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Domain name, website and Facebook use of a trade mark: when does it infringe?

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Introduction

The allocation of domain names generally occurs on a first-come first-served basis. That contrasts drastically with the registered trade mark system where some proof of entitlement is required to obtain registration.¹ A party seeking to register a domain name need not prove any entitlement, although for some country code domains some proof of connection to the jurisdiction is required.² Some of the newer domain extensions operate on a different basis.

In the .com sphere an applicant for registration need show no rights to any name or trade mark comprised within the domain name chosen. All that is required is that the precise domain name is available for purchase, the fee is paid and the applicant agrees to the terms of the registration agreement (including submitting to Uniform Domain Name Dispute Resolution Policy (UDRP) arbitration in certain circumstances³). The organisation that registers the domain name undertakes no check of rights or entitlements. Therefore, numerous domain names are registered without the registrant having any rights whatever to trade marks (whether they be common law or registered) comprised within them.

Some such registrations are instances of cybersquatting, or the domain names concerned are used as instruments of fraud (for phishing for instance), or to generate click-through licence fees. Others come about by sheer coincidence or for a legitimate reason such as to establish a website for criticism or fair comment. Many parties come to own domain names that are identical to or very close to registered trade marks owned by third parties in other jurisdictions, of which they might therefore be wholly unaware. Of course, such a domain name may be identical or very similar to a trade mark legitimately owned by others but that is registered in relation to different goods or services.

There exists an active marketplace for registered domain names where such conflicting interests can be contractually reconciled. But where the registration is in bad faith, and the registrant has no rights or legitimate interests in the mark contained in the relevant domain name, the matter can be quickly resolved by recourse to

UDRP arbitration. So much is well known. The only orders that are available under the UDRP are the transfer of the disputed domain name or its cancellation.⁴ The UDRP option cannot result in an award of damages where the domain name concerned has been used for misleading purposes, for instance.

Thus, the UDRP option is quick and cheap but might not be preferred for various reasons.

The alternative available to the trade mark owner is to go to court and the more a domain name containing a registered mark has been put to active use by way of a related website, the more attractive that option may become. There may also be background circumstances (a longstanding struggle for control of a certain brand in a particular jurisdiction for instance, as in the case considered in this article) that make court a more attractive and appropriate option. Both parties may have genuine but conflicting claims more appropriately resolved in court with all the rules and facilities of evidence gathering and presentation that apply. The UDRP mechanism is in contrast cheap, the rules of evidence are relaxed, everything is on the papers and online, and the matter is resolved in a matter of weeks.

A UDRP decision also has worldwide effect, whereas the geographical jurisdiction of a national court may be limited. The litigation option of course requires a strategic choice of a particular jurisdiction in which to initiate proceeding. An immediate question also arises in litigation based on a registered trade mark, whether without the offending domain name actually being used (or any threatened use being in evidence), there can be any breach of the Trade Marks Act 1995 (Cth). By “being used” is meant whether it is put to use in trade or commerce; in more trade mark-law terms, whether the mark is “used as a mark” by the sole act of its incorporation into a domain name registered by a party with no other connection to the mark. Use of a domain name most commonly consists of establishing a website to which the domain name resolves and making it accessible to internet users. In the UDRP jurisprudence it is well established that registering but not using a domain name containing another party’s trade mark can

be in bad faith and unless the actual facts are such that the registrant has some claim of their own to the mark, it will be difficult to establish legitimate rights or interests in the circumstances.⁵ The UDRP threshold requirement whether a domain name is (identical or) confusingly similar is easily fulfilled because it has come to mean little more than that the trade mark is recognisable within the disputed domain name.⁶ Therefore where another party acquires a domain name containing a reasonably well-known trade mark, even if that domain name is never used and not offered for sale or activated in any way, a UDRP Arbitration Panel will readily order the transfer of the disputed domain name to the trade mark owner. It is advantageous therefore to turn to the UDRP system in those circumstances; however, where two parties have an apparently legitimate but mutually exclusive claim to a mark, with some history of actual use by both over time, the UDRP is not necessarily the ideal forum. Because of the complexities and subtleties of the trade mark system, competing claims to identical marks are common.

Litigating a domain name to which a website resolves

In *Lamont v Malishus (No 4)*⁷ (*Malishus*) the issues were litigated in the Federal Circuit Court before Manousaridis J. As indicated above, the key difficulty in relying on the Australian trade mark law is that there is no infringement of the relevant provisions unless the applicant can establish “use of the mark as a mark”.⁸ It is thus clear that simply registering a domain name which reflects (or is identical to) a trade mark, no matter how famous and instantly recognisable in Australia and around the world, cannot amount to an infringement of the Act, and result in any order under that legislation.⁹ In that sense the UDRP is more advantageous, as was pointed out above. This much was confirmed by the decision in *Malishus*, a matter which arose in the context of a considerable history of conflict between opposing parties concerning competing claims to the “Malishus” trade mark.

In *Malishus*, the domain name owner had indeed established a website to which the domain name resolved. That being the case there was a better chance that a court would find use of the mark as a mark but the question remains what sort of use on a website will amount to infringement? This question had been dealt with previously in a few matters before Australian courts, notably *Mantra Group Pty Ltd v Taily Pty Ltd (No 2)*¹⁰ (*Mantra*) relating to an Australian website and *Ward Group Pty Ltd v Brodie & Stone Plc*¹¹ (*Ward*) where the website was housed on a foreign server and the relevant advertising was uploaded from the UK. A further question arose in *Ward* as to whether, for the sake of passing off,

a misleading representation was made in Australia in those circumstances. The facts were constructed around a trap purchase made from Australia, which was indeed possible by an Australian internet user accessing the UK brand website, but the court held that the website messaging was not sufficiently directed at Australian consumers to constitute trade mark use in this jurisdiction. The simple fact alone that a purchase could be made from Australia was not enough.

In *Malishus* the complex antecedent history of rivalry about the mark, which had domestic and international elements, had previously been resolved in favour of the applicant. The latter appeared on the Australian register as owner of the mark Malishus in relation to fashion items. The equivalent trade mark was used in New Zealand by the respondent in relation to some different products but also with an eye to the clothing market, in particular in relation to T-shirts etc on which the word Malishus figured prominently. The respondent owned the malishus.co.nz domain name as well as www.malishus.com and www.malishus.com.au.

The court applied the principle that if a purely descriptive use is made of a trade mark on a website, there is no trade mark infringement. If pirated goods are offered for sale via a website then the question is not whether the integration of the mark in the domain name and the website presentation is a trade mark infringement — it is simply an infringing act of offering pirated goods for sale. However, if acquiring a domain name that comprises another’s mark and resolves to a website that also displays representations of that mark, amounts to use as a mark, then that use can separately constitute infringement. Orders can be sought relating to the website and domain name as such. As the court put it in *Mantra*:

It has been doubted whether the mere registration of a domain name containing the words of a trade mark constitutes the use of those words as a trade mark for the purposes of s 120 of the Trade Marks Act: see *CSR Ltd v Resource Capital Australia Pty Ltd* (2003) 128 FCR 408 (*CSR Ltd*) at [42] per Hill J and the cases referred to. However, if the registered domain name is linked to a website that contains advertising material that promotes goods or services in relation to which the trade mark is registered, this combination of use could constitute use as a trade mark under s 120 of the Trade Marks Act.¹²

Additional and more novel (in terms of Australian jurisprudence) questions arose, in particular at what point use on social media (Facebook) of another party’s trade mark will amount to trade mark use. Further, if the relevant pages are hosted overseas, when is there trade mark use in Australia? Merkel J in *Ward* held:

In summary, the use of a trade mark on the Internet, uploaded on a website outside of Australia, without more, is not a use by the website proprietor of the mark in each

jurisdiction where the mark is downloaded. However, as explained above, if there is evidence that the use was specifically intended to be made in, or directed or targeted at, a particular jurisdiction then there is likely to be a use in that jurisdiction when the mark is downloaded.¹³

On the facts the court in *Malishus* stated the issues in the following terms: “Thus, whether [two respondents] used the domain name *www.malishus.com* in Australia depends on whether they intended or directed or targeted the domain name *www.malishus.com* to persons in Australia”.¹⁴ That question was to be answered in the affirmative because the relevant website:

... represented without qualification that the clothing displayed on the website was available to be purchased in Australia, and that persons wishing to purchase such apparel could do so by credit card or PayPal account.¹⁵

It did not assist the respondents’ case that one of them in an earlier affidavit made for the proceedings concerning ownership of the Malishus mark in Australia (resolved in favor of the applicant) had stated that the “MALISHUS brand of apparel has been actively marketed through online and social media channels” and that the respondents had “an active ecommerce website at *www.malishus.com* which displays our products and shows that our products are being used in a commercial capacity”.¹⁶

The question under what conditions use on social media that include the applicant’s trade mark will amount to infringing trade mark use also arose. Most of the posts under consideration by the court were made to the “Malishus clothing Facebook page” of a couple of the respondents. The court said that:

The posting of such material will have constituted the use of “Malishus” as a trade mark only if it would have appeared to persons of ordinary intelligence and memory who would have read the posts that the word “Malishus” possessed “the character of devices, or brands, which” any one of the respondents or Mr Nicholas “was using or proposing to use in relation to” particular goods “for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the” goods in question and any of the respondents[.]¹⁷

Many of the relevant posts referred to events, such as a boxing event, or an event at a nightclub, or to sportsmen and musicians. They contained photographs of individuals wearing clothes with the word “Malishus”. Some of the posts explicitly referred to the offer for sale of “Malishus” T-shirts. Other posts made reference to “Free Shipping”. Thus, the respondents were held to have been posting material on Facebook that included the use of the word “Malishus” in connection with clothing depicted in the material which constituted an infringement of the applicant’s trade mark rights. As indicated above, that the posts were made overseas did not prevent infringement because they were directed at Australian consumers.

Damages

Assessment of compensatory damages was zero (nominal damages of \$10) but additional damages were awarded of \$25,000 plus interest. This was because the respondents actively continued to market online and through social media channels, used an active ecommerce website at their Malishus domain name after they became aware of the Malishus registered trade mark of the applicant. They also filed a trade mark application for a graphic trade mark including the term Malishus after becoming so aware. The court also pointed out that the respondents were not fully deterred by the commencement of proceedings and that after that date the Malishus Facebook page contained the free shipping offers. The court pointed out that:

Deterrence is of some importance in this case because [the applicant] has been unable to prove any damages, and also because [the applicant] has been unable to engage legal representation to pursue the rights I have found he has in relation to the Malishus Trade Marks. The additional amount should incorporate an element that would signal to [two respondents] that there is a financial cost to the infringement of trade marks even where the owner of the trade mark that has been infringed ... has been unable to prove he has suffered any damage because of the Infringing Conduct.¹⁸

Conclusion

In conclusion, this relatively small matter nonetheless provides an interesting illustration of a number of issues that will occur in relation to unauthorised use of a mark on the internet. The decision reiterates a number of significant points:

- that merely registering a domain name incorporating a third party’s trade mark does not constitute trade mark infringement
- that using such a domain name in conjunction with a website on which the trade mark is represented may constitute use of a mark as a mark
- that representation of an Australian trade mark on a foreign website can infringe if the messaging on the site is directed at Australian consumers
- that posting a trade mark and/or trade marked goods to Facebook can amount to trade mark infringement and
- that even if no actual damages can be proven, considerable additional damages may be awarded for trade mark infringement in certain circumstances of blatant disregard of an applicant’s rights.



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Footnotes

1. Except for unused marks — rules combining authorship, intention to use and the fact of lodging an application apply in that case.
2. For instance entitled to register a.com.au domain name are: a company registered in Australia; or operating under a registered business name in any Australian State or Territory; or an Australian partnership or sole trader; or an overseas company licensed to trade in Australia; or an owner of an Australian Registered Trademark; or an applicant for an Australian Registered Trademark; or an association incorporated in any Australian State or Territory; or an Australian commercial statutory body.
3. See WIPO, Domain Name Dispute Resolution, August 2006, www.wipo.int/amc/en/domains/. The World Intellectual Property Organization (WIPO) Arbitration and Mediation Center is the principal provider of UDRP domain name arbitration services, having processed over 46,000 cases.
4. See UDRP rules: ICANN, Uniform Domain Name Dispute Resolution Policy, 25 February 2012, www.icann.org/resources/pages/policy-2012-02-25-en.
5. See eg *Telstra Corp Ltd v Nuclear Marshmallows Case* No D2000-0003, 18 February 2000.
6. See WIPO, *Overview of WIPO Panel Views on Selected UDRP Questions*, 3rd ed, 2017 at para 1.7.
7. *Lamont v Malishus Ltd (No 4)* [2019] FCCA 3206; BC201910082.
8. A fairly narrow concept in Australian jurisprudence compared for instance with the European Union.
9. There are analogous issues in relation to common law marks and passing off.
10. *Mantra Group Pty Ltd v Tailly Pty Ltd (No 2)* (2010) 183 FCR 450; 267 ALR 347; [2010] FCA 291; BC201001870.
11. *Ward Group Pty Ltd v Brodie & Stone Plc* (2005) 143 FCR 479; 215 ALR 716; [2005] FCA 471; BC200502311.
12. Above n 10, at [50(g)].
13. Above n 11, at [43].
14. Above n 7, at [85].
15. Above.
16. Above.
17. Above n 7, at [76].
18. Above n 7, at [113].