

Report: 1997-98, December 1998. Available from the Department's website at <http://www.dcita.gov.au>

- ⁴ 1997 Act s 52.
- ⁵ Ibid Part 2, Schedule 1.
- ⁶ Ibid s 42.
- ⁷ Ibid Division 2, Part 2. To date no determination has been made by the Minister that specifies any facilities.
- ⁸ Ibid s 7.
- ⁹ Ibid s 30.
- ¹⁰ Ibid s 22.
- ¹¹ Ibid Division 4, Part 2.
- ¹² *Telecommunications (Eligible Combined Areas) Determination, No 1 of 1991.*
- ¹³ *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997 s 79.*
- ¹⁴ 1997 Act s 31. To date no determination has been made by the Minister that specifies any

- radiocommunications transmitters or receivers.
- ¹⁵ Ibid s 32(1).
 - ¹⁶ Ibid s 33.
 - ¹⁷ Ibid s 32(2)-(5).
 - ¹⁸ Ibid s 34.
 - ¹⁹ Ibid s 35.
 - ²⁰ Ibid s 7.
 - ²¹ Ibid.
 - ²² Ibid.
 - ²³ Ibid s 44. To date no content services have been designated by the Minister.
 - ²⁴ Ibid s 23.
 - ²⁵ *Determination Under Subsection 23(2), No 1 of 1998.*
 - ²⁶ 1997 Act s 77. A list of nominated carrier declarations is available from the ACA's website at <http://www.aca.gov.au>
 - ²⁷ Ibid s 81.

- ²⁸ Ibid ss 45-9.
- ²⁹ Ibid s 7.
- ³⁰ *Telecommunications Act 1975 (Cth) s 13(1)(a), Telecommunications Act 1989 (Cth) s 46, Telecommunications Act 1991 (Cth) s 108.*
- ³¹ 1997 Act s 50.
- ³² Ibid s 51.
- ³³ *Determination Under Subsection 51(1), 1998.*
- ³⁴ *Determination Under Subsection 51(1), No 1 of 1998.*
- ³⁵ *Determination Under Subsection 51(1), No 2 of 1998.*
- ³⁶ 1997 Act Schedule 1.
- ³⁷ Ibid s 62 and Parts 6, 16, 21 and 22.
- ³⁸ Ibid Parts 7, 10, 13, 14, 15, 17 and 18.
- ³⁹ Ibid Parts 3-5, Schedule 1.
- ⁴⁰ Ibid Schedule 3.

Domain name disputes: A view from the Antipodes

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SYNOPSIS

This paper discusses the growing market significance of domain names and of conflicts between domain name holders and trademark owners.

It is a view from the antipodes in a world which still seems UScentric.

The paper focuses on the view from Down Under of the global attempts to implement a variety of dispute resolution mechanisms, including the move to an internationally endorsed mediation and arbitration process promulgated by the World Intellectual Property Organisation.

Introduction: the Cybermarket

There's no business quite like the domain name business.

Just ask the people of Tuvalu, a poor and tiny Pacific nation, 1,000 km north of Fiji. Until recently, the 10,000 inhabitants of this 26 square kilometre island never imagined that the Internet would be the cyberspace answer to their fiscal dreams. Tuvalu was allocated .tv as its national top level domain name (nTLD) by the International Standardisation Organisation.¹ So in 1995 the

Government of Tuvalu began to receive lucrative business proposals concerning the Internet use of their domain name. There was money to be made. The Government invited tenders from interested parties. Five flew to Tuvalu to make their case personally. Travelling on the only airline linking the country with the rest of the world, they landed on the airstrip which covers a third of the capital, Funafuti, and were soon whisked away to the country's only hotel. One company, *information.ca*, made an offer the Government could not refuse: an advance payment of \$US50 million – more than four times Tuvalu's annual GDP – followed by a projected \$US60 million to \$US100 million a year from Tuvalu's 65 per cent share of revenues. This for a country where a good wage is \$200 a month. As they say in the classics, *welcome to cyberspace*².

Tuvalu is just one of many examples of the new, flourishing *cybermarket* that exists in cyberspace. In the past six months in particular, the Internet has become the focus of a speculative boom. The mere mention of the word "online" or ".com" drives investors into a frenzy.

As Alan Greenspan has observed, there is probably some fundamental value underneath the Internet investment hype. For many puzzled analysts, that value lies in the raw numbers of users. From 1990 to 1997, the estimated number of Internet users grew from around one million to around 70 million.³

While the United States still accounts for the largest majority of Internet users, the rest of the world can hardly be described as disinterested. Between 1993 and 1996, the number of Internet hosts in Europe increased by about 600%.⁴ At the date of this paper, Australia registered 67,889 domain name spaces. Registrations in the .com.au space are growing by three per cent each week, compared to a growth rate of one per cent for the whole Internet. This ranks the .au domain space fourth behind Germany, Britain and the United States⁵ and this phenomenal growth (consistent with Australians' take-up rates of other new technologies including mobile phones and VCRs) has created administration challenges for the .au space (Australia's progressive response to these challenges is described at the end of this paper).

It is partly for these reasons that an Australian, Dr Paul Twomey, has been appointed founding Chair of the Governmental Advisory Committee to the Internet Corporation for Assigned Names and Numbers (ICANN)⁶, the new non-profit, international Internet corporation.⁷ Dr Twomey is presently Chair of the Australian federal Government's National Office of the Information Economy (NOIE)⁸, the body responsible in Australia for:

- the legal and regulatory framework for the information economy in its widest sense;
- facilitating ecommerce in Australian business and government, and between the private sector and government;
- promoting community access to and involvement in, the information economy;
- the comprehensive re-engineering of government service delivery modes and platforms to enable online access to government; and
- international liaison (including by Dr Twomey's appointment as founding Chair of ICANN's GIC).

What is a Domain?

One of the most problematic issues arising from this growth is the pressure placed on the domain name system or domain name space. The domain name space serves the central function of facilitating users' ability to navigate these interconnected networks.

'Domain' has a specific meaning in the Internet 'space' or context. A domain, or domain name, exists conceptually in the domain name space (DNS). The DNS is arranged as a hierarchy. At the top of the hierarchy is the root domain "." which is administered by the Internet Assigned Numbers Authority (IANA). The domain name registry in Australia is handled by AUNIC.

The sub-domains of the root are known as the top-level domains, and include the *edu* (educational), *gov* (government), and *com* (commercial) domains. Although an organisation anywhere in the world can register beneath these three-character top level domains the convention is, outside of the United States, to use the top-level domains represented by the ISO two-character country codes, thus organisations in Australia are registered beneath *au*.

This means that a registered domain name in Australia will have as a suffix the concatenation of one of the top-level domains and ".au".

The "www" that precedes the domain name is a sub-domain of the registered domain.

Domain names are user friendly addresses, such as *glaw.com.au* which are connected to or represent Internet Protocol (IP) numbers that guide the user to a web site. Without domain names, there would be no cybermarket. It is because domain names are easy to remember that they have become highly coveted prizes in the corporate cyberspace world. The easier a domain name is to remember, the more likely a user will tap into the right web site. So that if you want Pepsi, the most logical domain name is *pepsi.com*. Or if you want Disney Television, then it would be *disney.tv*. The bottom line is that corporations will pay big bucks for this cyberspace microgroove to higher market penetration.

Trade marks and Domain Names

A trademark is a word, phrase, symbol, smell, sound, design or combination of such used to identify the source of goods or services, thereby linking traders with commodities.⁹ Generally, a registered trademark gives you an exclusive right to the use of that trademark in relation to the particular category of goods and services in the territory of registration. In other words, it is a territorial monopoly for a specific time period and limited within that territory to those particular categories of goods and services in relation to

which you have registered the trademark.

The Internet does not recognise these boundaries. Owners of a trademark in Australia may find that a company in Europe is using an exact copy of their trademark as a domain name. By using the trademark on the Web from its European Web site, is it infringing the Australian owner's trademark?

As commercial activities have increased on the Internet, domain names have become part of the standard communication mechanism used by businesses to identify themselves, their products and their activities. Domain names have unwittingly become quasi-trademarks for corporations but without the same geographical, procedural and goods-or-services-specific application constraints that exist for traditional trademarks. It is a truism to say that domain names are antithetical to trademarks. For instance, domain names are supplied on a first come, first served basis without a strong regulatory framework for dispute resolution. Also there can be only one domain name, while two identical trade marks can co-exist in the same territory. This war of attrition has led some writers to advocate a *cyberjurisdiction* where the laws of the Internet exist outside the boundaries of national sovereignty.¹⁰

The basis of trademark protection in Australia is to avoid consumer confusion as to the source of the goods.¹¹ So a simple answer is that domain names do not cause trademark confusion where there is only the use of an equivalent domain name.¹² A store in Australia selling furniture which registers as *red.com.au* should not infringe the trademark rights of Red Pty Ltd, a computer company, if there would be no confusion as to the source of the goods and there were no goods sold which were common to both. Red Pty Ltd would also have no cause of action for the domain name as the allocation of "generic Top Level Domain" names (gTLDs)¹³ by Internet Names Australia (INA) is on a first

come, first served basis. gTLDs act in conjunction with "Second Level Domain" names (SLDs) to help guide the enduser through the interconnected networks of the Internet to the right address (eg. .edu for an education institution).

At the date of this paper, the Australian courts have not ruled on domain name/trademark issues, although they have been willing to acknowledge that a domain name may warrant a cause of action pursuant to s52 of the Trade Practices Act for misleading and deceptive conduct by a corporation.¹⁴

The Australian Stock Exchange has brought an action in the Federal Court of Australia against ASX Investor Services Pty Ltd for trademark infringement, passing off and deceptive and misleading conduct for using the domain name "asx.com.au". If this action remains on foot, it will be the first domain name dispute decided in an Australian court.

The global tension between domain names and trademarks is heightened dramatically on the Internet because of the nature of the allocation of domain names.

Like INA and Nominet in the UK, Network Solutions Inc. (NIS), the US corporation responsible for the registration of second-level Internet domain names (SLDs) in the gTLDs, adopts a first come, first served policy of allocation. However, unlike INA, the NSI takes a hands on approach with dispute resolution favouring registered trademark owners. A domain name at the gTLD level is internationally applicable. It will exclude all other domain names. gTLDs mean that cybermarket conflict with trademarks is inevitable and at least two questions will need to be answered:

- (1) *Who has the right to use the domain name in the cybermarket? and*
- (2) *in which jurisdiction can that right be enforced?*

US

The majority of trademark and domain name conflict disputes have occurred in the US where trademark holders have brought dilution actions, based on reducing the status or tarnishing the trademark, under s43(c) of the Lanham Act.¹⁵ There is little doubt that trademark law in general and the US federal trademark law is operative in cyberspace.¹⁶ This is very instructional for countries like Australia where priority and jurisdictional issues of trademark and domain name disputes have not yet been litigated. The disputes have most commonly fallen into three categories:

1. domain name hijacking;
2. two valid trademark holders attempting to secure one domain name; and
3. a domain name identical or confusingly similar to a pre-existing trademark.

Unlike Australian trademark law¹⁷, dilution is not primarily concerned with consumer confusion, rather the effect of the use of the domain name on the registered trademark. The goal of the dilution theory is to eliminate any "risk of an erosion of the public's identification of a very strong mark with the plaintiff alone" and to prevent another user from "diminishing a mark's distinctiveness, uniqueness, effectiveness and prestigious connotations."¹⁸ The Lanham Act also provides the holders of "famous" trademarks with additional protection over that afforded by traditional trademark law. It creates a defensive cause of action for the plaintiff owner of a famous trademark even where there is no competition between the parties and no confusion as to the source.

US Common Law

Dennis Toeppen has become infamous in cyberpiracy history as the ultimate *cyberjacker*. He registered approximately 240 domain names, apparently with the intent to sell the

names back to the companies whose names those domain names most closely resembled, for profit.

For example, he registered "deltaairlines.com", "panavision.com", "intermatic.com" and "americanstandard.com". In *Intermatic*,¹⁹ the Court found that Toeppen's acts of registering an identical domain name did constitute trademark dilution. *Intermatic Inc.* had been doing business since the 1940s and its estimated expenditures in advertising and promotions over the past eight years exceeded \$16 million. The Court found that the *Intermatic* trademark was famous because of its extensive and lengthy use. As to "dilution", the Court held that the mere registration of the domain name by Toeppen lessened the capacity of *Intermatic* to identify its goods and services by means of the Internet. Moreover, *Intermatic Inc.* as the bona fide registered owner of the trademark was given priority over the domain name.

This decision was confirmed in *Panavision*,²⁰ where the Court held that Toeppen's use of a website using the domain name "panavision.com" with the intent to profit also "diluted" *Panavision's* famous trademark. The Federal Trademark Dilution Act provides:

*"The owner of a famous mark shall be entitled...to an injunction against another person's commercial use in commerce of a mark or tradename, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark."*²¹

The Court found commerciality in the malignant registration of the domain name by Toeppen with the intent to profit at the expense of *Panavision*. The Court rejected Toeppen's contention that a domain name is just an address and asserted that a domain name may be a valuable corporate asset because it facilitates communication with a customer base. Moreover, "dilution" existed in the confusion that potential customers of *Panavision* might experience in visiting *panavision.com*.

US Dispute Resolution Procedures

The importance of the interaction between trademarks and domain names and the need for domain name owners to consider trademark registration is highlighted by the dispute resolution policy in the US for resolving disputes. At present NSI has a network solutions' domain name dispute policy.

However by September 2000, ICANN, the new, non-profit international corporation, a privatisation called for in the U.S. Government's White Paper²², will implement a new domain name dispute mechanism proposed by the WIPO.²³ Until ICANN takes responsibility for coordinating DNS management, the NSI policy applies to parties in domain name disputes. The NSI policy has been criticised for its inability to handle domain name disputes effectively.²⁴

More specifically, it has been argued that Network Information Centres (NICs), that is naming authorities, are not suitable bodies to decide matters of trademark disputes, and that their policy of carte blanche suspension in favour of trademarks is inappropriate.

A registered trademark owner who is protesting about an identical domain name has one of two options: to pursue an action in the courts, which is expensive and time consuming, or seek relief under the NSI dispute resolution policy. NSI will suspend any ".com" domain name if the complaining party can produce proof of a trademark registration from any country in the world for a mark identical to the challenged domain name with an effective date predating the domain name's creation date, and if the domain name applicant cannot produce evidence of a trade mark registration for the domain name with a creation date before the challenger's first demand letter to the applicant.²⁵

This is an odd, quasi-judicial hands on approach, as the usual burden of proof seems to be shifted from the

complainant, to the defendant. In cases where two valid trademark holders attempt to secure one name, the NSI policy provides no dispute mechanism, other than its first come, first served policy. If the domain name holder can produce a trademark registration that is identical to the domain name, then the complainant's only course of action is through litigation.

This shoot first, ask questions later policy of domain name suspension ignores the legal nature of trademarks, which provide monopoly rights limited by reference not only to territory but also to the goods and services for which a mark is issued. Neither does the policy consider levels of use when deciding whether or not to suspend domain names on the basis of a pre-existing trademark. Moreover, the policy does not adequately deal with the situation of two companies having legitimate rights in the same name, in different territories or markets. The first come, first served policy simply entitles little used trademark owners to trump the owner of a later, well known trademark.

On the other hand, INA takes a hands off approach to questions of rights to use domain names. Under the current dispute resolution policy, the originator of the dispute must send notice of the dispute in writing to the administrator, then all parties are required to enter into a process of conciliation and negotiation.

If these attempts fail to settle the dispute, the parties agree to refer the dispute to a commercial disputes centre. All parties must agree to be bound by the ruling of the arbiter. The costs of the dispute are borne by the originator.²⁶

The International Trade Mark Association (INTA),²⁷ has criticised the NSI policy and recommended that:

- a more stringent registration procedure be adopted (including a requirement for a statement regarding the purpose of use, non-infringement and an explanation as to the applicant's title to the domain name;
- that all information be contained in a public registry, on public trust;

- all applications be made public for 90 days before registration, in order to facilitate open dialogue between complainants and the NSI;
- annual renewals; and
- a proper forum for deciding domain name disputes in conjunction with national court systems.

US Jurisdiction

In Australia, one of the most unsettling aspects of these cyberpiracy cases is the US courts' lack of timidity in extending trademark law jurisdiction in order to impugn interstate and even international domain name use. In *Panavision*²⁸, the Court held that specific jurisdiction could be established in order to apply Californian law to Toeppen who was domiciled and operated his website in Illinois. The Court applied a three tier test to determine whether a court may exercise jurisdiction:

*'(1) The nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege or conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out of or results from the defendant's forum related activities; and (3) exercise of jurisdiction must be reasonable.'*²⁹

In determining whether Toeppen had taken deliberate action towards *Panavision* in California, the Court applied the "effects doctrine".³⁰ This was justified because Toeppen purposefully registered *Panavision's* trademark as his domain name on the Internet in order to extort money from *Panavision*. Moreover, Toeppen's actions had the "effect" of injuring *Panavision* in California, it's principal place of business. The Court held that, as Toeppen's actions were focused towards *Panavision*, then it was "reasonable" for Californian jurisdiction to be exercised.³¹

The benchmark for US interstate Internet jurisdiction was set by a

Minnesota Court in Granite Gate Resources,³² where it was held that a company based in Nevada infringed Minnesota laws by hosting a website which advertised an on-line gambling service. The Court held that once the site was posted on the web, it was open to all Internet users, including those who lived in Minnesota. This is so, even though the physical location in which the site's server was hosted was outside the US is a small central American country called Belize.

The defendants had set up a site where the user was supplied with a card system and software for a fee of \$100 that operated on the user's personal computer. Once online, the bettor selected a sports team to bet on and a dollar amount to wager. The defendant's system then matched the bet with an opposing bettor. The Court stated:

*'...through their Internet advertising, the defendants have demonstrated a clear intent to solicit business from markets including Minnesota, and as a result have had multiple contacts with Minnesota residents.'*³³

Therefore the Court held that Granite Gate Resources was subject to Minnesota jurisdiction purely as a result of advertising into Minnesota. Although this case did not deal specifically with a trademark and domain name dispute, it does indicate that American courts are prepared to leverage 'long-arm' jurisdictional theory.

One of the few cases so far to cross international borders is Playboy,³⁴ where a New York judge held Italian defendants in contempt for breaking an injunction prohibiting them from selling or distributing its Playmen Magazine in the US, therefore infringing the US trademark "Playmen". The defendant created a Web site for its magazine and argued that it was merely posting pictorial images on a computer server in Italy, rather than distributing those images to anyone within the US.

The Court disagreed and found that by actively soliciting US customers to

its Internet site, the defendants distributed their product in the US. The Court ordered the defendants to shut down their Web site or refrain from accepting subscriptions from United States customers.³⁵ In Zippo,³⁶ the Court discussed a "sliding scale" for exercise of personal jurisdiction based upon Internet contacts:

'If the defendant enters into a contract with residents of a foreign jurisdiction that involves the knowing and repeated transmission of files over the Internet, personal jurisdiction is proper. A passive website that does little more than make information available to those who are interested in it is not grounds for personal jurisdiction.

*The middle ground is occupied by interactive Web sites where a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Website.'*³⁷

From an Australian perspective, this is Internet law with an uncertain reach, especially where there exists significant national differences in trademark law. The idea of US courts seizing jurisdiction in Australia raises many problematic questions:

- Where is the litigation to take place?
- Where is the decision to be enforced?
- How can you enforce the decision of a US court in Australia?
- Is trademark law jurisdiction reciprocal?
- Will Australian companies be required to operate within US trademark law, and
- Will US companies be required to operate within Australian (or other nationalities') trademark law?

There is a limit to how far the law relating to jurisdiction can continue along current lines without there

being international chaos.³⁸ If Australian courts follow US jurisprudence, they will find jurisdiction wherever on-line activities are felt. However, in cyberspace, on-line activities can be felt simultaneously and in multiple jurisdictions.

UK COMMON LAW

UK law is less enlightening than the US, in proposing a cohesive and workable alternative to trademark and domain name disputes. In Prince,³⁹ Prince plc, a UK based IT service company registered *prince.com* as their domain name. However, it had no registered trademark in the name "prince". In January 1997 the US company Prince Sports Group Inc. ("Prince Sports") asserted that use and registration of the domain name by Prince plc constituted an infringement of the Prince Sports trademark, and demanded that the domain name be transferred immediately.

In accordance with the NSI dispute resolution policy, Prince plc was asked to produce documentation authenticating trademark registration. Prince plc commenced proceedings in a UK Court for unjustified threats to bring trademark proceedings and declarations that it had valuable goodwill in the name *prince.com*. The Court held that action by Prince Sports was unjustified because of the general nature of the threats. The threatening letter had referred not only to UK trademark law, but was also drafted so as not to restrict the complaint to infringement of US trademark law. An injunction was granted against Prince Sports, and at the time of this paper, Prince plc still uses *prince.com* as its domain name.

In Harrods,⁴⁰ a cyberpirate registered the domain name *harrods.com* and demanded money from the Harrods department store to relinquish the name. In accordance with NSI dispute resolution policy, the NSI demanded certified proof of the domain name holder's trademark registration in the name Harrods. As the defendants could not produce this evidence

within 30 days, use of the name was suspended. As the defendants still did not hand over the domain name, the plaintiffs issued proceedings for trademark infringement, passing off and conspiracy. The defendants did not represent themselves at the hearing, and as a result there was no reasoned judgement, although it is plain that the Court accepted the application of trademark law to domain names. The Judge made an order prohibiting the defendants from further infringing the Harrods trademark or passing themselves off as Harrods, and to forthwith take all steps within their powers to release or facilitate the release of the domain name.

UK Dispute Resolution Policy

The .uk ccTLD is administered by Nominet UK Limited, a non-profit company limited by guarantee. ccTLDs are "country code Top Level Domain" names which are assigned to every country in the world in order to differentiate nationality on the Internet. As with the NSI & INA, domain names are allocated on a first come, first served basis and no searches are made prior to allocation. Similarly, new applicants are asked to warrant that neither registration nor use of the domain name infringes any third party's intellectual property rights. Unlike NSI, Nominet has adopted a dispute resolution procedure more in line with INA, that is a more conciliatory approach to dispute resolution, including optional mediation and arbitration.

Firstly, Nominet will try and find a solution which is acceptable to both parties. If this is not possible then Nominet will consider evidence to determine whether to suspend use of the domain name. If any party is dissatisfied by Nominet's decision then they may request the assistance of a third party arbiter. In this case, both parties are allowed to make their submissions, although the decision of whether to proceed to a hearing is ultimately in the hands of the arbiter. Nominet will then make a final decision on the suspension of the domain name, taking into consideration the advice of the arbiter.

If any party is still dissatisfied, then Nominet will refer the dispute to a centre for dispute resolution. If parties to the dispute do not agree to mediate or arbitrate, then their only option is to litigate. In *Pitman*,⁴¹ Pitman Publishing was the first to register the domain name *pitman.co.uk* which was applied for and registered before Nominet was the delegated NIC. At the time of registration, the system was run by UKERNA, an academic association. Unfortunately, due to a clerical error, *pitman.co.uk* was reallocated to Pitman Training Limited (PTL), who applied later in time and began using the e-mail address *enquiries@pitman.co.uk*. Pitman Publishing complained to Nominet who had by this time taken responsibility for the allocation of the nTLD .uk. Applying the first in time principle, Nominet cancelled PTL's use of the e-mail address. Consequently, PTL issued an emergency application for an injunction, claiming passing off, inducement of breach of contract and abuse of process. The Court held that none of the three causes of action was sufficient to support an injunction. The Vice Chancellor did not rule on the legitimacy of the first come, first served rule for domain names, as Pitman Publishing had the legitimate right to use the domain name based upon a prior contractual agreement between the parties. Nor did the Court make any ruling on trademarks and domain names. However, the case underscores the importance of registering quickly, especially where either side could argue legitimate use of the domain name as a trademark.

International developments

International lobbying for a more cohesive DNS without jurisdictional restrictions has culminated in WIPO issuing its 3rd interim report for the Management of Internet Names and Addresses (the Report) on December 23, 1998. The final report is scheduled to be published by March 1999 and at present WIPO is receiving comments from the Internet community. The Report is a response to the dissatisfaction with the DNS expressed in two reports: the gTLD

MOU by the International Ad Hoc Committee (IAHC) issued February 28, 1997⁴² and the White Paper⁴³ produced by the National Telecommunications and Information Administration (NTIA), a United States body, on January 30, 1998. The White Paper was a response to the international community's disfavour with the original NTIA report, the Green Paper issued on July 1 1997.⁴⁴

GTLD-MOU

The recommendations by the IAHC were directed at enhancing the administration and operation of the gTLDs only and balancing concerns for stable operations, continued growth, business opportunities and legal constraints.⁴⁵

The gTLD-MoU does not affect ccTLDs. Moreover, individual dispute resolution procedures in place for the separate national registries (NICs) remain unaffected. The gTLD-MoU proposed the introduction of seven new gTLDs, with the intention of breaking the monopoly on gTLDs in .com, currently the most concentrated focal point for domain name litigation. The seven new proposed gTLDs are:

- *firm* for businesses or firms;
- *store* for businesses offering goods to purchase;
- *web* for entities with activities related to the World Wide Web;
- *arts* for arts organisations;
- *rec* for entities involved with recreation/ entertainment;
- *info* for entities providing information; and
- *nom* for individual or personal names.

In line with INTA's response to NSI's dispute resolution policy, the gTLD-MoU advocated the need for public registration of gTLDs as a public resource and subject to a public trust managed by a series of self-regulating bodies, unattached to any particular national sovereignty.

In relation to domain name disputes, the gTLD-MoU proposed a self-regulating body called the Administrative Domain Name Challenge Panel (ACP). Decisions of the ACPs would be binding on registrars and applicants for gTLDs, but would not fetter appropriate national court jurisdiction or the applicant's right to pursue litigation, circumventing the call for the creation of a cyberjurisdiction. These decisions would be recognised by the various national courts of countries party to the memorandum of understanding.

The White Paper

The US Government's White Paper explained that the Internet is a global medium and that the DNS should reflect the global diversity of Internet users. It proposed not only the establishment of a non-profit, self-regulating corporation, the Internet Corporation for Assigned Names and Numbers (ICANN), but also support for international rules for domain name disputes. The White Paper contained the following passage:

*'The U.S. government will seek international support to call upon the World Intellectual Property Organisation (WIPO) to initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, to (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy (as opposed to conflicts between trademark holders with legitimate competing rights), (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3) evaluate the effects, based on studies conducted by independent organisations, such as the National Research Council of the National Academy of Sciences, of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.'*⁴⁶

This was a big step from the Green Paper which was criticised for failing to provide for real and effective global participation in self-governance of the Internet.⁴⁷ Australia expressed particular concerns that jurisdiction in domain name disputes would be UScentric and that US interests may be afforded an unduly dominant role. For example, under the Green Paper, if an Australian resident had a gTLD dispute with, say, a Spanish resident, both would have been required to litigate in the United States.

Between now and September 2000, ICANN will take over responsibility for coordinating DNS management. It has agreed to implement the Administrative Dispute Resolution mechanism proposed by the WIPO in its registration contracts. This will loosen the grip of US jurisdiction in domain name dispute resolution, as ICANN and delegated NICs will be forced to implement a standardised dispute procedure in their registration contracts.

WIPO 3RD INTERIM REPORT

In answer to the questions from the international community, as to how and what rules should apply to the Internet, WIPO has addressed three main issues:

1. Domain name registration.
2. Domain name dispute resolution.
3. Famous trademarks and domain names.

DOMAIN NAME REGISTRATION

WIPO has proposed strict rules in the registration process, as the domain name agreement (the agreement) defines the right and responsibilities of the registration authority and domain name applicant. WIPO has recommended that:

- the agreement be electronic or in writing;
- the agreement contain specific personal details of the domain name applicant (eg. postal address, telephone number)

and that these details be kept on a public database;

- the agreement contain representations that the domain name does not infringe third party intellectual property rights and that the information provided is true;
- the agreement contain a term providing that the provision of inaccurate information is a material breach of the contract;
- the agreement contain a jurisdiction clause which submits the domain name applicant to the jurisdiction of particular courts and to submit to the alternative dispute resolution; and
- all domain name registrations be for a limited period.

Domain name dispute resolution

In devising a mechanism for resolving disputes between trademark owners and domain name holders, WIPO has taken into consideration the need to achieve an inexpensive and expeditious process which does not impinge upon the expanding growth and fluidity of the Internet, on the one hand, but which also offers a viable alternative to litigation on the other. WIPO has focused specifically on achievable amelioration to the use of court litigation as a means of resolving disputes, and providing mediation and arbitration through the adoption of a recommended administrative dispute resolution procedure (ADR).⁴⁸ WIPO has recommended that:

- any agreement on a dispute resolution procedure should not deny the parties access to court litigation;
- the domain name applicant be required in the domain name registration agreement to submit to the jurisdictions of:
- the country of domicile of the domain name applicant, and

- the country where the registration authority is located,
- provided that those countries are either party to the Paris Convention or bound by the TRIPS agreement.
- the agreement contain a provision for a domain name applicant to submit, on an optional basis, to arbitration;
- the arbitration take place on-line;
- ICANN implement this procedure by appropriate provisions in the chain of contractual authorities from ICANN to registration authorities;
- the type of arbitration be the administrative dispute resolution procedure;
- remedies available under the ADR be limited to:
- suspension of the domain name,
- the cancellation of the domain name registration,
- the transfer of the domain name registration to a third party,
- the allocation of the responsibility for payment of the costs of proceedings.
- ADR decisions do not have weight as binding precedent under national judicial systems;
- ADR resolutions do not deprive either party from seeking redress in national courts;
- registration authorities agree to enforce determinations made under the ADR; and
- domain name applicants agree to submit to ADR resolutions

The main difference between the ADR and normal arbitration is that the ADR procedure does not preclude the jurisdiction of the courts. The ADR procedure is modelled on arbitration, in the sense that it would

be an adjudicatory procedure, which would allow for a neutral venue and would be conducted in accordance with procedural rules laws which take into account the laws of different jurisdictions around the world. It also allows for party participation in the selection of a neutral arbiter. It is proposed that the procedural rules be as simple as possible.

Although the rules have not yet been drafted they will be supplied as an annex to the final report in March 1999. It is arguable that ADR will not prevent parties from asserting their right to litigate. This depends upon the attitude of the participants and the ADR procedural rules. The ADR will only succeed if it offers a reliable, quick and economic alternative to litigation.

FAMOUS TRADEMARKS

The WIPO has proposed that famous trademarks be given special protection as domain names. They have recommended that:

- a mechanism be introduced as part of the administration of open TLDs whereby exclusions can be obtained and enforced for famous and well known marks;
- that ICANN adopt a policy providing for a mechanism of obtaining and enforcing exclusions;
- that this policy be implemented through the chain of contractual authorities from ICANN through registration bodies to enforce determinations;
- that determination of applications be based upon a "famous" criteria set down by the WIPO.⁴⁹

LIGHT AT THE END OF THE TUNNEL

The WIPO 3rd interim report offers a ray of light in the search for a united DNS. Virtual arbitration through on-line ADR seems to be the most intelligent and coherent way to

reform the DNS. Of course, the WIPO proposals will only work through mutual agreement between system operators and Internet users. Self-regulation essentially exists through the voluntary compliance with regulations that are developed by the community of interest. The WIPO proposal hinges not only on this voluntary compliance but also the ability of virtual ADR to supplement litigation. This will only happen if the ADR process provides straight forward, quick and reliable decisions, otherwise parties will resort to enforcing their rights in their national jurisdiction.

As the procedural rules will not be published until March 1999, it remains to be seen whether the international community accepts or rejects them. But what we have now is a firm commitment by the international Internet community to resolving trademark and domain name disputes in a cohesive and co-operative manner.

Endnote: Antipodean Developments

The Australian federal Government's National Office on the Information Economy (NOIE)⁵⁰, the body chaired presently by Dr Paul Twomey (the new Chair of the ICANN Governmental Advisory Committee), has set a deadline of 1 March 1999 for the creation of a new non-profit organisation to allocate domain names in the .au space in Australia, and to administer the .au domain space.

These tasks are currently performed for Australia by Robert Elz (of the University of Melbourne under licence from Network Solutions Inc.) However, the Internet community in Australia felt the need for a more commercially based, systematic and rapid allocation and dispute resolution body clearly representative of all participants in the industry.

To that end, NOIE has created the .AU Working Group⁵¹, whose role is to develop the structure of, and to establish, the new body. Specifically, the Working Group has been requested to establish a constitutional structure for, and recommend

processes and administration models for an organisation which has the capability of:

- undertaking the required tasks;
- representing all members of the Internet community in Australia - users and suppliers of domain name services, and users of the Internet;
- being accountable to the Internet community in Australia, and avoiding conflicts of interest in directing its affairs; and
- being open, transparent, timely, efficient, relevant and inclusive of all interested parties in its operating processes.

The organisation must have the confidence and support of the Australian Internet community, to the extent that the funding requirements of the organisation's activities are fully met by contributions from the community, in the form of fees for service, membership fees, or any other justified impost accepted by the community.

The degree to which the new body satisfies these requirements will be determined by NOIE after consultation with Robert Elz and the Australian Internet community. If the new body is accepted by NOIE, arrangements will be made to transfer authority for the .au space from Robert Elz, including informing ICANN of the change of authority.

The new body will manage an administrative dispute resolution mechanism for domain name disputes. At present the .AU Working Group have not come to an agreement as to what type of ADR will be implemented. On the face of it, if ICANN accepts the WIPO ADR policy, then the new body may have to follow suit as a delegated naming authority and implement the WIPO terms into its domain name registration contracts.

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- 1 See Standard 3166 of the ISO.
- 2 *Intermatic Inc. v. Toeppen*, 1996 WL 622237 (N.D. ILL).
- 3 David N. Townsend, "Regulatory Issues for Electronic Commerce: Briefing Report," Report to the International Telecommunications Union 8th Regulatory Colloquium, 1998 page 8.
- 4 Global Internet Project, "Internet Foundations: Breaking Technology Bottlenecks" at <http://www.gip.org> page 1.
- 5 Jenny Sinclair, "Local Names Double" in *The Age*, Tuesday 15 December 1998 page 5.
- 6 <http://www.icann.org/>
- 7 ICANN Press Release 03 February 1999 at <http://www.icann.org/icann-pr03feb99.html> page 1.
- 8 <http://www.noie.gov.au/>
- 9 Trademarks Act 1995 (CTH), ss6 and 17; Lanham Act 15 USC 1127, s45.
- 10 David R. Johnson & David G. Post, "Law and Borders - the Rise of Law in Cyberspace", *Stan.L.Rev.* 1367(1996), page 48.
- 11 J McKeough and A Stewart, "Intellectual Property in Australia", Butterworths (2nd ed, 1997) page 419.
- 12 It may however warrant a cause of action pursuant to s52 of the Trade Practices Act for deceptive and misleading conduct.
- 13 There are currently seven gTLDs. Three of these are open - .com, .org, .net. The other four gTLDs are restricted - .edu, .gov, .int, .mil.
- 14 *Australian Competition & Consumer Commission v. Internic Technology Pty Ltd & Anor* at http://www.austlii.edu.au/au/cases/cth/federal_ct/1998/818.html.
- 15 US Federal Trademark Dilution Act of 1995 implemented the Lanham Act 15 USC 1125 (c)(1).
- 16 *Cardservice International Inc v. McGee* 950 F Supp 737, 741, 42 USPQ 2d 1850, 1854 (ED Va 1997).

IN OUR NEXT ISSUE...

Our next issue looks at

Technology and the LAN

Contributions from members of all Societies are welcome. Although this is the central theme of the issue, contributions can be on any topic relating to computers and law and can take the form of an article, product or book review, abstract or press release.

 Please send your contributions to the Editors no later than 31 May 1999.

- 17 Australian law does not have an equivalent aegis, although it could be argued that s120(3) of the Trademarks Act 1995 (Cth)17 or s52 of the Trade Practices Act 1974 (Cth)17 gives similar protection.
- 18 Anthony J. DeGidio Jr, "Internet Domain Names and the Federal Trademark Dilution Act: A Law for the Rich and Famous at <http://www.lawoffices.net/tradedom/sempap.htm>.
- 19 Intermatic Inc. v. Toeppen, 1996 WL 622237 (N.D. ILL).
- 20 Panavision International, L.P. v. Toeppen, 1996 WL 653726 (C.D. Cal.)
- 21 15 U.S.C. S 1125(c).
- 22 NTIA Statement of Policy at http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm.
- 23 Interim Report of the WIPO Internet Domain Name Process at <http://wipo2.wipo.int>.
- 24 Simon Jones, "Domain Names: Where to Next?" [1997] 4 CTRLR 199.
- 25 NSI Policy (Revision 03, 25 February 1998) at <http://www.rs.internic.net/domain-info.html>.
- 26 Section 5 "Domain Name Allocation Policy" at <http://www.ina.com.au>.
- 27 At <http://www.inta.org>.
- 28 Note 16.
- 29 Note 16 at page 5.
- 30 Note 16 at 6.
- 31 Note 23 at 7.
- 32 State of Minnesota v. Granite Gate Resources No. C6-95-7227, 1996 WL 767431(Minn. Ramsey County Dist. Ct. Dec. 11, 1996).
- 33 Note 27.
- 34 Playboy Enterprises Inc. v. Huckleberry Publishing Inc. Unreported SDNY 1996.
- 35 In a more recent and not unrelated development, USA Today reported (on 11 February 1999) that Playboy Enterprises has commenced litigation against portal sites Excite and Netscape for trademark infringement because searches on those portal sites using words trademarked by Playboy Enterprises (such as "Playboy" and "Playmen") returned search results which included banner ads for hard core pornography web sites which are benefitting from a misappropriation of Playboy Enterprises' 'goodwill and reputation'.
- 36 Zippo Manufacturing Company v. Zippos Dot Com, Inc., 952 F.Supp. 1119 (W.D. Pa., Jan 16, 1997).
- 37 Note 32.
- 38 Bernadette Jew, "Cyber Jurisdiction-Emerging Issues & Conflicts of Law when Overseas Courts Challenge your Web", Computers & Law No.37 Dec. 1998, page 32.
- 39 Prince Plc v. Prince Sports Group Inc. (unreported).
- 40 Harrods Limited v. UK Network Services Limited & Others December 9, 1996, Lightman J (unreported).
- 41 Pitman Training Limited and PTC Oxford Limited v. Nominet U.K. Limited and Pearson Professional Limited at <http://www.open.gov.uk/lcd/scott.htm>.
- 42 At <http://www.gtld-mou.org/gTLD-MoU.html>.
- 43 At note 24.
- 44 At <http://www.ntia.doc.gov>.
- 45 At note 24, page 5.
- 46 Note 24 at page 7.
- 47 Australia's response to the Green Paper at <http://www.noie.gov.au/dns/ausreply.html>.
- 48 Note 24 at page 34.
- 49 Note 24 at page 70.
- 50 See <http://www.noie.gov.au/>
- 51 See <http://www.au.moniker.net/#objects>

Linux for the Legal Community: A Primer

Con Zymaris, Cybersource Pty Limited

Abstract: Linux is perched at the precipice of overflowing out of the technical IT community from which it sprang and onto the general consciousness of all computer users. What is Linux, and how does it affect information technology users amongst the legal profession? This paper will endeavour to answer these questions.

While you may by now have heard of Linux, it is perhaps worth a re-introduction. Linux is an operating system, like MS Windows, MS Windows NT and Novell. Linux doesn't need Windows or DOS on a computer to work correctly. It can however coexist (dual boot) with Windows. Unlike Windows, Linux can also run happily on Apple Macintosh hardware, on Sun SPARCStations, on HP PA-Risc systems, on Palm Pilots, and even on NEC Supercomputers. Linux is also perhaps the first operating system to be developed on the Internet. It is also perhaps the most well understood operating system by technologists,

due to the fact that its core operating instructions, its source code, are fully disclosed and open for all to see. Due to this, and also to its burgeoning success, Linux is spearheading a method of software construction and distribution which will have broad repercussions for all computer users. This method is called open source.

The term 'open source' is well defined by one of its foremost proponents, Eric S. Raymond (1). In essence, the basic tenets and philosophy of this development paradigm are that software is developed and distributed in an open manner. The source code is provided. The software may be distributed freely. Others may extend the application, or derive from it, but always making their contributions available under the same conditions as the original software (2). There are a great number (perhaps tens of thousands) of open source applications available. The ones that most people are aware of are operating systems like Linux and FreeBSD, utility and systems tools like GNU,

web servers (Apache), emailer transports (qmail and sendmail), development tools (Perl, GCC, Python, PHP) and many more. There are often specific and subtle differences between the philosophies and legalities of various open source and freed software licences, which we will cover shortly. While open source as a concept may be new to many people, it has been around for quite some time. Most of the technologies which spawned the Internet, and which now keep it running are based on open source tools. These tools have proven themselves (and their by which they were developed) as highly viable. The next time someone drops a comment about not risking the use of open source applications in a mission critical process, remind them that if they rely on their web server being available to the outside world, or if they use email in business, they already heavily rely on open source applications.