categories of mischief in the field of domain names is cybersquatting. Squatting, in the literal sense, is settling on another’s land without title and authority. Thus, the act of cybersquatting means registering a domain name, which genuinely belongs to someone else. It is the intentional registration of a well-known trademark as domain name by a third person with an intention to sell it back to the original owner of trademark, or to prevent the original owner from using his trademark as domain name, or to obtain some other unlawful benefit or to cause harm to the trademark owner out of domain name registration. It often results in consumer fraud, impairs electronic commerce (both interstate and intrastate) and deprives trademark owners of revenue and consumer goodwill. The

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96 This statement would be elaborated at the later part of this thesis.

97 Black’s Law Dictionary, p. 1403.


99 Supra note 79, p. 39.
ambit of cybersquatting is ever expanding, since more and more forms of mischief are coming into picture day by day.

The main purpose of cybersquatting in the majority of cases is to make easy money\textsuperscript{100} by selling the domain name to the original owner of trademark.\textsuperscript{101} In such cases, the domain name would be sold or offered for sale at exorbitantly high prices.\textsuperscript{102} Sometimes it is sold to the highest bidder by way of auction. This practice has led to the existence of domain name brokers.\textsuperscript{103} Though such acts of resale are prohibited under law, the cybersquatters try to defend their act on the ground that buying domain name for resale is just like buying land for resale.\textsuperscript{104} Added to this, there is


\textsuperscript{101} Sometimes the domain names are sold to the competitors of original owners of trademarks.

\textsuperscript{102} *Sporty’s Farm L.L.C. v. Sportman’s Mkt., Inc* 202 F 3d 489, 493 (2d Cir. 2000). The margin of profit available in making investment in the registration of domain name is not comparable to the profit available in any other field. For example, in 1999, business.com was purchased for $ 7.5 million and in 2007, it was sold for a sum between $ 340 to $ 360 million. Benjamin D. Silbert, ‘Trademark Law, ICANN, and Domain Name Expiration’, *AIPLA Quarterly Journal*, Summer, 2008. <www.westlaw.com>

\textsuperscript{103} Supra note 12, p. 426.

also a market for the domain names, since the trademark holders prefer to purchase domain names instead of involving in expensive and time consuming litigation.\textsuperscript{105} Some of the earliest victims of this form of cybersquatting are Panasonic, Tata, Bennett Coleman & Co, McDonald’s, Coke, MTV, Levi’s, Readers Digest, Avon etc.\textsuperscript{106}

The cybersquatting might also take the form of registering a domain name in order to block the legitimate owner of trademark from using his trademark as domain name.\textsuperscript{107} This kind of mischief is generally done by a competitor in business, in order to prevent a well-known company from expanding its business online. In neither of the above cases, the cybersquatter may post any material on the web, since his intention is either to sell the domain name to original owner of trademark or to prevent him from using his trademark as domain name. Therefore, the cyber consumers

\textsuperscript{105} In most of the cases, loss suffered by the trademark holders by resorting to litigation would be much more than what they have to pay for purchasing domain names from cybersquatters, which prompts the trademark owners to go for purchase of domain names.

\textsuperscript{106} Supra note 11, p. 100.

are not confused with regard to the sources of any goods or services. This situation makes it difficult for the trademark holders to bring a successful action under the trademark law, which requires the proof of consumer confusion.  

The cybersquatting may also be done for the purpose of passing off goods and services in the name of a well-known trademark. As the electronic commerce is done in the absence of personal interaction with the parties, there is sufficient scope for misleading the customers. The registration of a well-known trademark by a third party as domain name creates the impression that the domain name actually belongs to the said trademark holder. This prompts the online customers to end up in landing into wrong website and dealing with a company, which they never intended.

Furthermore, the act of cybersquatting may also be resorted to dilute the goodwill of well-known trademarks. One of the common forms of trademark dilution over the Internet is opening pornographic sites by using

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well-known trademarks.\textsuperscript{109} Certainly, the reputation of the trademark would be tarnished when it is used as a domain name to depict any sort of adult entertainment.\textsuperscript{110} This form of causing unlawful harm to the trademark owner is again generally resorted by the competitors in trade of goods or services. In the above two situations, one involving passing off and other involving dilution of trademark, since the confusion is created in the mind of consumers, the trademark owner can resort to an action under trademark laws.

The magnitude of cybersquatting can be understood by the estimation done in the year 2000, which reveals that 98\% of the words in Webster’s English Dictionary have been registered as domain names.\textsuperscript{111} Though certain remedies are available to the trademark holder, cybersquatting is quite difficult to deal in practice. The trademark holder


\textsuperscript{110} Hasbro Inc v. Internet Entertainment Ltd 1996 WLR 84853; 1996 U.S. Dist. LEXIS 11626

\textsuperscript{111} Supra note 24.
must either go for expensive, both in terms or money and time, court litigation or has to register a new domain name and advertise extensively to reach his consumers. Since both alternatives are not viable,\textsuperscript{112} the trademark owner would ultimately be compelled to purchase such domain names by paying hefty sums.

2.7.3 Registration of Domain Name Similar to Well-known Trademark or Domain Name

The misuse of domain name registration can also be done by registering a domain name almost similar to a well-known trademark or domain name.\textsuperscript{113} A domain name similar to a well-known trademark or domain name generates a misrepresentation that both endorse same goods or services, thereby deceives the customers.\textsuperscript{114} The registrants of such domain names also bank on the fact that people make simple typing


\textsuperscript{113} In Yahoo Inc v. Akash Arora & Another PTC (19) 210 (Delhi), an injunction was issued against the defendants restraining them from using the domain name yahooindia.com as it was found deceptively similar to the plaintiff’s trademark and domain name.

mistakes while typing well-known domain names.\textsuperscript{115} Therefore, typically the domain name registrant registers several possible input errors for well-known domain names. The obvious purpose of such a kind of mischief is to pass off goods or services by using the goodwill associated with the well-known trademark or domain name.\textsuperscript{116}

The new domain name would be so slightly different from already existing domain name or trademark that the customers usually cannot differentiate between the two. It may be by misspelling the domain name or trademark,\textsuperscript{117} or adding some letter or word to the domain name or trademark.\textsuperscript{118} These slightly variant domain names would be visited by the net users when they make mistakes in typing the well-known trademark or domain name. Thus, there is every chance of such users being deceived by


\textsuperscript{118} \textit{Supra} note 113.
the miscreants.\textsuperscript{119} This kind of mischief is referred in general as typosquatting\textsuperscript{120} or sometimes cyber piracy.\textsuperscript{121} The individuals involved in this kind of domain name acquisition are generally known as typosquatters or cyber parasites.\textsuperscript{122}

2.7.4 Reverse Domain Name Hijacking

In addition to the above mentioned major conflicts, a problem of recent origin in the field of domain name registration is reverse domain name hijacking.\textsuperscript{123} It is an attempt by a trademark holder, having bad faith, to take control of a domain name from another, who has not breached the trademark laws, and who has a legitimate interest in the domain name.\textsuperscript{124} Here the person attempting to take control of the domain name would be

\begin{footnotesize}
\begin{enumerate}
  \item \textit{Supra} note 24.
  \item \textit{Supra} note 119.
  \item Paragraph 1 of the UDRP Rules - Reverse Domain Name Hijacking means using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.
  \item \textit{Supra} note 12, p. 428.
\end{enumerate}
\end{footnotesize}
having full knowledge of the fact that the owner of domain name has legitimate interest in it. Still he resorts to legal action in bad faith with a primary intent to harass the domain name holder.\textsuperscript{125} Therefore in these cases the party who is subject to harassment is a legitimate domain name holder rather than a trademark holder.

One of the examples of reverse domain name hijacking to quote here is pokey.org ’s registration. pokey.org, named after the nickname of a twelve year old boy, was registered as a personal website of the said boy by his father. The Prima Toy Company, which owned ‘Gumby’ and ‘Pokey’ trademarks, threatened the boy with legal consequences, despite the fact that pokey.org was not in any way advertising toys.\textsuperscript{126}

The reverse domain name hijacking seems to be an offshoot of cybersquatting litigation. Initially, the trademark holders responded to the cybersquatting by filing lawsuits against registrants to enforce their trademark rights. The large number of cases decided in favor of trademark holders depicts the success story of such litigations. Gradually, the


\textsuperscript{126} <http://domains.dan.info/conflicts/pre-icann.html> Last visited, 09 March 2009.
trademark holders started to realize that registrants would often settle their cases rather than litigate. This realization resulted in an undesirable shift in the position. The trademark owners started to use the threat of litigation to coerce the innocent domain registrants to give up their domain names to the trademark owners.¹²⁷

Unfortunately, this kind of conflict is not properly addressed in law.¹²⁸ Only remedy available in such circumstances is a written reprimand against the complainant.¹²⁹ This being the fact, the instances of reverse domain name hijacking are increasing and the trademark holders are often using the threat of protracted litigation to make legitimate domain name holders submissive. Such acts make individuals and smaller enterprises


¹²⁸ The UDRP gives less significance to the problem of reverse domain name hijacking. See Mikki Barry, ‘Comments on UDRP’, available at <http://www.icann.org/en/comments-mail/comment-udrp/current/maillist.html> Last visited, 30 June 2009.

¹²⁹ Supra note 125.
helpless, since they do not possess huge budget to fight lengthy and costly
domain name–trademark litigation.130

2.8 Trademark Rights vis-à-vis Freedom of Speech over the Internet

The above-discussed conflicts between domain names and trademarks make us to ponder on the implications of freedom of speech, which is a recognized fundamental right under most of the constitutions in the world.131 In case of conflict between domain names and trademarks, the trademark owner often fights for his trademark rights in the virtual world. But the question here is how far he is entitled to get protection to his real world trademark in an entirely different world (virtual world). The answer to this question depends on striking a delicate balance between the two conflicting interests.

On the one hand, it is necessary to protect the rights of trademark owners against those who infringe or try to infringe the trademark in various manners. On the other hand, the domain name registrants’ exercise of freedom of speech also needs to be respected and guarded against violation.


131 Art. 19 (1) (a) of Indian Constitution guarantees freedom of speech and expression.
Cyberspace is a forum where one can exhibit his wildest dreams, passions and fantasies. Anonymity in the e-world allows man to release his inner self, without any fear of rejection by his fellow men. From poetry to pornography the different facets of life of people are dealt within this e-world. Therefore, there is a requirement of recognizing the fundamental right to speech, which is essential for the progressive development of one’s personality, in the e-world.

Today, there are hundreds of parody and gripe websites that have commentaries to criticisms on different issues. These websites stand as a means of communication of ideas by the people.\textsuperscript{132} If these websites have domain names bearing others trademarks, do they infringe the rights of trademark owner? This question is a big challenge to the adjudicators. The task of balancing free speech protection and commercial trademarks interests in the context of domain names has not been easy to the legal fraternity. So far the development of legal regime, be it UDRP or national laws, shows its favoritism towards trademark rights. This has led to the legal scholars to be concerned about the expansion of trademark property

\textsuperscript{132} Supra note 47, p. 1095.
rights, and the consequential overprotection afforded to the trademarks at the expense of freedom of speech.\textsuperscript{133}

Added to this, there are increasing instances of trademark owners bringing claims against domain name registrants neither for cybersquatting nor for passing off, but merely because some trademark terms were found in the domain name.\textsuperscript{134} These situations challenge the domain name owners’ freedom of speech over the Internet. The decision in favor of trademark holders in such cases would be unjustifiable, since there would not be any infringement of trademark.\textsuperscript{135}

2.9 Chapter Conclusion

The development of Internet has changed the lifestyle of man. Using this advanced technology for innumerous causes has made it a striking feature in different aspects of human life. Today, the domain names are the


\textsuperscript{134} Mattel, Inc. v. Global China Networks, LLC. No. 07 Civ. 7418, 2007 WL 2509011.

most significant elements in the cyberspace. With the revolutionary transformation in the concept of property, there is an ongoing debate over the issue of virtual property status of domain names. However it seems to be a dangerous trend, since stretching the concept of property to such an extent so as to include domain names seems to be unrealistic and impracticable.

The functional similarities between the domain names and the trademarks have brought them together in the virtual world. But this interrelation between the domain names and trademarks has also resulted in conflicts between them, especially with the growth of e-commerce. Resolution of such conflicts, to be certain, is a major challenge to law in the years to come. Even if the laws are enacted, the adjudicators would be confronted with the ever existing problem of striking a delicate balance between the trademark rights and freedom of speech over the Internet.

Already, the domain name-trademark conflicts have compelled the legal fraternity to rewrite traditional trademark laws and create new cyber laws. Efforts are being made both in the national and international levels to find legal solution to the conflicts. However, the pace with which the technology is marching has left the law far behind. In light of this factor, next chapter would look into the attempts made at national levels, especially
by US and UK, for resolving domain name-trademark conflicts. The major objective of it would be to know how effective or how ineffective the laws of two major states, one having a specific legislation and the other dealing under the existing trademark law, in overcoming the conflicts between domain names and trademarks.