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Dealing With Domain Name Disputes Under The Domestic Laws Of The United Kingdom

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Abstract

Disputes resulting from the intersection of domain names and trademarks have emerged across the globe as a common problem. Despite more than two decades of experience, the concerns in the amicable settlement of trademark-domain name disputes have not subsided. With the growing uncertainty about the application of the traditional trademark laws, coupled with the inconsistent judicial decisions, the United States moved towards a separate law to deal with certain aspects of trademark-domain name conflicts. However, the United Kingdom still continued to deal with domain name disputes under the traditional trademark laws. Hence, the positions in the United States and the United Kingdom are found to be at opposing ends of the pendulum. The author, in this article, evaluates the traditional approach of the United Kingdom in dealing with modern-day domain name disputes by highlighting its limitations.

Keywords: Cybersquatting, Domain names, Goodwill, Passing off, Trade Marks Act 1994, Trademark infringement.

1 Introduction

The hijacking of domain names by parties having no legal right in the trademarks was a major problem evidenced by the international community along with the growth of the domain name system. Ever since the commercial enterprises in the United Kingdom started to realize the commercial use of the Internet and domain name in the mid and late 1990s, the menace of cybersquatting had cropped up, and was in the stage of spreading. Most of the famous trademarks were already registered as domain names, and a plethora of domain names with a mixture of misspellings, hyphens, prefixes and suffixes to well-known trademarks existed.[1] The question at that juncture was how to acquire these domain names from the registrants, who in some cases were cybersquatters and in others, innocent registrants. Added to this, there was a requirement to prevent the spread of bad-faith domain name registrations in the United Kingdom, which was based on the first-come, first-served principle, coupled with no obligation to check the applicant's rights in the name.[2]

Unlike the United States, there is no separate law to deal with the act of cybersquatting in the United Kingdom. The absence of separate legislation has made the United Kingdom scenario different from that of the United States. Even the abusive registration by itself does not provide an independent cause of action in the United Kingdom. Attempts are made by the aggrieved persons to invoke different doctrinal bases for legal action, including conspiracy, inducing breach of contract and abuse of process.[3] However,

none of them was significantly useful to remedy the rights of the aggrieved in the abusive domain name registrations. Ultimately, the causes of action in the United Kingdom with respect to the domain name disputes started to arise either out of trademark infringement or passing off.[4] Hence, the United Kingdom banks on traditional laws to deal with the modern-day domain name-trademark disputes.

2 Trademark Infringement Actions

Section 1 of the Trade Marks Act 1994 (as amended over the years) defines 'trade mark' as "any sign which is capable— (a) of being represented in the register in a manner which enables the registrar and other competent authorities and the public to determine the clear and precise subject matter of the protection afforded to the proprietor, and (b) of distinguishing goods or services of one undertaking from those of other undertakings." The provision also states that the trademark may consist of *inter alia* words (including personal names), letters and numerals. This gives sufficient scope for even registering the domain names as trademarks. Section 9 of the Act says that the registration of the trademark at the United Kingdom trademarks registry gives to the registered proprietor the exclusive right to the use of that trademark in relation to the goods or services for which it is registered.

Trademark infringement in the United Kingdom occurs when an unauthorized third party uses in the course of trade the same or similar mark in relation to the same or similar goods or services. According to Section 10(1) and (2) of the Act, in the circumstances where the marks and/or goods and services are similar, but not identical, infringement would only occur if there is a likelihood of confusion on the part of the public. Section 10(3) of the Act deals with the infringement of a reputed trademark registered in the United Kingdom. If the unauthorized use of it or a mark similar to it is without due cause and results in undue advantage or causes detriment to the distinctive character or the repute of such trademark, the party making the unauthorized use would be liable in the infringement action. Such a type of infringement does not require proof of likelihood of confusion. Therefore, Section 10(3) has often been the primary basis of trademark infringement actions under English law.

One of the crucial factors to be established in the United Kingdom trademark infringement actions is the "use in the course of trade". Use in the course of trade for trademark infringement includes the affixing of the mark to the goods and their packaging, offering goods or services for sale by way of advertisements and other promotional and business literature under and by reference to the mark, and selling or supplying goods or services under the mark. Use of the mark as or as a part of a corporate or business name could qualify as use in the course of trade. Similarly, using the mark as or as a part of the domain name might also lead to trademark infringement.[5]

The United Kingdom courts have equated the use of a domain name for web advertising, promotion of business or offering for sale of goods or services to that of the use of a shop name or business name for the said purposes. The first case relating to the issue at hand in the United Kingdom is *Harrods Ltd.* v. *UK Network Services and Others*.[6] In this case, an English cybersquatter registered "harrods.com" as a domain name and offered it for sale over the Internet via a United States Internet service provider. Upon an action for the infringement of trademark rights by Harrods Ltd., registered owner of the trademark "Harrods", the Court held in favour of the plaintiffs by applying the Trademark Act 1994. However, the Court found it unnecessary to determine the issue of the use of the trademark by the defendant, since the defendant failed to appear before the Court and file evidence.

Though in *Harrods* the Court was saved from the determination of a difficult issue relating to the "use in the course of trade", the subsequent cases required the specific determination of it. In a number of cases, the domain name registrants merely registered the domain names to store them, creating complications in proving the "use in the course of trade". The judicial trend in the United Kingdom shows that even if the domain name registrants do not use their domain names in the ordinary sense and simply store them, the courts have interpreted that the registrants are using their domain names as stock in trade and are taking unfair advantage of the distinctive character and reputation of the mark. This trend is reflected in *British Telecommunications Plc and Another* v. *One in a Million Ltd. and Others*,[7] wherein the defendant company registered a number of well-known names and trademarks as its domain names with an intention to sell them to the original owners of names and trademarks. The Court, while dismissing the argument of the defendant that there was only a use and no "use in trade" as required under the Trademark Act, held that the attempt to make the domain name more valuable and extract money from the trademark owners showed that the domain names were used in the course of trade, violating the trademark rights.

All unauthorized uses of the mark under the United Kingdom law do not constitute trademark infringement. Section 10(6) of the Trademarks Act 1994 permits the fair use of a registered trademark to indicate the goods and services of the owner of that mark, and in particular for the purpose of comparative advertising.[8] The honest use by a person of his own name and address,[9] honest descriptive use and honest use to indicate the intended purpose of a product or service are protected under Section 11 of the Trademarks Act 1994. In cases involving Section 11 defence by the domain name holders, the courts have the task of making an overall assessment of all circumstances to arrive at a conclusion on the subjective element of honest practices. However, this defence is not available to the defendant if his activity leads to the passing off.

3 Passing off Actions

Passing off is a form of tort, which is actionable under English law. The passing off involves one trader creating an impression in the consumers that his goods are those of another trader who has an established goodwill.[10] The action for passing off is based on the proposition that one should not be allowed to misuse the goodwill of another to pass off his goods. It has been rightly observed by Lord Halsbury in *Reddaway* v. *Banham*,[11] "nobody has any right to represent his goods as the goods of someone else." The tort of passing off is gradually extended to services and other kinds of businesses over time.[12]

An action for passing off requires the proof of three factors, popularly known as the classic trinity doctrine, laid down by Lord Oliver in *Reckitt & Colman Products Ltd.* v. *Borden Inc.*[13] They are;

(i) Plaintiff must establish a goodwill or reputation attached to his goods or services.

(ii) He must demonstrate a misrepresentation by the defendant to the public (whether or not intentional), leading or likely to lead the public to believe that the goods or services offered by him are the goods or services of the plaintiff.

(iii) He must demonstrate that such misrepresentation has resulted or is likely to result in damage to the plaintiff.

The burden of proving goodwill or reputation is contingent on the famousness of the trademark. In cases where the trademark is very famous, the knowledge of it by the bad faith registrant of the domain name can easily be inferred.[14] Similarly, if the trade name or the trademark is the personal name of the owner

and the domain name registrant has no justifiable connection with it, the burden of proof would be less to the plaintiff.[15] The fame of the mark also has an influence on the determination of the possible effect of the misrepresentation, since more people are prone to deception.

In the United Kingdom, titles of books and journals can be registered as trademarks. Hence, the infringement actions can be brought against the domain names featuring such titles. Even the passing off action is permissible if there is a business goodwill attached to the title in question. The passing off actions may also crop up in the cases of the use of names of towns or cities and geographical indications as domain names. In addition, the use of any title without permission to create an impression that the person is employed or supplies goods or services to the Queen or to a member of the Royal family is a criminal offence under Section 99 of the Trademarks Act 1994.

One of the significant problems in the action of passing off is the jurisdictional conflict as evidenced in *Mecklermedia Corporation* v. *DC Congress GmbH*.[16] Here, both parties used the same trademark, 'Inter World'. While the plaintiff used it, though unregistered, in the United Kingdom, the defendant had it registered in Germany and was using it both in Germany and Austria. Both the plaintiff and the defendant, who are involved in a similar kind of business involving trade shows, registered 'interworld.com' and 'interworld.de' respectively as their domain names to expand their business online. Thereafter, the plaintiff brought an action of passing off against the defendant in the United Kingdom Court.

The defendant brought forward the preliminary objection on the aspect of jurisdiction, since according to it, the acts complained of by the plaintiff took place in Germany and Austria, and not in the United Kingdom. The Court, while rejecting the contention of the defendant, observed that as far as the English law of passing off is concerned, it did not matter that none of the defendant's activities took place within the territorial jurisdiction of the Court. To do any act abroad, which results in damaging the goodwill by misleading the public within the United Kingdom, was held to be well within the English law of passing off.

The passing off action primarily seeks a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill, which is likely to be injured by the misrepresentation.[17] One of the moot questions in light of this is whether the passing off actions can be brought against the cybersquatting? The dilemma arises significantly due to the fact that cybersquatting usually involves the act of preventing the holder of a trademark from using their trademark as a domain name, and might not involve misrepresentation to the consumer on any good or service in the course of trade. So, in the absence of use of the domain name in the usual course of trade, consumer confusion is difficult to establish.[18] However, the approach of the English courts shows that they are flexible enough to interpret the requirements of passing off to accommodate the act of cybersquatting within it.

The flexible approach of the English courts is reflected in the famous *British Telecommunications Plc and Another* v. *One in a Million Ltd. and Others* case.[19] In this case involving multiple complainants against several registrations of domain names by the defendant, some of the complainants proceeded on the basis of infringement actions (as discussed above), and others proceeded on passing off actions. The defendants argued that they have not made any use of the domain name in trade and there is also no likelihood of confusion to the public, which are the two essential ingredients of the passing off actions.

While dismissing the arguments of the defendant, the court held that the use in the course of trade would only require the use in the business, which was made by the defendant by attempting to extract money from the plaintiffs. There was also confusion created in the minds of the web-users, since they would be under the impression that the defendant is associated with the plaintiffs. The Court observed that the passing off could occur where someone put or authorize(d) someone to put an instrument of deception into the hands of others. The Court concluded that the domain names, in the present case, are the instruments of deception, since they misrepresent the public in general. Thus, it was established that the act of registration of domain names by the defendant is the erosion of exclusive goodwill in the names, which constitutes passing off.

Thus, though the traditional passing off law falls short of providing a remedy in all instances of domain name registration misuse, the United Kingdom courts are adopting a more equitable and pragmatic approach to address the wide-ranging issues relating to domain name registration misuse under the passing off law.[20] Now the passing off may consist of misappropriating the claimant's mark, business name or get up; or one may simply supply his own goods when he receives an order from the claimant.[21] It is also said that passing off is an ever-developing tort directed towards dealing with any aspects of making easy money by using or tarnishing the goodwill of another.[22] This being the fact, the law governing passing off is growing in an attempt to keep pace with modern methods of pirates and unfair competitors.

4 Remedies Available under Infringement and Passing off Actions

The plaintiff would be entitled to several remedies in a successful invocation of an infringement or passing off action under the United Kingdom law. First, the court may pass an order of injunction to restrain further infringement or passing off. This is crucial for the plaintiff, since it has the effect of saving him from continued economic and reputational loss during the period of litigation. Since this remedy is not available in other means of trademark-domain name disputes resolution, the plaintiffs prefer to litigate in court with the objective of getting immediate relief.

Second, the court may order the delivery of all infringing goods, materials or articles to the plaintiff or any other person as the court may direct. This would be helpful in preventing the possibility of any fabrication of goods, materials or articles by the defendant. Third, an order may be made against the defendant to transfer the domain name to the plaintiff. Upon failure of the defendant to comply with such an order, the court may authorize directly a High Court Master to execute the transfer.[23]

Fourth, an order for enquiry as to the damage suffered by the plaintiff or an account of the profits that the defendant has made from the activity complained of may be made by the court. In addition, the court may order the payment of the sum found due on the basis of an enquiry or accounting. Fifth, the order may be made against the defendant to pay the legal costs of the plaintiff, which is usually assessed between 65% and 85% of the actual costs.

Finally, by virtue of Norwich Pharmacal jurisdiction,[24] if the litigant is unable to identify the infringer, he can obtain an order from the court for the disclosure of information from a third party holding that information, who is in some way involved, albeit unwillingly.[25] This jurisdiction helps the trademark owners in situations where the domain name registrant can only be tracked through an email address or a telephone number. Thus, the Internet service providers or telephone companies may be required to disclose full details of the subscriber in such cases.[26]

5 Conclusion

The traditional approach, which is adopted by the United Kingdom for dealing with modern-day domain name-trademarks disputes, is based on actions in trademark infringement and passing off. Though trademark infringement actions are easier for the plaintiffs (since there is no requirement to prove likelihood of confusion), they require proof of registration. One of the major hurdles in the infringement actions, "use in the course of trade" by the defendant, is overcome by the United Kingdom courts with an increasingly liberal interpretation. The passing off actions, though have a higher standard of proof, are more useful for those trademark holders who have not registered their trademarks. The trend in the United Kingdom reflects the use of both together in *arguendo* in most of the cases. However, the ultimate remedy to the problem is more based on the courts' approach, which certainly is problematic, since it is subject to change.

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[5] *Supra* note 1 at p. 848.

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[7] [1998] 4 All E.R. 476.

[8] See for example, *Vodafone* v. *Orange* [1997] FSR 34; *DSG Retail* v. *Comet Group* [2002] FSR 899.

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[21] See *Bostitch* v. *McGarry* (1964) R.P.C. 173.

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[23] As evidenced in *Marks and Spencer Plc* v. *Craig Cottrell and Others* (2001) 24 (7) IPD 24046; (Lightman J.) Transcript 26 February 2001.

[24] Named after the leading case, *Norwich Pharmacal Co.* v. *Commissioners of Customs and Excise* [1974] AC 133.

[25] Kevin LaRoche and Guy J. Pratte, 'The Norwich Pharmacal Principle and its Utility in the Intellectual Property Litigation', *Canadian Intellectual Property Review*, Vol. 18, 2001, pp. 117 - 137 at p. 122.

[26] Reference can be made to *The Coca-Cola Company* v. *British Telecommunications Plc* [1999] FSR 518. In this case, the court ordered British Telecommunications to provide the address of one of its customers, Mr. Akrell, against whom the Coca-Cola Company had a claim of trademark infringement and passing off.