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The trademark – Domain name dilemma – is dilution a sufficient remedy? The jurisdiction dilemma on the internet – may a Web Site owner who is a trademark or copyright infringer be a defendant in any country in the world?

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A) The trademark – Domain name dilemma – is dilution a sufficient remedy?

1) - Introduction

The use of the so-called *domain names*, assigned to Internet users as electronic addresses and necessary to identify them in the net, has given rise, also in Italy, to questions concerning the protection of industrial and intellectual property.

Without going into details, at this stage, on the procedure to form and assign *domain names* and on the relevant competent authorities (which we all know), we should mention that a domain name may only be registered in the name of its user and, therefore, on an exclusive basis; that the competent authority assigns the name by giving priority to the progressive requests (the so-called *first come, first served* principle) and only checking the preexistence, if any, of an identical domain but completely ignoring the potential conflicts with preexisting similar names or (even identical) trademarks.

For that reason, it is intuitive that the Internet is likely to become an easy ground of conflict between trademarks belonging to different users.

The Italian jurisprudence has already examined the case of trademark owners who, while intending to register and use their trademark as a second level Internet domain name¹, were nevertheless prevented from doing so because of previous registrations of domain names, owned by third parties, containing such trademark.

Almost all of the controversies examined by the Italian judges have proved that domain names cannot simply be considered as a mere digital address. Domain names are more and more frequently used for commercial purposes, identifying various services available in the net with the purpose to distribute and exchange information, goods or services electronically. Domain names have become an instrument through which companies may carry out their activities and get in touch with their customers. It is obvious, then, that a presence in the net becomes more interesting if a company's web site is distinguished by a domain name corresponding to its own trademark (usually a general trademark), already fixed in the customers' mind.

The identifying capability of the domain name has set the premises for its qualification as a "distinctive" sign of the business and this has enabled the Italian Judges to avail themselves, for the settlement of conflicts arising therefrom, of the rules and regulations set forth for the protection of commercial distinctive signs.

2) – The jurisprudence interpretation

For example, a decision of the Court of Rome (July 24, 1996, in *Foro Italiano* 1998, I, 923), following a petition filed by the owner of the trademark "*Porta Portese*"² and of a magazine bearing the same name, inhibited the use on the net of the same domain name (*portaportese.it*), duly registered with the Italian Naming Authority, even if the activity of the defendant was different from the one of the claimant.

¹ Domain names can be divided into various levels. The first one is the *top-level domain*, composed by two or three letters differing upon the location of the provider. Almost worldwide (except the United States) the *top-level domain* indicates the country of location of the provider (where .it, .fr, .de, .au, etc. stand for Italy, France, Germany or Austria) while in the US it indicates the kind of activity offered by the provider (within a quite limited number of very generic categories, such as .com for commercial activities, .edu for educational institutions and so on) and in some other Countries, such as the United Kingdom, the two systems are combined (name.co.uk). The *second level domain*, placed to the left of the *top level domain*, is formed by an expression that users can freely choose, within some limits of a technical nature such as the number of characters, which cannot be more than twenty or twenty-one.

² In Italy *Porta Portese* identifies a neighborhood in Rome famous for its easy bargains at open air markets, such as the British *Portobello* in London.

The Court affirmed that "*the identity of the "Porta Portese" name involves objectively and by itself a situation of unquestionable confusion for the users, also considering the substantial similarity of the services offered to the public by the two companies.*"

In that case, the Italian company Starnet S.r.l. had obtained the assignment of the domain "portaportese.it" for its Internet site in order to run a small electronic market.

Some time later, the company Sege S.r.l., owner of a magazine by the name of "Porta Portese" published twice a month in Rome and containing classified advertisements, and owner of the trademark bearing such name, decided to be present in Internet with its magazine name and with its registered trademark (offering in the digital environment the same classified advertisement exchange dealt with by the magazine). But its request was rejected because the "portaportese.it" domain had already been assigned to Starnet, so that Sege had to turn the name into "porta-portese.it" which, being formed by two hyphenated names, resulted to be much less attractive to the public.

In such situation, two addresses easily confusable were therefore present in the net, with the consequence that the users were induced to believe that, in digitizing the "portaportese.it" name, they would have access to the offers of the "Porta Portese" magazine.

For that reason, Sege filed with the Court of Rome an urgency proceeding, complaining against Starnet's behavior for several reasons. First of all, the violation of the first and third paragraph of article 2598 of the Italian Civil Code (unlawful use of a name belonging to other entities likely to create confusion with the activity of a competitor). Secondly, Starnet's behavior was considered by the petitioner likely to injure the rights acquired by the petitioner with the registration of the "Porta Portese" trademark according to the Italian Trademark Law.

The Court recognized the *fumus boni juris* (presumption of right) in a situation of sure confusion among Internet users caused by the use by the two companies of the same "Porta Portese" name with a substantial similarity between the services offered to the public by both parties.

The *periculum in mora* (danger in the delay) was instead found in the enormous power of diffusion of Internet messages - which, in the matter at issue, are certainly likely to create confusion - and in the

negligible warranty offered by the defendant with regards to the (voluntary) temporary suspension of the service; consequently, the Court of Rome issued the inhibition order preventing the defendant from using Porta Portese's name in general and, in particular, in the digital environment.

Until today, there have only been a few similar decisions; all based on the assumption that the domain name must be viewed as a distinctive sign likely to come into conflict with other typical signs³.

3) – The literature interpretation

3.1. Also the Italian literature, consistently with the qualification of domain names as distinctive signs, believes that a domain name may give rise to a trademark infringement likely to create the risk of confusion among the public, solvable by application of the Trademark Law.

A first possible conflict has been defined in the so-called "*domain grabbing*", i.e. the domain name registration of a famous third party's trademark, with the (sole) purpose of transferring the registration, against payment, to the (legitimate) owner of the trademark, which would otherwise be unable to be present in Internet or would have no other possibilities but the registration of the trademark as a domain name by the adoption of commercial patterns less prestigious or less convenient.

Such a conflict has been solved by the Italian literature by application of article 1, paragraph 1, letter c), of the Trademark Law⁴, based on the assumption that whoever complains about the adoption in the net of a trademark as a *domain name*, is the owner in Italy of a right on the said trademark and that such trademark is well known in Italy. The indisputable bad faith and the high level of parasitism reflected in the *domain grabbing* behavior should justify a very strict attitude, in the sense that the Judge might strictly forbid any further use by the third party of a domain name containing the trademark in dispute (or any other trademark likely to be confused with it).

³ In a sole contrary decision (Court of Bari, July 24, 1996, in *Foro Italiano* 1997, I, p. 2315) it was noted that the domain name chosen by whoever wants to have its own Internet site, is fully autonomous from the user's name and its distinctive signs (name or corporate name, trademark, etc.) simply because it constitutes a mere "*access code to the digital services*", so that the domain name would not have, by definition, any power to identify its user and, therefore, would be unlikely to be confused with corporate names of other entities.

⁴ Article 1, paragraph 1, of the Italian Trademark Law states as follows: "*The rights of the owner of the registered trademark consist in the faculty to make an exclusive use of the trademark. The owner has the right to forbid third parties, unless duly authorized by the owner, to use...; c) a sign identical or similar to the registered trademark for non-similar products or services, if the registered trademark is well known within the State and if the use of the sign without just cause enables to obtain an unlawful benefit from the trademark distinctive nature or good reputation, or if it is prejudicial to them.*"

3.2. Much more difficult is the solution of a conflict when the trademark does not have the features to enjoy the wide protection referred to in article 1, paragraph 1, letter c), of the Trademark Law.

In this case, a reasonable principle that may be adopted is that the owner of the trademark registered in Italy (or the owner of a trademark of fact well known in Italy) should benefit - vis-à-vis the adopter of its trademark as domain name in Internet - from the same protection that he would be entitled to from the use of said trademark in the "real world", within the limits required by the technical features contemplated by the net structure and operative activity.

Consequently, the conflict within the net should be, in principle, dealt with as if such conflict had arisen out of the Internet context.

3.3. As to the decision on a possible confusion, three problems appear to be particularly relevant:

- a) the evaluation of the possibility of confusion between the trademark and the denominative element forming the second level of the domain name;
- b) the use actually made of the trademark use through the Internet;
- c) the evaluation of identity or affinity between products or services identified by the trademark and the (second level of the) domain name.

3.4. As to the first element, it is worth noting that, if on the one hand the Internet system forbids the presence of two identical domain names, on the other hand even very small differences are sufficient to be considered in compliance with the requirement of uniqueness. In other words, two domain names having a second-level identity are acceptable by the net if they have different *top levels*, such as, for example, the worldwide famous site "*whitehouse.gov*" and the much more frivolous site "*whitehouse.com*", which can coexist in the net even if they belong to two completely different entities⁵.

Sometimes, a domain name registration made by adopting a different top level, has represented a second choice solution for the owner of a trademark the name of which was previously registered by a third party as a domain name.

⁵ For the same, but opposite, reason one could easily verify that several companies have acquired different domain names, such as "*coca-cola.com*", "*coca-cola.org*" and "*coca-cola.net*", which all connect the user to the actual site "*coke.com*".

Needless to say that the level of sufficient differentiation for the compliance with Internet technical regulations does not comply with the corresponding requirement provided for by the Trademark Law. The strict application of the trademark regulations should therefore provide for the right of the trademark owner to forbid the presence in Internet of domain names reproducing, at the second level, the exact trademark or other versions thereof likely to be confused with it.

On the other hand, the application of this rule may lead to penalizing results upon whoever - according to the Trademark Law - is entitled to use its trademark even if this is identical or similar to another one. Reference is made, in this respect, to a trademark/domain name that may be registered with references to products and services not covered by the already existing one.

In this case, since the owner of the first trademark would not have the right to object to its use by a third party outside the Internet environment, it is hard to see how such right could be recognized in the digital environment.

Therefore, we should conclude that, if a previous domain name identifies a site where certain products or services are offered (and especially if the domain name correspond to a registered trademark for the same products or services), anyone later registering the same trademark (hypothetically identical) as a domain name for different products or services should be bound to differentiate its name, but not necessarily obliged to waive the inclusion of the (contested) trademark in the newly acquired domain name.

An evaluation of a possible confusion between trademarks and domain names should also be made in the light of the Internet system peculiarities.

The Internet users' perception of a distinctive sign is different than that of "normal" consumers. A "normal" consumer perceives the trademark in a definitely passive way, whilst the Internet users look at that without connection to the context in which the trademark has been placed, an advertising message or a supermarket shelf.

In fact, Internet surfers play an active role in the search of a domain, having to physically digit the domain names they are looking for. Just for this reason, their attention is higher and quicker and this fact contributes to reduce the risk of getting confused by similar names.

3.5. Concerning the second element (actual use of the trademark), the violation of a trademark right also depends on the use made of it by the competitor in the Internet environment.

In fact, while the use of a trademark as a domain name induces the public to identify the trademark owner with the content or service provider (and therefore is more likely to be confusing if the domain name is the same or is similar to a third party's trademark), the situation is a little different if the trademark is included in a sub-directory or as a link⁶. In this case, as noted by the Italian literature, the trademark may be intended as a descriptive tool of material contained therein or somewhere else in the net, therefore permitted pursuant to article 1-*bis*, first paragraph, of the Trademark Law⁷.

Finally, a case where the counterfeiting is doubtful is represented by a non-entrepreneur (or, however, somebody that cannot be considered as a competitor of the trademark owner) who is assigned a domain name corresponding to its own name. Even in this case, article 1-*bis* of the Trademark Law has been invoked in order to legitimize the free use of one's own name and address, provided that the use is made in good faith.

3.6. Concerning the third element mentioned above (identity or affinity between products or services), the Italian literature has noted that, when a user/consumer enters into a site of a certain company, the only element taken into consideration and that the user/consumer gets in touch with is the *sigla*, so that at the time of the initial approach it has no relevance the fact that the products or services offered

⁶ A link is a word or an image contained in a web page which, when selected, determines the access to a new page or to another destination.

⁷ The provision reads as follows: "*The rights on the registered trademark do not allow their owner to prevent third parties, in the carrying out of their business activity, to use:*

a) their name and address;

b) indications relating to the type, quality, quantity, destination, value, geographic origin, date of product manufacturing or service supplying or other product or service details;

c) the trademark if this is necessary to indicate the product or service destination, in particular as an accessory or spare part;

provided that such use is in compliance with the principles of professional fairness and, therefore, not as a trademark but for description purposes only".

under such domain name can be confused with different product or services identified by the (identical) trademark.

On the other hand, it was also noted that the said remark, even if correct from a theoretical perspective, is likely to lead to serious consequences as it could give to the trademark owner a full and merchandise-unlimited protection.

If we accept the principle (stated above) according to which a trademark owner cannot enjoy within the net a protection wider than the one that he would be entitled to in the real world, the evaluation of (unfair) competition between the trademark and the domain main must therefore remain within the analysis of the actual identity and/or affinity by taking into account, on the one hand, the products and services covered by the trademark and, on the other hand, the products and services offered in the site identified by the disputed domain name.

3.7. In conclusion, a solution to the conflict between trademark and domain name could maybe be summarized as follows:

- a) should a domain name come into conflict with a famous or even simply well known trademark, the trademark owner should be able to invoke the wider protection of the so-called "notorious trademark" under article 1, letter c), of the Italian Trademark Law. The trademark owner should therefore be entitled to object to the use through the Internet of a domain name identical or similar to its trademark, even if the domain name is used for products or services different from its own products or services; otherwise the use of a third party's trademark would be a cause of *dilution* of the same.
- b) should a domain name come into conflict with a trademark not having the features of a notorious trademark, the trademark owner should be able to object to the use as domain name of a sign identical or similar to its own trademark for products or services identical to those for which it was registered or similar to them only if - as a consequence of such identity or similarity - a risk of confusion is likely to arise in the public's mind. The protection in favor of the trademark owner is, therefore, necessarily compressed by the limits set forth by the products identity and/or similarity.

B) The jurisdiction dilemma on the internet – may a Web Site owner who is a trademark or copyright infringer be a defendant in any country in the world ?

1) - Introduction

How could we define a web site: an (electronic) area located somewhere in (a computer which is part of) the world wide web, reserved for the use of its owner and accessible from (any other computer located) anywhere else in the web.

In most cases the web site presents itself with a so-called “home page”, which has also been defined as an “hypertextual multimedia menu”, as it is normally composed by texts, pictures, photographs, symbols, icons and sounds and it functions as a menu, whereby the choice is very often made by “clicking” on certain selected areas of the screen.

Home pages can be reached by digiting the URL address (which contains the above discussed domain name identifying the web site owner) or by a link from another web site.

Distance is irrelevant in the web, as the access to a site takes place by way of copying the (electronic file containing the) material reproduced therein to the user’s computer for his own use, which has lead to a wide practice of “de-localization” of the web sites from the point (in the world) where their content is actually offered and/or taken by the public, and could therefore constitute a trademark or copyright violation.

2) – The legal background

According to articles 3 and the following of the law n° 218/95 (Reform of the Italian system of international private law), the Italian Judges have jurisdiction:

- a) if the defendant has domicile or residency in Italy, or has a duly authorized representative in this Country according to the Italian civil procedure code;
- b) if the defendant has accepted in writing (or has not objected to) the jurisdiction;
- c) in all cases foreseen by the European Convention concerning the jurisdiction and the execution of the decisions in civil and commercial matter, signed in Brussels on September 27, 1968, among

which, specifically, all cases of extra-contractual responsibility (such as the trademark or copyright violation) when the harmful event has taken place in Italy^{8 9}.

3) – The jurisprudence interpretation

According to the above mentioned principles, a decision of the Court of Teramo dated December 11, 1997 stated that "the Italian Judge has jurisdiction on an urgency proceeding for the inhibition of the diffusion over the Internet of information which are prejudicial for a third party's honor and reputation whenever, regardless of the place where the site is established or the connection is made, the activity of preparation, publication and diffusion of such information takes place in Italy".

In the specific case, an Italian citizen had established a web site in the United States with an American service provider (.com), including in its pages a series of information concerning an Italian bank (Monte dei Paschi di Siena).

Called in Court by the bank, the defendant objected the lack of jurisdiction of the Italian judge, assuming that the contested activity (the spreading of information regarding the bank) was taking place in the US, location of the provider, and therefore outside the territorial limits of the Italian jurisdiction. The Judge rejected the objection, observing that the insertion of information in the world wide web "makes them present, immediately, not only in the place in which they have been stored but in all Countries connected by the net".

4) – The (incoming) responsibility of the service providers

As in the trademark – domain name dilemma, the above mentioned principles are valid for the solution of the problem assuming that the "cyberspace" is not a different environment from the "real world" and does not deserve a special regulation.

However, it is intuitive that if the above mentioned system is sufficient to cover all cases in which a right-owner intends to sue an infringer, operating through the Internet, established in Italy or in the

⁸ A different, but not irrelevant, issue is the efficacy of a decision obtained, maybe *in absentia*, against a defendant residing or having his place of business outside of Italy and outside of the European Union, therefore not in a Country that automatically recognizes the Italian decisions. In this case the action may prove to be useless, even if technically correct, for the practical impossibility to enforce the decision.

European Union, such system shows its limits when the violation provokes damages in Italy (i.e. to a right-owner established in this Country) while made possible by the access from Italy to the world wide web but originates from a virtually “untraceable” operator or provider.

To solve the problem, we therefore have to address the issue of the responsibility of the service providers, i.e. of all those operators of the digital environment that, with their activity, make it possible for (potentially infringing) material to be spread around the Internet and be accessible for the final users.

In the absence of any specific regulation or Court decision on this issue, we should mention, *de iure condendo*, the draft of the European Directive on certain legal aspects of electronic commerce in the internal market, presently under discussion.

Such Directive plans to establish a general exemption of liability for all service providers but only if, in the digital environment, they operate a mere transmission (conduit) of information (art. 12, par. 1) with the consequent “transient storage” on their hardware of the information transmitted (art. 12, par. 2); the “automatic, intermediate and temporary storage” of information for the purpose of making it more easily accessible to the public (Caching, art. 13); as well as the storage of information at the request of the recipient of a internet service (Hosting, art. 14).

However, as soon as the service providers become involved in the transmission (for example initiating it or modifying the information contained therein) or somehow are informed that such transmission or content are illegal, the Directive provides for their responsibility towards the right-owner.

Moreover, service providers would always be subject to a prohibitory injunction.

This, linked to the above mentioned principle on jurisdiction, would complete the system, allowing any right-owner to address the Italian Courts in all cases in which:

- the infringer is in Italy
- the damages take place in Italy; and

⁹ The European Court of Justice has further clarified that “*the defendant may be sued, at the choice of the plaintiff, before the Judge of the place where the damage has taken place as well as before the place of the Judge where the damage has had its effect*”, which latter place, according to the interpretation of the Italian Supreme Court, is “*the place where the patrimonial diminution has taken place*”.

- the infringing information are available in Italy through a service provider established in this Country.