

INDUSTRIAL PROPERTY: PROTECTION OF TRADEMARKS AND OTHER DISTINCTIVE SIGNS IN LITIGATION ABOUT INTERNET DOMAIN NAMES

By:

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1. This paper aims to be a simple input information about the situation in Portugal, concerning a matter of the current Information Technology Law, which has created major problems with regard to the organisation of the Internet and the development of electronic commerce: I refer to conflicts between registers of domain names and the rights of Industrial Property for trademarks and other signs.

2. In highly competitive and increasingly globalised markets, the identification of the company and its products is of fundamental importance, because much of its success in dealing with its various interlocutors depends basically of the sharpness and attractiveness of its image. Therefore, the image of the company is formed by its *distinctive signs*, protected by the Industrial Property Law, in particular the *commercial names*, the *trademarks* and *service marks*, and their *domain names* on the Internet.

Indeed, the traditional cast of commercial distinctive signs is being enriched with new legal shades legal: that is what happens with the domain names on the Internet, generating problems of growing variety and complexity, hand in hand with the expansion of the Internet, in which tend to reproduce themselves and gain new outlines the human activities, especially economic activities. This means that the Internet not only gives to companies new ways to act in the market of their products, but also creates or facilitates the globalization of markets, in non-traditional economic terms.

In this context, may not cause surprise that the legal treatment of distinctive signs is a largely moving ground, where there is a lack of mechanisms for compatibility between their respective legal regimes and litigation resolution means. Also under this point of view must be noted that the traditional shortcomings of "bridges" between the protection of traditional signs - such as between the corporate names and trademarks, to

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quote just one example of potential minefield of conflicting events - were now increased with a field that is revealing inexhaustible of confrontation of interests between those traditional commercial signs and the newcomer domain names.

All this context is aggravated with the diversity of legal deployment of those signals: the Internet domain names legal rules are out of the field of the Industrial Property Law, where belong, among others, the trademarks and commercial names.

But, in general terms, all these signals, in addition to the specific functions of each of them, have the same capability to satisfy a general aim of such transcendent importance as is the protection of the legitimate interests of companies in the field of fair competition, that is, in promoting and defending their activities within the open and widespread markets that today face.

Generally, these distinctive signs are legally regarded as intangible assets, subject to ownership rights and which may be alienated, what gives them an economic value. This value is based on the importance of these assets to safeguard the interests of the relevant business organization, including, as has been emphasized, the promotion of the corporate image.

3. The structure and regulation of the registration of domain names, although conform to certain basic common principles, imposed by ICANN – Internet Corporation for Assigned Names and Numbers, have different legal frameworks. Regarding *generic Top Level Domains (gTLD's)*, the system created by ICANN with the cooperation of WIPO, aimed to reduce and solve the conflicts between the holders of domain names and trademarks, giving rise to the *Uniform Domain Name Dispute Resolution Policy (UDRP)*, of 26.8.1999, and the *Rules for Uniform Domain Name Dispute Resolution Policy ("Rules")*, approved on 24.10.1999.

Concerning the national / territorial *country code TLD's (ccTLD's)*, the regulatory and organizational solutions adopted can basically be grouped in two categories:

- (i) those in which a State adopts its own rules, and
- (ii) those where the political and administrative authorities refrain from interfering in the matter, which usually leads to the adoption of a model contract identical to the one adopted by the international domain names registrars.

At Portugal, the existing solution is hybrid: the management of the national domain names *ccTLD .pt* was assigned by ICANN to FCCN - Foundation for National Scientific

Computing, which issued the "Rules of the Registration Service of Domain Names of .pt", whose most recent version has been in force since 1.3.2006. But while FCCN has been empowered by ICANN, the Portuguese Government published the Resolution of the Council of Ministers n° 69/97, 10.4.1997, which, besides to recognize and confirm the function of FCCN as managing body of the system of domain names under ".pt", instructed the Minister of Science and Technology to prepare legislation on the matter. What until now has not been met...

4. The technical and economic function of domain names has been evolving over time. Initially mere name addresses, freely constructed, they became, due to the explosive development of the Internet, veritable distinctive signs of people, companies and other entities, for their own identification or to publicise the content of the reports their Web sites. Hence come also the widespread practice to building the domain names on the basis of the reproduction of other distinctive signs, such as trademarks and commercial names, geographical names, names of individuals and legal entities, names of literary works, etc..

From here follows a marked trend of the doctrine, jurisprudence and legislation to address some of the domain names in identical terms to those distinctive signs of business activity, as a kind of brand or trade name *sui generis*, for the specific purposes of the Internet.

So they have now a hybrid nature: a technical means such as URL address, and a distinctive sign (atypical) of the company or other kind of owner as to the projection of its activity on the Internet.

For now, however, seems to me that the registration of a domain name gives a specific exclusive right over itself, within the technical and identification function on the Internet that is intended. An ownership right which may be sold pursuant the rules of the system of registration. A right of which the holder can not be arbitrarily deprived by the entity responsible for the register (or any other), besides that emerging legal standards could protect the use of the constitutive expression of the domain name for commercial purposes or others.

The source of this ownership right varies, of course, depending on the support of its legal subsystem of regulation and registration of domain names. So, concerning those registered under general international *gTLD*'s, such right is generated by the registration agreement, according to the regulatory structure built by ICANN and, in addition, by the

general principle of law "*pacta sunt servanda*".

A similar solution is possible to those countries in which, for lack of legislative discipline that creates a different legal framework, the implementation of the registration of each domain name has a contractual basis. Obviously, concerning the countries that have legislated on the subject, that specific legal framework will give the answer to this question.

In Portugal, the issue has been very controversial, given that, despite the silence of the law, there is a demonstration of political will in the cited Resolution of the Council of Ministers n° 69/97, which seems to reveal the intention of attracting this theme for the under the rules of administrative law.

For now, in the opinion of DIOGO FREITAS DO AMARAL, rules on domain names would be "technical standards issued out from any source of law recognized as such", which would be enforceable by integrating the gap in the law, for application of art. 10, n° 3, of the Civil Code, through a standard reception rule created by the interpreter.

A third view characterizes the Rules of FCCN as general contractual terms (subject to the rules on unfair clauses, established in the Decree-Law n°. 446/85, 25.10), based, therefore, on a merely private law design of the system of domain names under '**.pt**', whose nature and support would be contractual.

"*De jure constituendo*", it seems to me preferable a legal framework based on a solution similar to that of art. 1303 of the Civil Code of Portugal, as a right of ownership which object is an immaterial asset, similar to the rights of industrial property and the rights of author.

5. The regime established by ICANN's UDRP has proved to be of great effectiveness to fight *cybersquatting* and other practices about domain names registration affecting the rights of industrial property on trademarks.

But the UDRP requires as a prerequisite for the submission of a complaint the complainant's ownership of a trademark to which the domain name subject of dispute is equal or confusingly similar. Thus remain unprotected the holders of other distinctive signs that deserve a similar protection to the marks, such as commercial names, geographical names, etc.

This omission presents serious drawbacks. First, because it implies a violation of art. 8 of the Paris Convention (1967), which establishes the protection of commercial names regardless of registration, because such protection is often refused on the ground of the

domain names litigation. Moreover, it implies that a company can only obtain protection for its commercial name if it is also registered as a trademark, or if invoking their use as a "*de facto trademark*" (or common law trademark), which is sometimes impossible. And also the internal rules of the laws of several countries on the domain names, or the managing bodies of national areas, often omit the protection of commercial names.

So often happens that a company which commercial name is registered by others as domain name and does not have it also registered as a trademark can not present a complaint based on the UDRP to resolve the dispute, and so is compelled to resort to the ordinary courts, which can generate complex problems of jurisdiction and big expenses, in addition to be dependent on standards of a legal foreign system.

The discussions on this issue led by WIPO have proved inconclusive, in the absence of sufficient consensus, as noted in the "Report of the Second WIPO Internet Domain Name Process" October 2001 and the decision of the Meeting member states of WIPO, 1.10.2002. Although the same report recognized that a huge part of the litigation on domain names involve violation of rights on commercial names, it concluded that the protection of domain names should be treated at the level of regulation of *ccTLD's*. This conclusion seems somewhat incoherent, because the commercial names remain unprotected in what concerns domain names registered under *gTLD's*.

Moreover, the difficulties raised are the same as for trademarks, and this has not been considered as an obstacle to the construction and successful implementation of the UDRP. So it remains not understandable the reluctance to extend the application of this system to commercial names.

6. With regard to the means of resolving disputes over domain names, the regulatory system established by ICANN - UDRP and its Rules has influenced the evolution in Portugal. So the art. 52 of the Rules of FCCN (version 1.3.2006) bind their holders to use institutionalized voluntary arbitration, in accordance with art. 38 of the Law No. 31/86, 29.8 (that rules voluntary arbitration). The entity chosen should be able to proceed to arbitration on the issue.

Meanwhile, FCCN announced in December 2007 that will become soon in force a change in its Rules – that is expected to happen by the middle of 2008 -, by which the arbitration system will be strengthened through the introduction of criteria for the decision of conflicts on the domain names that, in essence, match the constants of the UDRP, but allow the protection of rights on other distinctive signs, such as personal

names, commercial names, geographical names, etc.. It will even be created a specialized arbitration centre on this matter.