CHAPTER 4: JURISDICTIONAL ISSUES IN VIRTUAL WORLD: FACTS AND CONCERNS

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If Tim Berners Lee had patented internet, the world of information, communication technology would not have been created. The invention of the World Wide Web has opened the door to a unique world which is “non-existently existent”. In this world every activity takes place including trade and commerce; makes a hot bed of activity at par with the physical world. Naturally the disputes settlement mechanism for this world is an essential requirement and concern of law.

**THE FRAME**

The chapter is framed with a wide canvas that lays down the importance and frequency of use of the virtual world and the growth of commercial activities in there. The importance of Intellectual Property regime in relation to the virtual world is also within the framework of this Chapter. The impact of phenomenon on macro and micro economy is the invisible bed rock of this Chapter. Evolution of the cyberspace is also within the framework of this Chapter.

**THE FOCUS**

In this chapter an attempt is made to analyze the challenges that are being faced by the law of Trade Mark in the virtual world. These challenges are pertaining to internet applications of trademark law. The major pressing questions are: are the Trademark Act, 1999 and the traditional foundations of trademark law still relevant since the great internet migration began over twenty years? How to accommodate legal claims regarding trademark violations arising in the virtual world within the existing legal framework?

At this juncture another fundamental question that crops up is about which courts would have jurisdiction to adjudicate disputes between the parties transacting on the internet? A widely recognised view which is gaining ground reality is that the existing law of jurisdiction is redundant for the cyber world and an entirely different set of rules is required to govern the jurisdiction over the internet which is free from the shackles of geographical borders. The remarkable claim for a separate cyberspace legal regime is not that cyberspace activity is subject to multiple claims of authority, but rather that it requires the abandonment, or at least compromise, of sovereign claims. It calls for "holes" in territorial sovereignty.
It is worthy to mention that this chapter does not deal with internet governance. Under this chapter the researcher makes an endeavour to address and identify the issues and problems relating to the use of signs and marks on the internet. The researcher has tried to locate as to how the vast communication system of the Internet has changed the concept of trademark use (or not) in a variety of contexts: the development of Trade Mark rights, concurrent use, channels of trade in the likelihood of confusion analysis, and use in interstate commerce. Interaction in the virtual world has certainly made it a pressing need to analyse the issue of multijurisdictional Intellectual Property disputes.

**THE OBJECTIVE**

The objective of this chapter is to locate an answer as to whether the existing principles of law can provide adequate solutions with regard to jurisdictional issue in the virtual world, and to what an extent do such issues call for a new and internationally harmonized approach.

**4.1 CYBERSPACE/ VIRTUAL WORLD: MEANING AND IMPORTANCE**

Human civilization has witnessed many technological revolutions. The new millennium, with the advent of internet has paved way for information revolution. Effortless communication has converted the world into a global village. Revolutionary changes have taken place in the world of communication. Information technology is now playing a pivotal role in the growth of economy. Internet has provided non-conventional ways of business that at times are more efficient in revenue generation. Rapidly growing technology with the help of internet has created a distinct world called cyberspace which is different from physical world. In 1982, William Gibson in his fantasy novel *Neuromancer* coined the term ‘cyberspace’. He created this term to describe his electronic characters interacting in a world of computers. As defined by the Oxford dictionary ‘cyberspace is the notional environment in which communication over computers occurs. ‘*Intellectual Property has migrated to the Internet, both in substance and as a concept vital to the success of e-commerce enterprises\(^1\)

4.2 EVOLUTION OF INTERNET

Today internet is considered to be an ever expanding network of people. Internet as the term implies, is a cluster of interconnected networks. It is a global information system. The evolution of internet dates back to 1960. The US defence department conducted an experiment to create a computer system that could work even in the event of any disaster like nuclear attack. Heating up of the cold war led to the eventuality of formation of the ARPANET (Advanced Research Projects Agency Network), the network that ultimately evolved into what we now know as the Internet. Following statistics on global internet usage strengthen the view that evolution of internet is the most dynamic technological development for human civilization which is most widely used by all countries.

![Internet Users in the World Distribution by World Regions - 2014 Q2](image_url)

Source: Internet World Stats - www.internetworldstats.com/stats.htm

Basis: 3,035,749,340 Internet users on June 30, 2014

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INTERNET USAGE STATISTICS

The Internet Big Picture

World Internet Users and 2014 Population Statistics

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4.3 INTELLECTUAL PROPERTY ON INTERNET

Electronic commerce has become a reality in the age of internet. Considering the expansion of borderless network, Intellectual Property Rights are easily accessible across the globe. Paradoxically, internet was created as a communication tool for government and industry, in response to policy, but has emerged as a global medium which now drives global

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economic development and policymaking. E-commerce has captured a rising percentage of overall sales in today’s global economy.

Intellectual Property on internet has created certain inevitable conflicting issues between the virtual world and physical world. It is challenging to impose local limitations on the global dissemination of information through internet. The digital transmission of data and information has challenged the tested legal concepts and theories in protecting trademarks.

4.3.1 TRADEMARK ON INTERNET
Trade Mark Act, 1999 protects mark in form of any device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination. This definition does not specifically make any reference to mark in any of these forms in physical or virtual world. Trademark has come a long way from existing in physical world to expanding in cyberspace. Trademark protection has been an integral part of intellectual property laws in India since 1940, which suggest that norms protecting trademarks developed much before the advent of internet. In this age where every field is becoming technology driven trademark is no exception. Hence it is challenging to protect trademarks with the same set of rules in both physical as well as virtual world. Over the recent past, the reality of trademark use has changed. Trademarks are no longer seen only on store shelves, shop windows, billboards and print media. They're used on the Internet, in connection with websites, domain names, and sponsored search engine advertisements, auction sites, e-mails, Tweets, Face book posts, mobile apps and much more.

4.3.2 VARIOUS USES OF TRADEMARK IN THE VIRTUAL WORLD
Use of identical or similar Trade Mark in different geographical areas due to internet has increased the risk of causing confusion. In other words, Trade Mark is no more bound by geographical boundaries. Internet has not only merged the geographical boundaries but it has also created new possibilities of unauthorized use of trademarks. There are number of ways in which Trade Mark is used on internet. Internet use of trademark includes both commercial and non-commercial use. Any activity which is connected with trade or business purposes can be defined to be commercial use. Considering the fact, that the

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internet being one of the most user-friendly modes of communication, giant as well as small business entities use websites to invite purchases or to inform potential consumers about the goods and the services. For example, major corporations like Pepsi and Maruti use their websites for promotional purposes.\(^4\) Retailers also use websites as virtual shopping malls. The latest success story of *FlipKart*\(^5\) selling merchandise worth more than 1200 crore in a day is an indication that the internet is being popularly opted as most viable mode of commercial transactions. Consumers enjoy the comfort of purchasing products through internet sitting in their living room. Practices such as the unauthorized use of trademarks as keywords by search engine operators or within listings for non-genuine goods on auction sites, or the use of trademarks on virtual objects that are traded in virtual worlds, constitute clear challenges to the traditional application of Trademark law.

In this age of ever growing technology it is nearly impossible to enlist the various ways in which trademark can be used on internet. However, a few practices like use of another’s trademark as a domain name, use of another’s trademark on a website, use of another’s trademark as a meta-tag and sale of the trademark as a keyword are discussed here.

**a. USE OF TRADEMARK AS META TAGS**\(^6\)

A ‘meta tag’ or ‘meta data’ is a keyword or phrase embedded in a website’s HTML (hypertext mark-up language) code as a means for Internet search engines to identify and categorize the contents of the website. Meta-tags are not visible to normal users on the website itself (although they can be made visible together with the source code of the page); however, a search engine seeking particular keywords will find and list that particular site. The more frequent a keyword appears in the hidden code, the higher a search engine will rank the site in its search results. In various jurisdictions, trademark owners

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\(^5\) Flipkart is a leading e-commerce provider in India.

have challenged the unauthorized use of their trademark as a Meta tag. The issue here is whether the use in a meta-tag of a word that is the same or similar to another’s trademark infringes that trademark. The ruling in Tata Sons Limited v Bodacious Tatas\(^7\) followed a decision by a World Intellectual Property Organization Arbitration and Mediation Centre panel ordering the transfer of a domain name that incorporated one of the most popular trademarks in India, ‘Tata’. The defendant, Bodacious Tatas, also used ‘Tatas’ as a trademark and a meta-tag. The Delhi High Court further restrained Bodacious’ use of Tata not only as a domain name, but also as a Meta-tag. It was held that companies’ use of competitors’ names as Meta tags constitutes unfair competition. In the leading case of Brookfield Communications Inc. v West Coast Entertainment Corp\(^8\) on Meta tag it was held by the US court that the practice of meta tagging is potential trademark infringement, stating that such use might suggest sponsorship or authorization by the trademark owner, or that consumers looking for the products of the trademark owner might be misdirected and diverted to a competitor’s website and be at least initially confused in their search for the trademarked goods. The High Court of Madras in Consim Info Pvt. Ltd., Vs. Google India Pvt. Ltd. and Ors\(^9\) elaborately discussed the meaning and importance of metatags. It was held that, “Meta-tags can be compared to sign posts or indices, which lead one to what he is looking for, along with what he is also not looking for. It is a combination of two ordinary words Meta and tag, meaning respectively "denoting position" and "label". Meta tags are embedded in the HTML code and remain invisible to the internet user. When a webpage creator creates the site, he lists Meta key words in the computer code that makes up the web page. When someone searching for the information on the internet, types in one or more key words that relate to the information sought in the search field of the search engine, those websites having Meta tags that match the keywords, come up as hits. The importance of meta tags has slowly been reduced by modern search algorithms.”\(^10\)

b. **SALE OF TRADEMARKS AS KEYWORDS:**

\(^7\)Tata Sons Limited v. Bodacious Tatas and Ors, unreported ex parte interim injunction order of the Delhi High Court dated 25 January 1999.
\(^8\) 174 F. 3d 1036 (9th Cir, 1999)
\(^9\) 2011 (45) PTC 575 (Mad)
\(^10\)A set of steps that are followed in order to solve a mathematical problem or complete a computer process.
The most frequently visited websites on the internet are the search engines. Key words are required to be entered for conducting search. On entering these keywords the search engine use a combination of manual as well as automated methods to located those keywords on the web. These search engines generate revenue by selling the keywords to advertisers. In order to get an advertisement displayed in the sponsored listings in response to a search, an internet advertiser creates an ad consisting of a short text message and a link to the advertiser’s website. The advertiser can then select keywords from the search engine related to the advertiser’s products or services and must decide the amount it is willing to pay to the search engine each time the ad is clicked. This practice has given way to a new issue of Trade Mark infringement in cyberspace. Such practices can divert the potential customers of the proprietor of the Trade Mark to their competitors’ website. Use of trademark as keyword on internet has created multiple complex legal issue. As the internet is a borderless world, the issue of infringement is more complicated. The protection grated to trademark in any country is territorial by nature i.e. the protection is not available beyond the territorial limits of the country. However, through internet the same trademark is infringed as being used as keyword in a country where the protection is not available or the country does not recognize the same use as infringement. In such circumstances the use of trademark by advertiser’s amounts to misrepresentation in commercial advertising, dilution of trademark, loss of reputation, interference with prospective economic advantage, unjust enrichment and, most importantly, trademark infringement.

Such keyword triggered advertising activities of the search engines are addressed in different manner by various countries. The legality of the same is different in different jurisdiction. The Indian Courts are yet to take a specific stand on such activities which may involve violation of rights of trademark proprietors. So it can be safely stated that the question of whether keyword-triggered advertisement amounts to trademark infringement by the search engines is yet to be decided globally.

**c. HYPERLINKING**

“Hyperlinks” can be summarized as digital paths that link separate web sites. It appears as differently coloured text on the web page. Clicking on the link will automatically lead the user to another web page. Permission, intimation or cooperation of the holder of the web site to which the link leads is not technically required for the construction of the hyperlink.
Hyperlink is not merely a location pointer when a trademark is used in the text. When a symbol or word that forms part of the hyperlink is the registered trademark of another party this may raise issues of trademark infringement.

A view that is commonly held is that a trademark used as a hyperlink will not amount to trademark infringement, if the context of its use precludes the likelihood of confusion. For example, if a beverage retailer’s website placed a hyperlink button to a fast food retailer’s logo, this would probably not be an infringement because it would accurately indicate that clicking on that button would immediately move the user to the genuine fast food retailer’s website.

However, a claim of trademark infringement may arise in a situation where a website owner uses the trademark hyperlink to indicate some connection with the other website or its operator to his or her own goods or services. As established in today’s world, hyperlinks offer a powerful tool for a business’ website as their use can attract customers to the website, generate advertising revenue and add value to the website. As such, their use will only continue to grow over time. Accordingly, it is important for all stakeholders to be aware of the potential liability surrounding the use of hyperlinks and adopt measures to limit their risk.

4.4 DOMAIN NAME:

4.4.1 MEANING

Every computer or user connected to the Internet must be distinguished and located by other users. Thus, every user is assigned an Internetworking Protocol Address (IP Address), a unique combination of numbers separated by periods to represent different fields, such as 123.101.23.128. It is cumbersome and difficult to remember such combination hence the system of domain name was adopted in 1984. The domain name system makes it easier for a user to locate a particular website on the internet. In simple terms domain names are website addresses like www.wipo.com.

Domain names are divided into levels which consist of top level domains (TLD) and second level domain names (SLD). The key feature of any domain name lies in the second level domain which establishes unique identity of the entity on the internet. The top level
domain name correspond either to the generic type of organization or geographic origin of the organization. The following explanation will provide better understanding on this.

For Example, www.wipo.com: In this case www is the standard for all World Wide Web addresses; ‘wipo’ is the second level domain and ‘.com’ is the top level domain.

The TLDs are either generic of country specific. The generic TLDs are .com, .net, .org, .int etc. The country specific TLDs are known as Country Code Top Level Domains. Each of these domains bear a two-letter country code derived from Standard 3166 of the International Organization for Standardization (ISO 3166), for example .au (Australia), .br (Brazil), .ca (Canada), .eg (Egypt), .fr (France), .jp (Japan) and .za (South Africa). Some of these domains are open, in the sense that there are no restrictions on the persons or entities who may register in them. Others are restricted, in that only persons or entities satisfying certain criteria (for example, domicile within the territory) may register names in them.

4.4.2 DOMAIN NAME SYSTEM

The Domain Name System (DNS) is created to keep the identification of communicating gadgets simple. There is a specific procedure for registration of domain name. It is worthy to note that the domain names are registered on first-come first-serve basis. ICANN\footnote{https://www.icann.org/ for further details} is an acronym of Internet Corporation for Assigned Names and Numbers which is a private no profit international organization recognized by the US government for coordinating the Domain Name System. The establishment of ICANN did not take place overnight. Numerous attempts were made to move the administration of Domain Name System from the hands of US government to any private entity from 1994 to 1998. In 1996; the US government signed a contract with the Network Solutions Inc. (NSI), a private organisation for operating the Domain Name System. The same contract was further renewed till 1999. As an important step towards privatisation of the Domain Name System, a white paper was released by the US department of Commerce in 1998. In October of 1998, the United States Department of Commerce ("DoC") and Network Solutions, Inc. ("NSI") amended their cooperative agreement, under which NSI had been the sole registrar and registry administrator for the .com, .net, and .org top-level domains. In November of 1998, the DoC
identified ICANN, a newly-formed, private, non-profit corporation as the entity that would oversee the transition to competition under the Shared Registration System. Part of ICANN’s responsibilities included establishing and implementing a procedure for registrar accreditation that would ensure a transition to a competitive domain name registration system providing continued Internet stability and domain-name durability. ICANN began as an attempt by the small group of technologists centred in the Internet Society to retain control of ‘their’ internet as it evolved into a commercial medium.\textsuperscript{12}

The Internet Corporation for Assigned Names and Numbers (ICANN) coordinates the Internet Assigned Numbers Authority (IANA) functions, which are key technical services critical to the continued operations of the Internet’s underlying address book, the Domain Name System (DNS). The IANA functions include: (1) the coordination of the assignment of technical protocol parameters including the management of the address and routing parameter area (ARPA) top-level domain; (2) the administration of certain responsibilities associated with Internet DNS root zone management such as generic (gTLD) and country code (ccTLD) Top-Level Domains; (3) the allocation of Internet numbering resources; and (4) other services.\textsuperscript{13} It is noteworthy that ICANN does not register domain names directly. It accredits domain names registrars for the generic top level domain throughout the world.

Registration of the domain names are followed by such registrars and the Domain Name System is managed by the ICANN. It has provided the institutional mechanism for the development of a global, uniform process to resolve disputes between trademark holders and domain name registrants.\textsuperscript{14}

Registration requirement for the domain names in India were announced to be liberalised October 2004. Centre for Development of Advanced Computing which previously known as the National Centre for Software Technology, established under the Ministry of Information Technology, Government of India, was made the domain name registration authority for India’s country code top level domain known as in. .IN is India's top-level domain on the Internet. Like .COM, .IN can be used for e-mail, Web sites, and other


\textsuperscript{13}Details about the governance and policy of ICANN are available on https://www.icann.org/ accessed 17 November 2014.

\textsuperscript{14}Consim Info Pvt. Ltd (n 9).
applications. But unlike other domains, .IN is a unique symbol of India and its role in the world. The procedures for registering .IN names have been simplified. This allows anyone to register and use .IN domain names. Now .IN names are available for signup through a number of registrars. .IN domains are easy to buy, easy to use, fast and reliable! IN Registry is the official .IN registry. It was appointed by the Government of India, and is operated under the authority of NIXI, the National Internet Exchange of India.\(^{15}\) The new era for .IN began with a Sunrise Period. Owners of registered Indian trademarks or service marks who wished to protect their marks were given the opportunity to apply for .IN domain names before the general public. Sunrise applications were taken from January 1 to January 21, 2005. The date for the opening of real-time, open registration for the general public was February 16, 2005.\(^{16}\)

### 4.4.3 SIGNIFICANCE OF DOMAIN NAMES IN THE TECHNOLOGY DRIVEN BUSINESS AGE:

Domain names have proved to be an effective means of communication with customers for the company doing business on internet. Consequently many legal issues have come to surface opening doors for innumerable and complex legal issues which are difficult to be resolved within the boundaries of any country. A domain name qualifies to be a trademark when the same is used in connection with the website that provides services to the customers through internet. Before the advent of internet the identical trademarks could exist in different geographical regions. However in today’s digital age it is not possible. In the world of domain names the form in which the trademarks are capable of being used is as word marks. There is a distinction between a trademark and a domain name. The distinction lies in the manner in which the two operate. A trademark is protected by the laws of a country where such it is registered. Consequently, a trademark may have multiple registrations in more than one country throughout the world. On the other hand, since the internet allows for access without any geographical limitation, a domain name is potentially accessible irrespective of the geographical location of the consumers globally. The outcome of this potential for universal connectivity is not only that a domain name would require

\(^{15}\) As available on https://www.registry.in/Home, accessed on 15 November 2014.

\(^{16}\) Ibid.
worldwide exclusivity but also that national laws might be inadequate to effectively protect a domain name. The lacuna necessitated international regulation of the domain name system (DNS). This international regulation was effected through WIPO and ICANN. The outcome of consultation between ICANN and WIPO has resulted in the setting up not only of a system of registration of domain names with accredited Registrars but also the evolution of the Uniform Domain Name Disputes Resolution Policy (UDNDR Policy) by ICANN on 24th October 1999.

4.4.4 INTERFACE BETWEEN TRADEMARK AND DOMAIN NAME

The system of domain name registration has caused various types of issues that have resulted into potential violation of the rights of the trademark owners. The question that arises is whether it is appropriate to apply trademark law to domain name. Some argue that as domain names are not trademarks and are not even used as trademark, its use should not be challenged by the owners of trademarks. Domain names are simply addresses and as there are no objections or oppositions against postal addresses there should not be any against web site addresses in form of domain names as well. However the reality is that the domain name is not merely an address that just conveys location. It is interpreted by the user as the identity of its owner conveying all the goodwill and intangible value that is attached to any famous mark. The use of domain name in 90s was more for the purposes of effective communication. However, the same has become an effective tool for trade and commerce in the age of globalization. In order to understand the interface between the trademark and the domain name and the complexities involved in the same one has to analyze both the concepts with the applicable legal provisions if any.

The term ‘mark’\(^{17}\) includes a device, brand, heading, and label, ticket, name, signature, word, letter, and numeral, shape of goods, packaging or combination of colours. A Trade Mark performs mainly three types of functions. It identifies the product of its origin, it guaranties its unchanged quality and it advertises the products. The object of the Trademark Law worldwide is twofold. It provides for registration of marks and protects it against the fraudulent use. The intangible asset in form of goodwill as attached to the trade and business is also effectively protected by the trademark law. Trademark in India is protected

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\(^{17}\) Trade Marks Act, 1999, s 2 (m), “mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.
through the Trademarks Act 1999. Under the statutory provisions the registration of a mark is not compulsory. It is worthy to mention that in the eventuality of violation of unregistered marks, the common law principle of passing off is applied for due protection.

4.4.5  **DISTINCTION BETWEEN DOMAIN NAMES AND TRADE MARKS:**

Considering the interface between trademark and domain name, it is to be noted that all domain name uses are not trademark uses. However, domain name may directly or indirectly infringes the rights of a registered trademark proprietor. The essential function of a domain name is to provide an address to the computer. Domain names were originally intended to perform only the technical function of facilitating connectivity between computers through the Internet. 18

There are certain conspicuous differences between trademark and domain name. The apex court of India, in the case of *Infoway Ltd v. Sifynet Solutions Pvt Ltd.* 19, has recognised the distinction between the domain name and trademarks as it observed that:

> “Distinction lies in the manner in which the two operate. A trademark is protected by the laws of a country where such trademark may be registered. Consequently, a trademark may have multiple registrations in many countries throughout the world. On the other hand, since the internet allows for access without any geographical limitation, a domain name is potentially accessible irrespective of the geographical location of the consumers. The outcome of this potential for universal connectivity is not only that a domain name would require worldwide exclusivity but also that national laws might be inadequate to effectively protect a domain name”.

The major differences are in the registration process. The domain name registration is free from all the formalities of assessing the distinctiveness of the name. The difference between the domain name system and trademark system globally can be summarized under the following five heads.

- **SINGLE REGISTRATION IN DOMAIN NAME SYSTEM:** The fundamental distinction between the Trade Mark and the domain name registration system lies

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19AIR 2004 SC 3540.
20ibid.
in the fact that two identical trademarks can survive in the real world in two different geographical regions or for two distinct class of products whereas in virtual world only one domain name can be permitted as the virtual world has no boundaries. So if Apple.com is registered for electronic gadgets the same domain name cannot be registered even if there exists products or services with the same name. The single registration requirement creates issues regarding trademark infringement when the registered domain names has used some terms which are registered trademarks in the real world.

- **SIMPLE AND EASY PROCESS OF REGISTRATION:** The registration process for domain name is very simple and easy compared to that of trademarks. The registration process for trademark involves multiple stages which involves filing of application, search, pre grant opposition, hearing and removal of objections etc. Domain name does not involve any of such procedural steps to be followed. Nominal fees are to be paid with preliminaries details of the applicant and submitted to the accredited registrant.

- **SINGLE REGISTRATION GLOBALLY:** Considering the fact that virtual world has no boundaries, Domain names are not required to undergo separate or multiple registration for securing rights in various countries. Once registered the domain name is available throughout the internet world wide. The virtual world is known as nowhere and everywhere.

- **NO LIKELIHOOD OF CONFUSION DUE TO SIMILARITIES:** In case of domain name there is no concept of likelihood of confusion due to similarities. Apple.com and Aaple.com can coexist in the virtual world without considering the similarities they share and confusion that can be caused.

- **BORDERLESS VIRTUAL WORLD:** The virtual world is known to be everywhere and nowhere. The domain name disputes are more challenging to be resolved as they are not governed within any prescribed territorial limit. The law of trademark is governed by territorial principle since inception. However, the domain name system operates in the borderless virtual world which in turn leads to jurisdictional and choice of law related issue that are complex for the legal framework of any State.
Chapter 4  
Jurisdictional Issues in Virtual World: Facts and Concerns

4.5 Types of Trademarks – Domain names Disputes

The differences as explained above are multiple in nature. However, the functions performed by the domain name are similar to trademark due to which various legal issues have cropped up which are explained in the following manner.

a. Cyber squatting

b. Trademark Dilution

c. Reverse Domain name Hijacking

a. CYBERSQUATTING:

The term ‘Cybersquatting’ is derived from ‘Squatting’ which refers to the act of occupying an abandoned or unoccupied space or building, usually residential, that the squatter does not own, rent or otherwise have permission to use. Cybersquatting is an act of reserving a domain name on the internet especially a name that would be associated with a company’s trademark and then seeking to profit by selling or licensing the name to the company that has an interest in being identified with it.21 Abusive registration of domain name in violation of the rights of trademark and service marks of others is popularly known as cybersquatting.22 As quoted in Law Lexicon, when domain name is registered for a purpose of reselling it for profit it is known as cybersquatting.23 The most general definition of a cyber-squatter is a person who registers a domain name that matches a well-known company for the purpose of ransoming it to that company.24 One of the most notable transactions of domain names was of wallstreet.com which was registered for only $70 in 1994 and was sold for one million in 1999.25 This practice involves the exploitation by the Cyber squatters of the first-come, first-served nature of the domain name registration system to register famous trademarks, with which they have no connection. In Interstellar Star ship Servs. Ltd. v. Epix. Inc,26 the court observed that:

22 Pen Books Pvt Lmt. v. Padmaraj, 2004 (29) PTC 137 (Ker).
25 ibid.
26 304 F.3d 936, 946 (9th Cir. 2002).
“Cybersquatting is the Internet version of an unlawful land grab. Cyber squatters register well-known brand names as Internet domain names in order to force the rightful owners of the marks to come forward and pay for the right to engage in electronic commerce under their own name”.

Registration of a domain name per se does not result into violation of the rights of trademark proprietors. However, there are a few conditions which invite such consequences where trademark rights are violated. The WIPO Uniform Dispute Resolution Policy, 1999 as adopted by the Internet Corporation of Names and Numbers, summaries the conditions to be proved for showing abusive registration of domain name. It reads as under

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(i) The domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
(ii) The holder has no rights or legitimate interests in respect of the domain name; and
(iii) The domain name has been registered and is being used in bad faith.

The registration of domain name is considered to be abusive when all the above mentioned conditions are fulfilled. It is also to be noted that the issues of conflict are similar to the area of conflict involved in trademark.

It is crystal clear with the existing practice of abusive registration of domain names that it violates trademark rights. The Courts in India and abroad have also taken the same view assessing the legal disputes.

In Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.,28 The Apex Court held that, “The original role of a domain name was no doubt to provide an address for computers on the internet. But the internet has developed from a mere means of communication to a mode of carrying on commercial activity. With the increase of commercial activity on the internet, a domain name is also used as a business identifier. Therefore, the domain name

28 AIR 2004 SC 3540.
not only serves as an address for internet communication but also identifies the specific internet site. In the commercial field, each domain name owner provides information/services which are associated with such domain name.” The Court further held that, “A domain name is accessible by all internet users and the need to maintain an exclusive symbol for such access is crucial. Therefore, a deceptively similar domain name may not only lead to a confusion of the source but the receipt of unsought for services.”

The Delhi High Court in *Jagdish Purohit v. Stephen Koenig* observed that, “The root problem stems from the system of assigning domain names on a first-come-first-served basis. This permits well known and established trade names, brand names, company names, names of famous personalities, politicians to be 'captured' by a 'registrant' with little connection with such name and get it registered as a domain name.”

In India there is no express law to address the issue of cybersquatting. In this regard the Apex Court in the landmark decision in *Satyam Infoway Ltd. V. Sifynet Solutions (P) Ltd.* held that “As far as India is concerned, there is no legislation which explicitly refers to dispute resolution in connection with domain names. But although the operation of the Trade Marks Act, 1999 itself is not extraterritorial and may not allow for adequate protection of domain names, this does not mean that domain names are not protected within India.” Consequently, the domain name disputes in India are identified to be governed under the Law of Trade Mark by the Court in various decisions. The first reported decision was in the case of *Yahoo!, Inc. v. Akash Arora & Anr.* Wherein the dispute was regarding the ‘Yahoo.com’ and ‘Yahooindia.com’. The plaintiff was the owner of the trademark 'Yahoo!' and domain name 'Yahoo.Com', which are very well-known and have acquired distinctive reputation and goodwill. The defendants by adopting the name 'Yahooindia' for similar services have been passing off the services and goods of the defendants as that of the plaintiff's trademark 'Yahoo!' which is identical to or deceptively similar to the plaintiff's trademark. It was contended that “trademarks and domain names are not mutually exclusive and there is an overlap between the trademarks and services rendered under domain names and thus by adopting a deceptively similar trademark 'Yahooindia',

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29 ibid.
30 2012(49) PTC 304 (Del).
31 Satyam Infoway Ltd (n 27).
the defendants have verbatim copied the format, contents, lay out, colour scheme, source code of the plaintiff's prior created regional section on India at Yahoo.com and thus passing off the services of the defendants as that of the plaintiff.” The consideration brought to the notice of the court was that it would not be unusual for someone looking for an authorized 'Yahoo!' site with India-specific content to type in 'Yahooindia.com', i.e., the defendants' domain name and thereby instead of reaching the Internet site of the plaintiff, the said person would reach the Internet site of the defendants'. The Court finally held that the Law of trademark applies with equal force on the Internet as it does in the physical world. The same point was reemphasized by the High Court of Bombay in *Rediff Communication v. Cyberbooth & Anr.*,33 where the court held that, “The Internet domain names are of importance and can be a valuable corporate asset. A domain name is more than an Internet address and is entitled to the equal protection as trade mark.” Further to add to this aspect the Delhi High Court in *Tata Sons Limited v. Manu Kishori and Others*34 held that “with the advent of modern technology particularly that relating to cyberspace, domain names or Internet sites are entitled to protection as a trade mark because they are more than a mere address. The rendering of Internet services is also entitled to protection in the same way as goods and services are, and trade mark law applies to activities on Internet.”

*Aqua Minerals Ltd. v. Mr. Pramod Borse & Anr.*35 In this case, an action was brought by the plaintiff, who was the owner of the trademark BISLERI against the defendant, who used the domain name, “bisleri.com”. The Delhi High Court upheld the claim of the plaintiff, thereby, restraining the defendant using the disputed domain name. Also the plaintiff was held to be entitled to get the domain name transferred from the defendant.

Since, in most of the nations, the domain name dispute regulating laws especially concerning cybersquatting are in the pipelines, the courts of such nations have evoked new principles and extended the existing trademark law principles to resolve the issue.

**b. DILUTION OF TRADE MARKS ON INTERNET**

33 AIR 2000 Bom 27.
34 2001 PTC 432.
35 AIR 2001 Delhi 463.
All cases of abusive use of domain name may not result into infringement. At the same
time it may not lead to passing off. However the fact remains that the rights of trademark
owner are violated. Therefore, in addition to infringement claim domain name disputes
often include an allegation that use of the domain name dilutes a famous or well-known
mark. According to the principles governing dilution, it is to be proved that the mark was
well known and such use has actually diluted the mark. It is important to note that the
theory of dilution does not require the likelihood of confusion to be proved. This is the
reason at times dilution is found to be more helpful in domain name disputes. On the other
hand the requirement that the mark must be famous should limit these types of domain
name disputes to those circumstances involving marks which are immediately associated
to a single source. A domain name is deemed to be in conflict with a well-known mark at
least where the domain name, or an essential part thereof, constitutes a reproduction, an
imitation, a translation, or a transliteration of the well-known mark and the domain name
has been registered or used in bad faith. Bad faith use or registrations of domain names
may conflict with a well-known mark’s (a) product-distinguishing function, or (b) advertising function, if it is accompanied by predatory intent to ride on the reputation of the well-known mark.

In terms of Article 6 (1) of the WIPO Joint Recommendation36 (WIPO final report)
Concerning Provisions on the Protection of Well-Known Marks37, a domain name is
deemed to be in conflict with a well-known mark at least where the domain name, or an
essential part thereof, constitutes a reproduction, an imitation, a translation, or a
transliteration of the well-known mark and the domain name has been registered or used
in bad faith. It is further commented in the same report, in respect of such predatory and
abusive practices, that

“One clear source of the problems has been those persons who register domain
names that are identical or similar to trademarks, with a view to selling them at

37 TM Act, 1999 s 2 (1) (zg) Well known Trade Mark : “well-known trade mark”, in relation to any goods
or services, means a mark which has become so to the substantial segment of the public which uses such
goods or receives such services that the use of such mark in relation to other goods or services would be
likely to be taken as indicating a connection in the course of trade or rendering of services between those
goods or services and a person using the mark in relation to the first-mentioned goods or services.
a profit to the trademark owner... Other persons have registered domain names that are identical or similar to trademarks in order to create the false impression that the owner of the mark in some way endorses the goods or services the third party offers... Still others have registered domain names not to cause any confusion regarding the source or origin of the goods or services offered, but in an effort to attract increased traffic to their own websites to tarnish the reputation of a mark. Certain persons have also made it a practice to register domain names corresponding to trademarks in order to hoard them, thus intentionally frustrating the trademark owner’s desire to reflect its mark in a domain name.”

The WIPO Final Report notes four areas of current conceptual difficulty in considering the protection of well-known marks on the internet. First, the WIPO Report notes that both the Paris Convention and the TRIPS Agreement are directed at protecting well-known marks against registration or use of other conflicting marks. Domain names, on the other hand, are not trademarks, and serve a variety of purposes, including the purpose of identifying goods or services with their producer or seller. They are alike trademarks in that they discharge the source-origin function of a mark. As noted by the WIPO Final Report, the provisions of the Paris Convention and the TRIPS Agreement are directed at the protection of famous and well-known marks against the registration or use of other infringing marks. Domain names, of course, are not the same thing as marks and are used for many purposes other than the identification of a producer or seller of goods or services. They are, however, also used as a means of identifying goods and services with the producer or seller of those goods and services.

Second, according to the WIPO Final Report, the consideration of whether a mark is well-known is left by international trademark treaty law for determination by the competent authority of a country. In respect of gTLDs, however, there is no territory because the internet is virtual.

Third, the WIPO Final Report noted that there is no internationally established treaty definition of a well-known mark. As shown above, the most comprehensive guidelines of determining whether a mark is well-known are found in the WIPO Joint Recommendation

\[38\] ibid.
Concerning Provisions on the Protection of Well-Known Marks, which has no legally binding effect.

Fourth, the WIPO Final Report noted that while the protection of famous marks has increasingly been implemented at the national level by laws directed at prohibiting any use of famous marks by third parties that dilutes the integrity and reputation of such marks, the protection of well-known marks exists often only in respect of the registration or use of confusingly similar mark in relation to the same goods or services as those for which the well-known mark is registered or used. At the present time, the gTLDs, are largely undifferentiated. Insofar as some differentiation does exist, there is no enforcement mechanism to ensure that those who have registered domain names in open gTLDs confine their use of the domain name to the broad purposes of the gTLD. Thus, one can have a domain name registered in ‘.com’ without undertaking any commercial activity, or a domain name registered in ‘.net’ while undertaking commercial activity that is completely unrelated to the provision of Internet or network services. There is a lack of connection between the underlying theoretical foundations of differentiation in the registration and use of trademarks and differentiation in the registration and use of domain names, since differentiation is intended to serve a different purpose in each case.

The WIPO Final Report then considered two mechanisms to address the four conceptual difficulties. First, a disciplined and rigorous mechanism for determining when a mark can be deemed to be well-known across a widespread geographical area and different classes of goods and services in order to be eligible for exclusion from registration by a third party as a domain name is recommended. In this way, not any mark would qualify. Second, in view of the undifferentiated geographical space of gTLDs, the WIPO Report recommended that a mark should qualify for exclusion based on an evidentiary mechanism for ensuring that the protection afforded by an exclusion can be extended to misleadingly similar, as well as to identical, domain names. The WIPO Final Report further recommended that the mechanisms be implemented by an administrative panel of experts who determine whether an exclusion should be granted in respect of a particular mark in some or all open gTLDs.

c. REVERSE DOMAIN NAME HIJACKING

Reverse domain name hijacking occurs when the trademark holder attempts to get a domain name from a party where the party has a legitimate competing claim and there is no
question of infringement or dilution. As noted above, the domain name system is not a corollary to the trademark system. Nonetheless, some trademark holders behave as though it is. They seem to believe that no one has the right to use a domain name that might relate to a trademark or product name held by the company. Thus they sue legitimate domain name registrants to recover the domain name even though there has clearly been no infringement or dilution. 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 publicized. Again, the line between categories is often difficult to draw. Thus the distinction between legitimate competing claims and cases of reverse domain name hijacking is unclear.

d. GENUINE DISPUTES

When two or more parties with independent and legitimate rights for the same trademark in different lines of business or jurisdictions seek the same domain name, disputes occur. This kind of disputes generally occurs at two different levels, firstly, when the same mark owned and used by different persons in respect of different goods or services specialty. Secondly, when the same mark owned and used by different persons in different countries in relation to the same goods or services territoriality.

4.6 REMEDIAL RECOURSE IN CASE OF DISPUTES IN VIRTUAL WORLD

Due to this interface between trademark and domain name multiple disputes have come to surface as explained above elaborately. A person aggrieved by such disputes has two legal remedies. Firstly to resort to the Uniform Domain Name Dispute Resolution Policy of the ICANN and secondly, to initiate litigation in a competent court of jurisdiction. Both these alternatives are discussed here.

a. UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY:

With a view to set a legal framework for the resolution of disputes between domain name holders and trademark owners, the ICANN Board of Directors in 1999 adopted the Uniform Domain Name Dispute Resolution Policy (UDRP). This initiate was taken , based

\[39\] Internet Corporation for Assigned Names and Numbers.

\[40\] ibid.
largely on the recommendations contained in the Report of the WIPO Internet Domain Name Process,\textsuperscript{41} as well as comments submitted by registrars and other interested parties. The UDRP policy is targeted on domain name disputes resolution in a manner which makes this process cost to be effective, easy and quick. Mueller\textsuperscript{42} in his research named three main objectives of the UDRP: a) to eliminate variety and competition amongst the jurisdictions and rule sets applied to domain name-trademark conflicts; b) to reduce the cost of resolving disputes; c) to provide a cheap and quick way to resolve the easiest cases.

The UDRP is designed to solve disputes which usually arise when registrant has registered a domain name identical or confusingly similar to the trademark with no rights or legitimate interests in the name and has registered and used the domain name in bad faith.\textsuperscript{43} Conflicts between two trademark holders or between a trademark holder and a registrant with rights or legitimate interests are not the concern for UDRP. Particularly, the UDRP does not apply if the registrant has been known by the name, has used it in connection with a bona fide offering of goods or services, or has used it for a legitimate non-commercial purpose.\textsuperscript{44}

\textbf{b. TRADITIONAL METHOD OF LITIGATION}

Such disputes when litigated in the courts lead to the following main legal conflicts

1. The issue of use, ownership and rights of the Trade Mark proprietor,
2. The issue of choice of law for the governance which has arisen due to the territorial nature of Intellectual Property Rights and particularly that of trademarks.
3. The issue of Jurisdiction due to the borderless nature of virtual world.

Considering the scope of research the last two legal conflicts that are overlapping by nature are elaborately addressed here.

\textsuperscript{43} UDRP para. 4(a).
\textsuperscript{44} UDRP para 4(c).
TERRITORIALITY, JURISDICTION AND TECHNICAL CHANGE:
The very foundation of the rule of jurisdiction is based on the idea of territoriality. It is challenging to determine as to when and how contacts made via internet are sufficient to confer personal jurisdiction over an out of state defendant. It becomes more complicated due to the fact that internet is borderless. Territoriality is an internationally recognized principle in structuring Intellectual Property Rights. Legal scholar Wendy Adams sums up the problem as thus:

“Internet, as a communications system, has been designed to be largely indifferent to the physical location of its component parts. The closest equivalent to a physical location in Internet communications (as opposed to the physical infrastructure, which is readily identifiable as existing in a given geographical location) is an Internet Protocol (IP) address, a 32-bit number providing the necessary information for routing communications between computers attached to the network. The sending computer needs to know the 32-bit address of the receiving computer in order for communication to take place; it does not need to know the street address, city or country of the building in which the receiving computer is physically located. This fundamental incompatibility between legal governance as a function of geopolitical territory, and network governance as a function of IP addressing, makes it difficult (although not impossible) to impose local limitations on the global dissemination of information.”

The cyberspace is defined as “a territorial” by S. Roseanne, when he says: “Unlike other spaces, cyberspace is invisible, unidentifiable, irrefragable, and cannot be felt or identified in any way: it has no known natural characteristics. It is simply there, and used by electromagnetic impulses made by human beings. The law can control the use that human beings put to it, and its use can be a subject of agreement.”

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Any debate or discussion on cyberspace starts with a question as to what is cyberspace. The complex issues that arise in cyberspace with regard to legal disputes mainly deal with the problem of jurisdiction. In order to address this complex issue of jurisdiction we must ask where is cyberspace rather than what is cyberspace. In the real world territorially defined geo-political communities exist to form States. Each national sovereign has its own legal system unique to its history and traditions where judicial power is derived from the willingness of the government to enforce judicial pronouncements. The set procedural norms are followed in the real world. The local government is empowered to control the behaviour which has or is likely to result into legal disputes. The domestic rules are adequately developed to control the consequences of such behaviour. Rules regarding jurisdiction are well tested to govern such disputes. Whereas, in case of the virtual world none of the abovementioned norms are in place.

The new age of technology has paved the way for various interstate disputes that arise in cyberspace. The adequacy of traditional jurisdictional regime has become the focal point of debate among academic scholars, legislators and courts. The geographical boundaries are irrelevant in the virtual world. It is believed that efforts to control cyber activities that result into legal disputes have largely failed as such disputes are mainly governed with the traditional rules of jurisdiction. Jurisdiction under International Law is generally classified into three types.

The Lotus case elucidates many

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exercise its power in any form in the territory of another state," and jurisdiction "cannot be exercised by a state outside its territory except by virtue of a permissive rule derived from international custom or from a convention". International law recognizes five sources of prescriptive jurisdiction: the subjective territoriality principle, the objective territoriality principle, the nationality principle, the protective principle, and the universal jurisdiction principle. Only the nationality principle and the two territoriality principles can be, or have been, applied to the regulation of Internet information transfers.

The bases for prescriptive jurisdiction under international law are:

- **TERRITORIALITY:** State has jurisdiction over property, persons, acts, or events occurring within its territory. Subjective territoriality and objective territoriality are the two variants of the territoriality principle. According to the fundamental principle of International Law, the ability of sovereign states to exercise jurisdiction over property, persons, acts or occurrences within their own territory is referred to as doctrine of subjective territoriality. The objective territoriality is invoked when the state can exercise jurisdiction over the act that has taken place outside the territory of the forum state but the primary effect is felt within the forum state.

- **NATIONALITY:** Under the Nationality principle states may regulate the conduct of their nationals wherever they are in the world. A state may even assume extra territorial jurisdiction. Under the passive Nationality principle a state may prescribe law for situations where its nationals are a victim of the conduct being regulated. This has limited scope, and is pretty well accepted with regard to terrorist attacks.

- **PROTECTIVE PRINCIPLE:** a state can legislate crimes that it considers to be a threat to its security, integrity, or economic interests. This becomes the base for exercising jurisdiction when the government or the sovereign is the victim.
- **UNIVERSAL:** The state may assert universal jurisdiction irrespective of who committed the act and where it took place. Universal jurisdiction conventionally covers only very serious crimes.

Considering all the above mentioned bases of exercising jurisdiction, even where one of the bases of jurisdiction is present, such exercise of jurisdiction must be reasonable.

**b. JURISDICTION TO ADJUDICATE**

It is defined as ability of the sovereign state to hear a case. Adjudicative jurisdiction has two components related to the considerations of territoriality and subject matter of the case.

**c. JURISDICTION TO ENFORCE:** Jurisdiction to enforce refers to the ability of the state to enforce the laws within its territory.

- **LACK OF UNIFORMITY IN JURISDICTIONAL RULES:**

The rules on all these types of jurisdiction vary from country to country. It varies depending on whether the country belongs to common law or civil law system. It can even vary among the countries belonging to the same legal system. One thing is certain that all types of jurisdictions are invoked with reference to territoriality. At present in any dispute in cyberspace the aggrieved party has to seek redress in a state that exercises adjudicative or personal jurisdiction over the e-defendant. The situation for an e-defendant who is engaged in a small business would become miserable as he/she is suddenly subjected to the remote place court as the website is accessible there. To date despite the efforts of numerous international organizations and other associations no adequate international standard governing personal jurisdictional over virtual world exist. Even when prescriptive jurisdiction is obtained the courts will have to determine which state or national law to apply to the dispute. Even when a solution for both the above situations is figured out in absence of effective cross border enforcement mechanism the question of enforcement jurisdiction remains unresolved.

- **JUDICIAL APPROACH ON JURISDICTION IN CYBERSPACE**

On the issue of jurisdiction the courts around the globe are facing a common question as to whether to develop a novel legal framework to address such complex issues or to look for an adequate answer by identifying analogous legal rules and judicial pronouncements that are available in the most pertinent fashion. In absence of any specific legal framework applicable to cyberspace traditional principles of domestic and
international jurisdiction are developed and adopted. Considering the non-availability of specific legislation and prescribed procedural norms, much reliance is placed on the judicial pronouncements of various countries.

POSITION IN US:
US is considered to be one of those developed nations where internet is most widely used. In US each state is considered to be a separate law district. Due to which there are many cases on jurisdictional issues in internet related disputes. The interstate jurisdictional issues in Cyberspace have been the subject matter of consideration for the US courts since last more than fifteen years between the fairly independent fifty states. The nature of disputes has been fairly remaining the same worldwide. Thus some of the experiences from the US should be useful also outside the US. The courts in US have developed law to localize the transaction in virtual world through various tests for exercising jurisdiction.

➢ MINIMUM CONTACT TEST:
The foundations of modern jurisdictional concepts were established in a land mark decision of the US court in International Shoe Co. v. Washington. In this case it was held that the court can exercise personal jurisdiction over a non-resident defendant provided the defendant has had certain ‘minimum contacts’ with the forum state such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’ Post-International Shoe cases have boiled down the "minimum contacts" sufficient to exercise specific personal jurisdiction to a three element test.

- The defendant must avail himself purposefully for the privilege of conducting activities within forum state. It is worthy to mention that the court has not only considered the conduct of the defendant but the effect of such conduct is also taken into consideration.
- The claim must arise out of or result from forum-related activities. This requirement ensures that the suit is sufficiently related to the contacts between the defendant and the forum.

52 326 U.S. 340 (1945).
Finally, the exercise of personal jurisdiction must be "reasonable" in consideration of a number of factors, including the burden on the defendant to litigate in the forum, the forum state's interest in adjudicating the dispute, the plaintiff's interest in obtaining convenient and effective relief, efficient resolution of controversies, and the shared interest of the several states in furthering fundamental substantive social policies.

The amount of minimum contact is left undefined by the Court. The Supreme Court held that this determination "cannot simply be mechanical or quantitative" and depends on the "quality and nature of the activity in relation to the fair and orderly administration of the laws which it was the purpose of due process clause to insure."

Applying the three-element minimum contacts test to a defendant's Internet activities poses special problems. Courts must determine what Internet activities, such as posting information or advertisements on a website or conducting commercial transactions, qualify as minimum contacts. Courts must also decide the level of Internet activity that meets the minimum threshold.53

➤ PURPOSEFUL AVAILMENT

Though not explicitly, the idea of purposeful availment was introduced in *International Shoe Co. v. Washington*.54 The model case that most clearly delineates the Court's understanding of personal jurisdiction is *World-Wide Volkswagen v. Woodson*.55 There, the Court held that the fact of an injury in the forum, even a foreseeable injury, is not a sufficient basis for a state to assert jurisdiction. Instead, the Court held that the defendant must have purposeful contacts with the forum." In explaining this result, the Court stated that "the reasonableness of asserting jurisdiction over the defendant must be assessed 'in the context of our federal system of government."

The Supreme Court, in *Asahi Metal Industry Co. v. Superior Court*,56 was more exacting, and limited personal jurisdiction to cases in which the defendant “purposely avail[s]”

54 444 U.S. 286 (1980).
55 Ibid.
himself of the forum. In this case the Supreme Court reversed the decision of the State Supreme Court held that exercise of personal jurisdiction over Japanese Company would be unreasonable and unfair and so constitute a violation of due process clause. In essence, as the Supreme Court also held in *World-Wide Volkswagen v. Woodson*, personal jurisdiction is subject to a test of reasonableness. Similar standards exist in foreign states where a court’s competence to hear the case depends on the defendant’s nexus with the forum state. In *Burger King Corp v. Rudzewicz*, the Supreme Court held that “The defendant did not have to be physically present within the jurisdiction of the forum court and that the forum court may exercise jurisdiction over a non-resident where an alleged injury arises out of or relates to actions by the defendant himself that are ‘purposefully directed’ towards residents of the forum state. It was held that ‘purposeful availment’ would not result from ‘random’ or ‘fortuitous’ contacts by the defendant in the forum state. It requires the plaintiff to show that such contracts resulted from the actions by the defendant himself that created a substantial connection with the forum state. He must have engaged in ‘significant activities’ within the forum state or created ‘continuing obligations’ between himself and the residents of the forum state. It was held on facts that the twenty year relationship that the defendant had with the plaintiff “reinforced his deliberate affiliation with the forum state and the reasonable foreseeability of litigation there.”

➤ **SLIDING SCALE APPROACH**

The emerging theme revolves around the characterization of websites. One of the leading cases has set a standard that many courts have adopted. In *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, the United States District Court for the Western District of Pennsylvania adhered to the long-standing notion of *International Shoe*, by looking at the nature and quality of activity to determine whether personal jurisdiction exist over a non-resident defendant. In doing so, the *Zippo* court created a “sliding scale” analysis based on passive, active, and interactive websites. Generally, a passive website does not create contact with a forum state sufficient to confer personal jurisdiction over a non-resident defendant.

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defendant. It is deemed nothing more than an advertisement with no intent to target a specific forum. Consequently, courts hold that “something more” is required. Active websites, on the other hand, are highly interactive. Courts tend to find that these websites are sufficient to confer personal jurisdiction because they enable parties to enter into contracts that contemplate continued business with the forum state, and knowingly and repeatedly transmit files and communicate over the Internet. Interactive websites make up the middle of the sliding scale; jurisdiction based on these websites depends on the nature and quality of commercial activity. The divergence in jurisdictional analysis of interactive websites may stem from a particular court’s interpretation of the phrase, “nature and quality.” Some of the early opinions emphasize the quantity of contacts conducted via a website while others, including more recent decisions, refer specifically to the nature and quality of the contacts.

➢ EFFECT TEST

‘Effects Test’ as evolved in Calder v. Jones, the Supreme Court based jurisdiction on the effect of online interaction in the forum state. The effect test is applied in cases with insufficient interactivity or minimum contacts, but where an action is targeted at a particular forum. In the Internet context, the effects test can be used to examine the exact nature of a defendant's Internet activities to determine whether it’s out of state actions were directed at parties or entities within the forum state. Further in Calder v. Jones, it was held that “purposeful direction requires (a) an intentional action that was (b) expressly aimed at the forum state, with (c) knowledge that the brunt of the injury would be felt in the forum state. If a court finds that a defendant's actions meet the standard of purposeful direction, then personal jurisdiction may be asserted based on Internet activities which do not meet the requisite level of interactivity or minimum contacts needed for other tests of personal jurisdiction in Internet cases.”

POSITION IN INDIA

The case law on these questions is in its infancy in India and there is no consensus or established rule in this regard. However, with the latest decision of the division bench of

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62 ibid.
the Delhi High Court has made certain key observation which will pave way for further development of law on jurisdictional issues in the virtual world.

The question of territorial jurisdiction over internet was considered for the first time by the High Court of Delhi in the first case of its kind in *Casio India Co. Limited v. Ashita Tele Systems Pvt. Limited*63 passed an injunction against the defendant from using the website www.casioindia.com on the basis of the fact that the website of Defendant can be accessed from Delhi, which is sufficient to invoke the territorial jurisdiction of this Court. The Court further held that “the said website/ domain name to be similar/deceptively similar to the registered trade mark "Casio" and website/ domain name of the Plaintiff i.e. *Casio India Company.com, CasioIndia.org, CasioIndia.net as well as Casio India.info, Casio India. Biz and Casio India Co” The High Court of Delhi held that the mere ability to access the website gave the court territorial jurisdiction to decide on the matter at hand. The court referred to the Australian case of *Dow Jones & Co. Inc. v. Gutnic*,64 which held that due to the ubiquity, universality and utility of the Internet, any matter associated with it is subject to global jurisdiction.

Court in India took a different perspective in *Independent News Service Pvt. Limited v. India Broadcast Live Llc And Ors.*65. The single judge of the Delhi High Court adjudicating the suit of passing off action initiated by the Plaintiff to induct the Defendants from using the domain name www.indiatvlive.com, wherein the defendants were neither residing nor carrying on business within the territorial jurisdiction of the court held the following:- “*I am in agreement with the proposition that the mere fact that a website is accessible in a particular place may not itself be sufficient for the courts of that place to exercise personal jurisdiction over the owners of the website. However, where the website is not merely 'passive' but is interactive permitting the browsers to not only access the contents thereof but also subscribe to the services provided by the owners/operators, the position would be different.*”66 The Court also stated that where the website was an interactive one, as opposed to one merely conveying information (static website) and where the target audience and a large consumer base of the website was located, the court could exercise jurisdiction over

63 2003 (27) PTC 265 (Del).
64 [2002] HCA 56.
65 2007 (35) PTC 177 (Del).
66 ibid para 48.
the matter, irrespective of the location of the defendant. The level of interactivity of the website was held to be of vital importance. Court further held that the website "indiatvlive.com" of Defendant is not wholly of a 'passive' character. It has a specific section for subscription to its services and the options (provided on the website itself) for the countries whose residents can subscribe to the services including India. The services provided by Defendant can thus be subscribed to and availed of in Delhi i.e. within the jurisdiction of this Court. It was also held that "the Defendant is carrying on activities within the jurisdiction of this Court; has a sufficient contact with the jurisdiction of the court and the claim of the Plaintiff has arisen as a consequence of the activities of Defendant within the jurisdiction of this Court". The decisions in the Casio and India TV matters are quite disparate, with the former stating that mere access to a website would suffice and the latter stating that commercial transactions at a particular location and the level of interactivity of a website are vital for exercising jurisdiction. Predictably, the law in this regard is quite uncertain. As a result, in the matter of Banyan Tree Holdings, the single bench of the Delhi High Court made a reference to the division bench to clarify the law in this regard.

A peculiar feature of this case is that in an action for passing of neither the plaintiff nor the Defendants is located within the territorial jurisdiction of this Court. The plaintiff is a company having its registered office at Singapore whereas the Defendants 1 and 2 are at Hyderabad. The plaintiff claimed that it is part of a group of companies involved in the hospitality business. Since 1994 it adopted and used the word mark "Banyan Tree and also the banyan tree device. The plaintiff maintains the websites www.banyantree.com and www banningtreespa.com since 1996. The said websites are accessible in India. It is noteworthy that the plaintiff does not hold a registration for the said mark and device in India. Its application for registration is stated to be pending. In October 2007, the plaintiff learnt that the Defendants had initiated work on a project under the name "Banyan Tree Retreat" which is deceptively similar to that of the plaintiff. Hence the jurisdiction of the Delhi High Court was invoked by the plaintiff on the ground that the defendant’s website was accessible there.

67Banyan Tree Holding (P) Limited v. A. Murali Krishna Reddy and Anr 2010 (42) PTC 361 (Del).
Chapter 4  
Jurisdictional Issues in Virtual World: Facts and Concerns

The learned single Judge after examining the above claim of the plaintiff as to the territorial jurisdiction of this Court on account of the Defendants hosting a website which is accessible in Delhi and after noticing the developments in the law in India, Canada, USA and England, formulated the following questions for consideration by the Division Bench. The answers given by the Division Bench to those questions were reproduced in the following manner.

**Question (i):** For the purposes of a passing off action, or an infringement action where the plaintiff is not carrying on business within the jurisdiction of a court, in what circumstances can it be said that the hosting of a universally accessible website by the Defendants lends jurisdiction to such Court where such suit is filed (the forum court)?

**Answer:** For the purposes of a passing off action, or an infringement action where the plaintiff is not carrying on business within the jurisdiction of a court, and in the absence of a long-arm statute, in order to satisfy the forum court that it has jurisdiction to entertain the suit, the plaintiff would have to show that the Defendant purposefully availed itself to the jurisdiction of the forum court. For this it would have to be prima facie shown that the nature of the activity indulged in by the Defendant by the use of the website was with an intention to conclude a commercial transaction with the website user and that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the plaintiff within the forum state.

**Question (ii):** In a passing off or infringement action, where the defendant is sought to be sued on the basis that its website is accessible in the forum state, what is the extent of the burden on the plaintiff to prima facie establish that the forum court has jurisdiction to entertain the suit?

**Answer:** For the purposes of Section 20(c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the Defendant the plaintiff will have to show prima facie that the said website, whether euphemistically termed as "passive plus" or "interactive," was specifically targeted at viewers in the forum state for commercial transactions. The plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the Defendant with a user of its
website within the forum state resulting in an injury or harm to the plaintiff within the forum state.

**Question (iii): Is it permissible for the plaintiff to establish such prima facie case through \( \text{trap orders}' or \text{trap transactions?} \)**

**Answer: The commercial transaction entered into by the Defendant with an internet user located within the jurisdiction of the forum court cannot possibly be a solitary trap transaction since that would not be an instance of "purposeful" avail by the Defendant. It would have to be a real commercial transaction that the Defendant has with someone not set up by the plaintiff itself. If the only evidence is in the form of a series of trap transactions, they have to be shown as having been obtained using fair means. The plaintiff seeking to establish jurisdiction on the basis of such trap transactions would have to aver unambiguously in the plaint, and also place along with it supporting material, to prima facie show that the trap transactions relied upon satisfy the above test.**

Thus it is found that a passive website with no intention of targeting audiences outside the state where it is located cannot be subject to the forum court’s jurisdiction and hence overruled the judgment. The court also observed that while the *India TV* ruling was closer to being correct than the *Casio* judgment, “there was no occasion for this Court even in *India TV* to examine the finer aspects of the question of jurisdiction based on the nature of website, the intention of the host of the website to specifically target viewers outside its jurisdiction, and the effect of hosting such website on audiences outside such state”.

The law as laid down in the *Banyan Tree* case may be summarised as follows:

- Some commercial transaction must have taken place as a result of the site
- The defendant must have specifically targeted the forum state
- Some injury must have resulted to the plaintiff due to the actions of the defendant
- The plaintiff must have a presence in the forum state, and not merely the possibility of a presence

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68 ibid para 58.
A mere hosting of a website accessible in the forum state, or a posting of an advertisement or a passive website that does not result in a commercial transaction with a viewer in the forum state, cannot give rise to a cause of action and therefore the court does not have jurisdiction. The Indian Courts follow a middle path wherein the purposeful avail test has to be applied in conjunction with the effects test in order to decide whether an Indian court has jurisdiction over a given case. Clearing the air of speculations, the Division bench of the Delhi High Court settled the law on the subject of exercising jurisdiction on the accessibility of a website in case of suit for passing off and/or infringement of a trade mark. Undoubtedly the decision of Banyan Tree Holding (P) Limited v. A. Murali Krishna Reddy and Anr has added a new chapter on the protection of Trade Mark in India. In 21st century the use of Internet is not limited to e-mailing, surfing, browsing, etc. It is increasingly used by commercial organizations to promote themselves and their products and services. It is also interactively used to buy and sell products. As per the Indian judicial approach on applicability of law, a person holding a domain name violating a registered trademark can be held liable for infringement under the provisions of the Trade Marks Act, 1999. A passing off action is maintainable in law even against the registered owner of the trademark, particularly if the trademark has a trans-border reputation. This, principle recognizes the mandate of protecting the well-known trademarks, as required by the TRIPS Agreement and the Trademarks Act, 1999. Thus, even if a domain name is registered in good faith and innocently, the passing off action is maintainable against the registrant.

CHAPTER CONCLUSION

In the initial period of domain name system, it was argued that the domain name has no significance for trademark. They both are completely different from each other. The widespread use of domain names for the marketing purpose has made this argument irrelevant. Numerous well-known marks are now associated with the domain names due to internet advertising. The trademark and domain name disputes will continue till either of the system is modified to suit the other one.

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69 Ibid.
Domain name dispute has been the subject of substantial litigation, legislative action and scholarly debates. The question that generally arises is whether the trademark law is naturally extended to domain name disputes. Difference in the substantive laws of different states and the absence of any enforcement mechanism in the virtual world give rise to a multiplicity of judicial forums, since the cause of action and the parties are spread across physical borders.

As it always happens the pace of technological development is much faster than the pace of development in legal framework. The main questions for which answer is being sought by all countries are: Should cyberspace be treated as separate legal jurisdiction? How legal claims arising in cyber space can be sensibly understood within the territorial frame work? An internationally harmonized approach focusing on questions of substantive law protecting trademarks with a particular reference to issues resulting from the tension between the territoriality of trademark rights and the global nature of internet is a need of the hour.

Activity in cyberspace can create the illusion of being lost in space, especially with regard to personal jurisdiction. The lack of boundaries in cyberspace creates a jurisdictional quandary inasmuch as the cyber jurisdiction analysis remains the same as the traditional basis of personal jurisdiction. Although the early cyber jurisdiction cases create some inconsistent results, recent cases seem to generate more concrete standards. Nonetheless, inconsistent analyses persist. As a result, guidelines are needed to assist people as they manoeuvre their activities in, around, and through the amorphous space known as cyberspace.

The justifications for and the feasibility of the traditional geographically-based jurisdictional and choice of law rules has been undermined by cyberspace. Such rules are not feasible to Internet users because cyberspace does not have clear delineated boundaries. Accordingly, any jurisdictional and choice of law rules must recognize cyberspace as a distinct spatial, rather than geographical, jurisdiction. In this regard, a possible solution

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involves creating Cyber law. However, the creation of this distinct body of law poses two identifiable problems: (1) certain laws will necessarily involve gaining the approval of the governed, and thus gaining the necessary consensus may be difficult; (2) the Internet's global and decentralized nature will prevent any single law-making authority from applying cyber laws across cyberspace. Thus, negotiations must begin amongst nations to create one coherent system in Cyberspace.