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Control of the domain: local and international developments

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Control of the domain
Local and international developments

by Jay Forder, Consultant Editor

Introduction
There have been some recent developments, both locally and internationally, in the control of domain names. While these developments augur well for more sensible policies in the future, none of them has had an immediate effect on the way domain names are allocated. Domain name disputes continue to multiply. This article will note some of the recent disputes before going on to mention the local and international developments.

Domain name disputes
The “cdnow” dispute
As usual, there has been less conflict in the .au domain than in the generic top-level domains. There is only one hint of a dispute. In September The Sydney Morning Herald (SMH) reported that CD Now, a US online music company, was contemplating action in Australia to become registered proprietor of the domain name cdnow.com.au. It is currently used by entrepreneur Brendan Yell, who argues that his use does not infringe an Australian registered trade mark. He does not use the site to sell music, but merely redirects traffic to his shopfree.com.au site.

The “healthnet” dispute
One of the more interesting disputes developing in the generic top-level domain is over the word “healthnet”. Health Network is a large Californian health maintenance organisation. It registered Health Network as a trade mark in 1981 and has used www.healthnet.com as a web address since 1996. It also owns www.healthnet.net.

Satellife, is an international humanitarian organisation known for its network connecting doctors in the developing world. It started in 1989 and has been active on the internet since 1993. It calls its network HealthNet and uses the address www.healthnet.org.

In August, Health Network demanded that Satellife stop using the healthnet name and made a complaint to Network Solutions, Inc. Satellife responded by filing its own complaint in federal court in Boston seeking a judgment that it had not infringed Health Network’s trade marks.

This dispute highlights the clash between trade mark law and domain names. Typically, the trade mark is not exactly the same as the domain name. This is often the case because domain names need to be shortened or combined into one word. The interesting question becomes whether the use of a domain name (that is deceptively similar to a registered trade mark) would constitute use as a trade mark for the purposes of trade mark infringement law.

Both the Health Network and Satellife have established legitimate business interests in their domain names. Unlike the situation with cybersquatters, there was no malice or entrepreneurial greed involved. The crucial issue is surely the likelihood of confusion in the minds of the public. There is a danger here. If it is held to be confusing for two different organisations to hold the names healthnet.com and healthnet.org this will then open the way for other companies to make similar complaints.

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The result will be that companies will be able to establish a monopoly in a name across a number of domain spaces. This might frustrate The Internet Corporation for Assigned Names and Numbers (ICANN) aim of enlarging the number of names available by creating more top level domains (such as .bus).

Other news and updates

In the last month or two, the following new suits have been instigated in the USA:

- Volkswagen of America Inc, with the name vw.com, has brought an action against Virtual Works, who use vw.net. The suit alleges extortion and "cyberpiracy" because Virtual Works have threatened to sell vw.net to the highest bidder if Volkswagen do not settle.

- Morgan Stanley Dean Witter & Co, who have the name msdw.com, have filed a suit against the seventeen-year-old owner of msdwnline.com, alleging that the use of the Web address infringes the company's trade marks.

- Playboy has filed a trade mark infringement lawsuit against Playdog.com for allegedly causing confusion among consumers over Playboy's trade mark, PLAYBOY.

- Intel has filed a lawsuit against Newtown Communications for allegedly infringing its trade mark by using the domain name pentium2.com.

Domain name disputes have also surfaced in Spain, Philippines, Hong Kong, Hungary, and China.

Updates on some existing disputes include:

- A Massachusetts federal district court held that Clue Computer’s clue.com domain name would not cause confusion and thus did not infringe Hasbro’s trade mark in the CLUE mystery board game.

- A New York federal district court held the gunsareus.com domain name did not infringe or dilute trade marks held by Toys “R” Us Inc.

Developments in the control of names

In November last year (Issue 10), we noted developments in the fight for control of the domain root servers and the database of names. At that time, the US Department of Commerce (DoC) agreed to extend Network Solutions, Inc’s (NSI’s) contract to administer the domain name system for another two years. This was on condition they acknowledged the need for an international non-profit company to take over their supervisory role and allowed other registrars to compete.

ICANN and the generic top level domains

In the intervening year, progress has been slow but steady. ICANN was formed, but it faced considerable difficulty in finding funding. On 28 September 1999, ICANN announced it had reached agreements with the DoC and NSI that solved its immediate funding problems. NSI has agreed to pay ICANN more than $2 million and to open up access to its domain name database for competing registrars for a premium of $6 per new name per year. In exchange, NSI will keep control of the domain name system for another four years, with an option to renew for a further four years.4

Other recent ICANN activities include:

- completing Board elections to make up its 15-member board6
- accrediting 23 new domain name registrars in the last few months5
- releasing a draft charter for an Ad Hoc Group that will develop policy objectives and structures7
- approving implementation documents for a uniform domain name dispute resolution policy.8

It seems that new domain name policies and rules for dispute resolution are not too far away.

Changes in Australian domain space?

Newsbytes ran a story on 19 November that Robert Elz, the Melbourne University academic who has administered the .au name space since its inception, handed over policy control of the com.au domain to au Domain Administration (auDA).9 auDA was set up by interested industry groups in April 1999 (with some encouragement from the Federal Government) with the specific aim of becoming the self-regulatory body responsible for the entire .au domain space. Somewhat surprisingly, there is no acknowledgment of this transfer of control on the auDA web site.

Earlier, in October, auDA completed the election of its 12-member Board. Like ICANN, auDA has done some work on establishing advisory panels on domain name policy and dispute resolution. According to a SMH report, this is one of auDA’s priorities.10 In the same report, Melbourne IT CEO, Professor Peter Gerrand, intimated the bans on generic and non-business names in the com.au space should be lifted.

Another interesting SMH report titled “Net naming game full of loopy holes” also attacked the com.au policy.11 It suggested that the generic top-level domain name policy (ie “anything goes” and “first-in, best-dressed”) has, ... worked far better than the unashamed attempt in Australia at regulation by a private company called Melbourne IT and its subsidiary, Internet Names Australia.” It goes on to describe some inconsistent decisions concerning generic names, like centre.com.au which was refused and shoppingcentre.com.au which was approved.

The latter report is not entirely accurate if it is suggesting that Melbourne IT controls the policy. It administers the policy as developed by Robert Elz. Melbourne IT has only twice received endorsement to fine tune it.12 It may be true that administration of the policy by Melbourne IT is erratic, but this is not necessarily due to a fault in the policy. As for the ban on generic and non-business names, it is clear why Melbourne IT would want this lifted, there would be a bonanza of new revenue-earning applications. But would it be wise? From the point of view of an entrepreneur who might be trying to register a catchy new name, the current policy may be frustrating. However, the com.au policy has proved to be extremely efficient at reducing domain name disputes and avoiding litigation based on trade mark infringement, passing off and misleading and deceptive conduct.
Conclusions

Domain name policies in the generic and Australian domain spaces are to be reconsidered in the coming months. Wouldn't it be ironic if the generic policy became more like the restrictive Australian approach, while the com.au policy moved towards the open generic model? What is certain is that with the ever-increasing volume of web business, substantial wealth will depend on the policies. Prepare for vigorous debate!

3 These disputes are all noted in the Baker & McKenzie ITC Alert, available at <http://www.bakerinfo.com/itc>.
6 Twelve on 21 September and another eleven on 26 October. See <http://www.icann.org/announcements/icann-pr21sept99.htm> and <http://www.icann.org/announcements/icann-pr26oct99.htm> respectively.