

**BORROWING FROM OUR COMMON LAW COUSINS: AMERICAN  
AND BRITISH INFLUENCES ON THE MERGER OF CANADIAN  
TRADEMARK AND INTERNET DOMAIN NAME LAWS**

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**I. INTRODUCTION**

This article explores the intersection of web-based economic activity under Internet domain names and the application of traditional Canadian trademark law, with particular emphasis on U.S. and U.K. influences in Canadian law. In pursuing this objective, the article advocates an inherent adaptability of the scheme of trademark law to online transactions. As a corollary, the paper argues that extant trademark law principles are sufficiently circumscribed and compatible with the Internet in order to adequately govern cyberspace. Aside from a few legislative and/or judicial clarifications, Canadian legislators should not feel compelled to devise a whole new set of rules to regulate online business.

In fact, several courts, both in Canada and in other common law jurisdictions, have acknowledged the compatibility between existing intellectual property rules and web-based commercial operations.<sup>1</sup> More generally, “courts are increasingly using the cyberspace as place metaphor to justify application of traditional laws governing real property to this new medium,”<sup>2</sup> while

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1. For a concise review of the application of trademark law to cyberspace, see, for example, Erlend Bakken, *Unauthorized Use of Another’s Trademark on the Internet*, 2003 UCLA J.L. & TECH. 3 (2003).

2. Mark A. Lemley, *Place and Cyberspace*, 91 CAL. L. REV. 521, 521 (2003). On the judicial use of metaphors vis-à-vis new technology, see Stephanie A. Gore, “A Rose by

commentators also rely heavily on the “place metaphor” to explain this novel judicial impetus.<sup>3</sup> This article explores the merger of trademark law and Internet domain names from a comparative standpoint,<sup>4</sup> thereby canvassing Canadian, American, and British jurisprudence.<sup>5</sup> Hence, after setting out the theoretical framework of Canadian trademark law, the paper ventures upon an analysis of relevant case law.

In tackling the legal norms applicable to Internet domain names, the paper divides the core argument into four parts. Part II briefly addresses the overarching theme or approach of the paper, which is inextricably connected to the idea of specialization, legal transplants, and legal “borrowing” in cognate common law jurisdictions. Part III, albeit somewhat discursive, sets out the rudimentary framework of Canadian trademark law and jurisprudence, which yields interesting payoffs in subsequent portions. Part IV turns to the very precise and sophisticated question of analogizing trademark law to Internet domain names. Contrary to scholars that advocate against an overbroad protection of trademarks in

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*Any Other Name*”: *Judicial Metaphors for New Technologies*, 2003 U. ILL. J.L., TECH. & POL’Y 403 (2003).

3. See, e.g., Jonathan H. Blavin & I. Glenn Cohen, *Gore, Gibson, and Goldsmith: The Evolution of Internet Metaphors in Law and Commentary*, 16 HARV. J.L. & TECH. 265, 275-85 (2002); David Hricik, *Reading Too Much into Nothing: The Metaphor of Place and the Internet*, 55 MERCER L. REV. 859 (2004); Dan Hunter, *Cyberspace as Place and the Tragedy of the Digital Anticommons*, 91 CAL. L. REV. 439 (2003); Maureen A. O’Rourke, *Property Rights and Competition on the Internet: In Search of an Appropriate Analogy*, 16 BERKELEY TECH. L.J. 561 (2001); Jonathan J. Rusch, *Cyberspace and the “Devil’s Hatband,”* 24 SEATTLE U. L. REV. 577, 591-92 (2000); Harmeet Sawhney, *Information Superhighway: Metaphors as Midwives*, 18 MEDIA, CULTURE & SOC’Y 291, 291-92 (1996). See generally Maureen Ryan, *Cyberspace as Public Space: A Public Trust Paradigm for Copyright in a Digital World*, 79 OR. L. REV. 647 (2000); Alfred C. Yen, *Western Frontier or Feudal Society?: Metaphors and Perceptions of Cyberspace*, 17 BERKELEY TECH. L.J. 1207 (2002).

4. Although several seminal texts on the comparative method warrant consideration, three principal works guide me in this paper. See RENÉ DAVID & JOHN E.C. BRIERLEY, *MAJOR LEGAL SYSTEMS IN THE WORLD TODAY* 1-33 (John E.C. Brierley ed., 3d ed., Stevens & Sons Ltd. 1985); RUDOLF B. SCHLESINGER ET AL., *COMPARATIVE LAW* 1-53 (6th ed. 1998); ALAN WATSON, *LEGAL TRANSPLANTS: AN APPROACH TO COMPARATIVE LAW* (2d ed., Univ. of Ga. Press 1993) (1974). Other recent accounts also prove illuminating in setting out the agenda and objectives of comparative legal research. See, e.g., MIRJAN R. DAMAŠKA, *THE FACES OF JUSTICE AND STATE AUTHORITY: A COMPARATIVE APPROACH TO THE LEGAL PROCESS* (1986); James Gordley, *Is Comparative Law a Distinct Discipline?*, 46 AM. J. COMP. L. 607 (1998); Ugo Mattei, *Three Patterns of Law: Taxonomy and Change in the World’s Legal Systems*, 45 AM. J. COMP. L. 5 (1997); KONRAD ZWEIGERT & HEIN KÖTZ, *INTRODUCTION TO COMPARATIVE LAW* 1-47 (Tony Weir trans., 3d ed., Oxford Univ. Press 1998).

5. For a thoughtful and extensive review of the discipline of comparative jurisprudence, see, for example, William Ewald, *Comparative Jurisprudence (I): What Was It Like to Try a Rat?* 143 U. PA. L. REV. 1889 (1995).

cyberspace,<sup>6</sup> the thrust of the following argument is that the legal community should endorse a rigid extension and application of “terrestrial” intellectual property norms to cyberspace. Specific Internet domain name litigation, both in judicial and arbitral (or alternate) settings, supports this assertion. Finally, Part V brings the argument full circle and demonstrates how, aside from exerting considerable influence on Canadian intellectual property policy, U.S. law can extend directly to Canadian trademark holders.

## II. RECIPROCAL INFLUENCE IN COGNATE COMMON LAW JURISDICTIONS

### A. Specialization

The purpose of this section is to highlight the underlying rationale behind the paper, which hinges to a large extent on the concept of legal tradition.<sup>7</sup> In this age of rapid and intricate technology, it has become vain to refute the importance of the Internet in disseminating information, expanding networks, and generating commercial opportunities.<sup>8</sup> In fact, as virtual borders blur indelibly the chasm between certain legal traditions,<sup>9</sup> differences between national legal systems turn out to be skin-deep under some lights. More important to the debate at hand is the fact that this highly industrialized and technological background not only facilitates the transmission of communication through new means or conduits,<sup>10</sup> but also ensures that a certain specialization permeates legal interactions under the Western legal tradition. Professor Glenn speaks to this point:

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6. See, e.g., Neil Batavia, *That Which We Call a Domain by Any Other Name Would Smell as Sweet: The Overbroad Protection of Trademark Law as It Applies to Domain Names on the Internet*, 53 S.C. L. REV. 461 (2002) (arguing that “technology has made such [legislative] changes in trademark law unnecessary and much too late to be beneficial for the growth of the Internet”); Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 886-87 (2000) (“[T]rademark law ought to consider how to deal with the future of this rapidly changing technology, and not how to respond to an issue that is now several years old.”).

7. For a background discussion on the concept of legal tradition, see generally H. PATRICK GLENN, *LEGAL TRADITIONS OF THE WORLD* 1-32 (2d ed. 2004).

8. See generally A. Michael Froomkin, *Habermas@Discourse.net: Toward a Critical Theory of Cyberspace*, 116 HARV. L. REV. 749, 778-82 (2003).

9. It is interesting to note that modern comparativists increasingly highlight the similarities between legal traditions. See, e.g., Uto Mattei & Robert Pardolesi, *Law and Economics in Comparative Law Countries: A Comparative Approach*, 11 INT’L REV. L. & ECON. 265, 266-67 (1991). See generally WATSON, *supra* note 4.

10. See GLENN, *supra* note 7, at 43.

The capacity of the new means of communication means that large amounts of very detailed information may be transmitted, *and the specialization inherent in many aspects of western tradition is thereby facilitated.* At the same time, so is the transmission of specialized information to non-specialists within and without the tradition. New specialists may be created, even where a given tradition had not previously lent itself to specialization. The general increase in information may facilitate persuasion and argument at more precise levels of human activity and difference.<sup>11</sup>

The foregoing excerpt serves as an accurate preface to the arguments espoused in this paper, thereby bringing the nexus between a highly specialized field like intellectual property and the concept of legal tradition into sharp relief.

John Brierley alluded to mutual exchanges between cognate jurisdictions<sup>12</sup> in order to encapsulate what seemed like a natural and completely organic process of reciprocal insight between members of philosophically adjacent legal communities.<sup>13</sup> Language or historical connections<sup>14</sup> typically accentuate this phenomenon, but it becomes particularly poignant when seen through the lens of specialization. This line of reasoning carries over to specialization in law as well and ultimately entails that non-virtual legal borders also begin to fade so as to foster genuine exchange between specialists across the field, irrespective of their origin.<sup>15</sup> Therefore, specialization is a recurring theme throughout this study, whether connecting to the horizontal flux of judicial information across borders, or hinging on the requirement of implementing specialized tribunals.<sup>16</sup> Some

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11. *Id.* at 43-44 (emphasis added).

12. See DAVID & BRIERLEY, *supra* note 4, at 24-26.

13. I am indebted, for this line of reasoning, to my exchanges with Professor H. Patrick Glenn.

14. This idea also foreshadows relevant considerations related to legal transplantation, namely the relationship between the compatibility or transmissibility of cognate legal systems and history. See, e.g., WATSON, *supra* note 4, at 19 (speaking of the “central issue where there is a historical relationship, namely the borrowing and transmissibility of rules from one society or system to another”).

15. For a discussion on the relationship between comparative law and specialization, see H. Patrick Glenn, *Comparative Law and Specialization*, in THE RESPONSIVENESS OF LEGAL SYSTEMS TO FOREIGN INFLUENCES: REPORTS PRESENTED TO A COLLOQUIUM ON THE OCCASION OF THE TENTH ANNIVERSARY OF THE SWISS INSTITUTE OF COMPARATIVE LAW 315-28 (1992).

16. This idea has been explored in civil law jurisdictions. See, e.g., Charles H. Koch, Jr., *The Advantages of the Civil Law Judicial Design as the Model for Emerging Legal Systems*, 11 IND. J. GLOBAL LEGAL STUD. 139, 150 (2004):

One reason for specialization is to make the best use of expertise. Specialist courts increase judicial expertise and probably reach more

scholars respond with an opposite view: “Since comparative law almost inevitably transcends the narrow boundaries of any single subject, a high degree of specialization is in itself a drawback.”<sup>17</sup> Regardless of the position ultimately endorsed, specialization knows no physical boundary and remains unfettered by any jurisdictional or legal impediments.<sup>18</sup> Therefore, direct reference to the overarching concept of specialization validates this type of endeavor: a comparative study between three cognate common law jurisdictions, purporting to ascertain the applicable legal scheme in Canada. The paper should be read through this very specific lens.

## **B. Legal Transplants**

A second preliminary gloss, the idea of legal transplantation, is juxtaposed with the concept of specialization and is a pervasive dimension of the paper. By analyzing the logical merger of trademark law with Internet domain names, this paper follows a simple precept: “[that] borrowing of law is the primary instrument of law’s development.”<sup>19</sup> Although Alan Watson’s seminal account on the virtues of legal transplants<sup>20</sup> remains authoritative to this day, influential

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objective judgments based on technical considerations. Such specialization might recommend itself to societies in which technical human resources are in short supply, especially among those persons who might participate in litigation. In those cases in which the U.S. system uses expert tribunals, usually administrative agencies, their decisions are ultimately reviewed by a generalist court. U.S. legal culture finds benefit in at some point having the experts justify themselves to non-experts.

See also H. Patrick Glenn, *The Grounding of Codification*, 31 U.C. DAVIS L. REV. 765, 777 (1998) (speaking of “the increasing specialization of modern law”).

17. Joachim Zekoll, *Kant and Comparative Law – Some Reflections on a Reform Effort*, 70 TUL. L. REV. 2719, 2720 (1996).

18. There is also a widespread belief that law, too, moves and migrates across borders. For support of this proposition, see, for example, Esin Öricü, *A Theoretical Framework for the Transfrontier Mobility of Law*, in TRANSFRONTIER MOBILITY OF LAW 5, 7 (R. Jaglenberg et al., eds. 1995).

19. GLENN, *supra* note 7, at 204, (citing WATSON, *supra* note 4). See also Máximo Langer, *From Legal Transplants to Legal Translations: The Globalization of Plea Bargaining and the Americanization Thesis in Criminal Procedure*, 45 HARV. INT’L L.J. 1, 5 (2004) (“The metaphor of the ‘legal transplant’ has been the main device used by comparative law scholars and practitioners when analyzing the importation of foreign legal practices.”).

20. See, e.g., WATSON, *supra* note 4, at 16-20. For an exhaustive list of Watson’s works on the subject, see William Ewald, *Comparative Jurisprudence (II): The Logic of Legal Transplants*, 43 AM. J. COMP. L. 489, 489 n.1 (1995).

voices in legal scholarship articulate concerns over the curative character of legal transplantation,<sup>21</sup> while others directly caution against the practice.<sup>22</sup> Similarly, some commentators contend that the horizontal transplantation of judicial precedents<sup>23</sup> between common law and civil law jurisdictions generates viable results,<sup>24</sup> while others quarrel with this argument and maintain that transplantation impedes innovation.<sup>25</sup> The context of mixed jurisdictions,<sup>26</sup> such as Quebec in Canada or Louisiana in the U.S., further exacerbates this tension. However, the concept of mutual “borrowing” quickly dispels this perceived conflict. Professor Glenn notes: “[c]ivil and common law jurisdictions ‘borrow’ from one another, or create ‘mixed’ jurisdictions, and these processes now appear as western and formalized versions of the exchange of information between complex traditions which has always gone on, in a massive way.”<sup>27</sup> It follows that the concept of legal transplant, or direct “borrowing” from other traditions, remains the most important tool guiding modern comparativists.<sup>28</sup> Similar to the issue of

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21. See, e.g., Mark Tushnet, *The Possibilities of Comparative Constitutional Law*, 108 YALE L.J. 1225, 1227 (1999) (“Some of the best work in the field suggests skepticism about any direct ‘borrowing’ of solutions developed in one system to resolve problems in another.”).

22. See, e.g., J.H.H. Weiler & Joel P. Trachtman, *European Constitutionalism and Its Discontents*, 17 NW. J. INT’L L. & BUS. 354, 355 (1996-1997) (“The dangers of ‘borrowing’ from one legal system to another are famous: the law of any polity is a construct embedded in a specific social and political culture and its transmutation to other polities is not easily achieved.”). For a thoughtful review of logic-based arguments pertaining to legal transplants, see Ewald, *supra* note 20.

23. The process of legal transplantation from one domestic system to another is usually referred to as “horizontal integration.” For an assessment of the viability of horizontal legal transplantation projects, see, for example, Julie Mertus, *From Legal Transplants to Transformative Justice: Human Rights and the Promise of Transnational Civil Society*, 14 AM. U. INT’L L. REV. 1335, 1377-84 (1999).

24. See Robert B. Ahdieh, *Between Dialogue and Decree: International Review of National Courts*, 79 N.Y.U. L. REV. 2029, 2067 n. 155 (2004) (citing John V. Orth, *The Secret Sources of Judicial Power*, 50 LOY. L. REV. 529 (2004)).

25. For general support of this statement, see *id.* On the view that horizontal judicial transplantations or “extrinsic judicial review” constrain innovation, see Paul B. Stephan, *Redistributive Litigation -- Judicial Innovation, Private Expectations and the Shadow of International Law*, 88 VA. L. REV. 789, 792 (2002).

26. See generally Kenneth G.C. Reid, *The Idea of Mixed Legal Systems*, 78 TUL. L. REV. 5 (2003). For an extensive list of sources on mixed jurisdictions, see GLENN, *supra* note 7, at 356 n.37. On a related issue, see also Daniel Visser, *Cultural Forces in the Making of Mixed Legal Systems*, 78 TUL. L. REV. 41 (2003).

27. GLENN, *supra* note 7, at 356.

28. This proposition has garnered widespread academic support. See, e.g., Gianmaria Ajani, *By Chance and Prestige: Legal Transplants in Russia and Eastern Europe*, 43 AM. J. COMP. L. 93 (1995); EDGARDO BUSCAGLIA & WILLIAM RATLIFF, LAW AND ECONOMICS IN DEVELOPING COUNTRIES 14-19, 31-54 (2000); Ugo Mattei, *Efficiency in Legal Transplants: An Essay in Comparative Law and Economics*, 14 INT’L REV. L. & ECON. 3 (1994);

specialization, which presupposes a mutual exchange of sophisticated information between cognate jurisdictions, judicial dialogue and cross-fertilization now also actuate the process of legal borrowing.<sup>29</sup>

In determining the possible horizontal integration between two distinct national legal systems, “Professor Watson insists that legal transplants are only possible if the two countries share a common legal tradition.”<sup>30</sup> This idea inexorably reverts back to the concept of cognate jurisdiction, pursuant to Brierley’s legacy. Furthermore, it should be cautioned that legal transplants usually require some level of local adaptation<sup>31</sup> and, “[b]efore a government–or court–borrows a foreign solution, it should consider the adaptability of the transplant to the local culture.”<sup>32</sup> Conversely, the idea of “borrowing” here is applied across a very specific and highly specialized field of legal practice, namely trademark law in relation to cyberspace. Similar endeavors in equally specialized spheres of domestic law, such as taxation, have proved fruitful.<sup>33</sup> Moreover, all three common law jurisdictions closely analyzed in this paper, Canada, the U.S., and the U.K., undoubtedly fall within the scope of a single, common legal tradition. Hence, the paper should also be read through this lens, namely by taking into account that several foundational concepts of Canadian trademark law are derived from British or American legal culture. Operating within this framework,

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Jonathan M. Miller, *A Typology of Legal Transplants: Using Sociology, Legal History and the Argentine Examples to Explain the Transplant Process*, 51 AM. J. COMP. L. 839 (2003); Loukas A. Mistelis, *Regulatory Aspects: Globalization, Harmonization, Legal Transplants, and Law Reform--Some Fundamental Observations*, 34 INT’L LAW. 1055 (2000); Frederick Schauer, *The Politics and Incentives of Legal Transplantation*, in GOVERNANCE IN A GLOBALIZING WORLD 253 (Joseph S. Nye Jr. & John D. Donahue eds., 2000); Jonathan B. Wiener, *Something Borrowed for Something Blue: Legal Transplants and the Evolution of Global Environmental Law*, 27 ECOLOGY L. Q. 1295 (2001); WATSON, *supra* note 4, at 21.

29. See, e.g., Anne-Marie Slaughter, *A Global Community of Courts*, 44 HARV. INT’L L.J. 191, 193 (2003) (expounding that “unlike past legal borrowings across borders, judges are now engaged not in passive reception of foreign decisions, but in active and ongoing dialogue.” (citing Claire L’Heureux-Dubé, *The Importance of Dialogue: Globalization and the International Impact of the Rehnquist Court*, 34 TULSA L.J. 15, 16 (1998))). See also ANNE-MARIE SLAUGHTER, *A NEW WORLD ORDER* 69-79 (2004) (providing a thoughtful account of this practice through the lens of globalization, as it pertains to constitutional law particularly).

30. William B. Barker, *Expanding the Study of Comparative Tax Law to Promote Democratic Policy: The Example of the Move to Capital Gains Taxation in Post-Apartheid South Africa*, 109 PENN ST. L. REV. 703, 716-17 (2005) (citing ALAN WATSON, *LEGAL TRANSPLANTS: AN APPROACH TO COMPARATIVE LAW* 7 (1974)).

31. See generally Mattei, *supra* note 28, at 16, 19.

32. Barker, *supra* note 30, at 716.

33. See *id.* at 717 (“In tax, however, transplants are not only common from a country in one legal family to another, but they also have been quite successful.”).

the paper now ventures upon the task of delineating the fundamental legal structure underpinning Canadian trademark law.<sup>34</sup>

### III. THEORETICAL FRAMEWORK OF THE CANADIAN TRADEMARK ACT

#### **A. The Concept of Trademark in Canadian Law**<sup>35</sup>

This legal concept originates from the quintessential encapsulation of commercial fair play, itself rooted in a succinct but straightforward proclamation: no one is entitled to sell or distribute products under the guise that the products emanate from someone else.<sup>36</sup> Although the Canadian constitutional framework logically delegates the regulation of trademarks to the federal government,<sup>37</sup> policy-makers and jurists alike have often struggled in demarcating clear boundaries in this branch of law.<sup>38</sup> In 1977, the Supreme Court of Canada was

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34. For a concise overview of fundamental concepts under U.S. trademark law, see Anne Hiarig, *Basic Principles of Trademark Law*, 800 PRACTISING L. INST. 7 (2004).

35. In this paper, the terms “trademark” and “mark” are used interchangeably.

36. This fundamental rule is attributed to the decision in *Millington v. Fox* (1838), 3 My. & C. 338, and has been followed or reaffirmed, albeit using different jargon, in several cases. See, e.g., *Perry v. Truefitt*, (1842), 6 Beav. 66, 49 Eng. Rep. 749 (“A man is not to sell his own goods under the pretence that they are the goods of another man; he cannot be permitted to practice such a deception, nor to use the means which contribute to that end.”); *Burberry’s v. Cording* (1900) 26 R.P.C. 693 (“... no one is entitled by the use of any word or name, or indeed in any other way, to represent his goods as being the goods of another to that other’s injury.”).

37. See Constitution Act, 1867, 30 & 31 Vict. Ch. 3, § 91 (Can.), especially section 91(2) referred to as the “trade and commerce” clause. For academic support of this proposition in another area of intellectual property, see William A.W. Neilson et al., *Intellectual Property Rights and Competition Law and Policy: Attempts in Canada and Japan to Achieve a Reconciliation*, 1 WASH. U. GLOBAL STUD. L. REV. 323, 338, n.76 (2002) (encompassing industrial designs under the “trade and commerce” clause). For a comparative study of the U.S. commerce clause, with special emphasis on the Canadian and Australian experiences, see Greg Taylor, *The Commerce Clause--Commonwealth Comparisons*, 24 B.C. INT’L & COMP. L. REV. 235 (2001).

38. See, e.g., David S. Welkowitz, *Protection Against Trademark Dilution in the U.K. and Canada: Inexorable Trend or Will Tradition Triumph?*, 24 HASTINGS INT’L & COMP. L. REV. 63, 118 (2000). Welkowitz addressed section 7 of the Trademark Act:

In [*MacDonald v. Vapour Canada Ltd.*], the Supreme Court of Canada ruled that section 7(e) was an unconstitutional exercise of legislative authority. [*MacDonald*] was a case about a theft of trade secrets. The Supreme Court believed that such a private tort was left to provincial legislatures, rather than the federal Parliament. On the other hand, the opinion left open the possibility that section 7 could be upheld if it



called upon to pronounce on the inclusion of trademark law under federal jurisdiction.<sup>39</sup> The Court inferred that the aegis of the Constitutional Act of 1867, which clearly governed traffic and commerce, supported devolving such authority to the centralized government.<sup>40</sup> While expounding that the realm of trademark law fell within the ambit of federal powers, the Supreme Court also opined that this legal field straddles the border between federal law and provincial common law-derived torts.<sup>41</sup> Hence, this decision carries the notion of overlap between federal and provincial laws, which were sought to be applied simultaneously. Additionally, this set of judicial postulates foreshadowed the inherent complexity and elusive nature of trademark law, particularly the difficulty in reconciling and orchestrating a simultaneous application of torts and federal law. Although there is a risk for tort and federal trademark law to be subsumed into one unpalatable approach, their coexistence has been, until now, rather harmonious. The paper addresses the intersection of trademarks and tort law *infra*, while discussing the tort of “passing off.” In the interim, it is fair to contend that trademark law generally falls under federal jurisdiction, a notion that is supported by the current Canadian legislative framework.<sup>42</sup>

Consequently, Canada consecrated the notion of trademark through a specific statute<sup>43</sup> and delivered a definition of this concept in section 2 of the Trademark Act:

“trade-marks” means:

- (a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, lease, hired or performed by others,
- (b) a certification mark,
- (c) a distinguishing guise, or
- (d) a proposed trade-mark.<sup>44</sup>

Although the statutory definition does not completely shed light on the tenor or contents of trademarks, when paired with relevant case law, the wording

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applied to matters clearly within national authority--such as patents, copyrights and trademarks.

39. MacDonald v. Vapor Canada Ltd., [1977] 2 S.C.R. 134 (Can.).

40. *Id.* For a similar application of constitutional law to trademarks, see Canadian Nat’l Transp. Ltd. v. Can. (Attorney Gen.) [1983] 2 S.C.R. 206.

41. See Welkowitz, *supra* note 38.

42. For support of this proposition, see, for example, Bob H. Sotiriadis, *Federal Court Litigation: Jurisdictional and Procedural Issues*, at 5-6 (1998) <http://www.robic.ca/publications/Pdf/227-BHS.pdf> (last visited Oct. 15, 2005).

43. Trade-marks Act, R.S.C., ch. T-13 (1985).

44. *Id.* § 2.

sufficiently illuminates to infuse the term with axiomatic meaning: a trademark can be identified as a nexus between a particular mark and a manufacturer. This vital link between both concepts also hinges, to a large extent, on the manufacturer's commitment not to defraud or mislead the consumer, who, as the end-user of the product in circulation, will ultimately be called upon to interpret and assess this nexus. For example, consider the Perrier Corporation,<sup>45</sup> which produces, distills, and bottles mineral water in distinctively shaped, green-colored bottles bearing the "Perrier" insignia.<sup>46</sup> Should another manufacturer engage in the production and sale of similar bottles, both in terms of shape and color, the inclusion of this new product on the market would undoubtedly mislead the consumer and obfuscate the initial link between Perrier and its "legitimate" products. Based on pure commercial instinct, the end-user would likely trace the origin of the misleading product he or she is currently drinking back to Perrier. Without adequate mechanisms to stabilize and rectify these disparate power dynamics, the very purpose of the Trademark Act would constantly be defeated and the consumer would be exploited, as a pawn in increasingly deceitful commercial stratagems. Fortunately, the Trademark Act specifically addresses the Perrier scenario, along with myriad other possibilities that may be disabled by specific defenses enshrined in the statutory scheme.<sup>47</sup>

Undeterred in its efforts to suppress commercial misappropriation of trademarks, Canada extended this legal protection by supporting the World Trade Organization (WTO). Canada signed on to the Agreement on Trade-Related Aspects on Intellectual Property Rights, Including Trade in Counterfeit Goods,<sup>48</sup> which offers a rigid protective framework for trademarks. The case for promoting trademark integrity in international fora becomes particularly compelling when considering Article 15(1) of TRIPS, which reads:

Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other

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45. The company's website may be found at the following address: <http://www.perrier.com>.

46. On the distinctiveness of shape, wrapping, and color, as it pertains to trademarks, see PETER BURN, *PATENT, TRADE MARK, & COPYRIGHT LAW IN CANADA* 74-75 (1977):

A distinguishing guise is the shaping of a product, container or wrapping. One can acquire a trade mark based on the distinctive styling of packaging or the shape of the product. For example, the Coke bottle or the Haig Pinch Bottle definitely distinguish their respective products. To be distinctive, the product must be distinctive in the sense described in section 12(2).

47. See, e.g., Trade-marks Act R.S.C., ch. T-13, § 6 (1985).

48. Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, annex 1C, Apr. 15, 1994, 33 I.L.M. 1125 (1994) [hereinafter TRIPS].

undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.<sup>49</sup>

As discussed later, the Internet will commonly engender trans-boundary disputes over trademarks and other aspects of intellectual property. Moreover, the thrust toward international protection of trademarks must necessarily be analyzed through the lens of globalization, along with all its relevant ramifications on international commerce.

It is fair to assume that the underlying philosophical and legal motivations driving Canada to grant a considerable margin of protection to trademarks, both in national and international arenas, may be encapsulated as follows: it is imperative to avoid misleading consumers. Oftentimes, a consumer will be inclined to incur additional expenses in exchange for assurance that the product being purchased emanates from a specific source or manufacturer.<sup>50</sup> As a

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49. *Id.* annex 1C, art. 15(1).

50. *See, e.g.*, William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 270 (1987). *See also* Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 428-29 (1999) (equating this consumer behavior with a "Pavlovian" buying response, and arguing that "the consumer's rational and conscious mind may simply disengage from the buying process, and the consumer may fail to recognize potentially competing substitutes should they become available."). Some commentators expound that consumers value goods originating from a specific source "based on their subjective feelings about a trademark." *See* Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 733 (2004). An interesting parallel can be drawn here with the field of wine appreciation. *See, e.g.*, Michael Maher, *On Vino Veritas? Clarifying the Use of Geographic References on American Wine Labels*, 89 CAL. L. REV. 1881, 1910 (2001) ("Empirical studies have shown that consumers are willing to pay more for wines originating from regions well-known for the quality of their wines."). It follows that a consumer's willingness to incur additional expenses in exchange for a particular branded product remains inextricably linked with advertising strategies associated with the item in question. For support of this proposition, see, for example, Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 108 YALE L.J. 1619, 1635 (1999) (noting that it is undeniable that "consumers will pay more for an advertised brand than for its unheralded duplicate"); Carole A. Casey, *The Rule of Reason Analysis of Dual Distribution Systems: Does It Further the Purposes of the Sherman Act?*, 29 B.C. L. REV. 431, 447 (1998) (noting that "[a]lthough all household bleaches are chemically identical, consumers will pay more for Cloroxbrand bleach because of its successful advertising."); Veronica J. Cherniak, *Ornamental Use of Trademarks: The*

consequence, a certain expectation of quality, flowing from the end-user to the manufacturer, pervades these commercial relationships.<sup>51</sup> In addition to facilitating identification of companies, trademarks and commercial names also allay any research-related burden flowing to the consumer.<sup>52</sup> This “single source

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*Judicial Development and Economic Implications of an Exclusive Merchandising Right*, 69 TUL. L. REV. 1311, 1313 (1995) (“Whether due to a company’s marketing efforts through use of its trademark, its reputation for selling quality products, or its overall image, average consumers prefer trademark-ornamented goods and are typically willing to pay more for them than they would normally pay for less-decorated, substitute goods.”). See also Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603, 604 (1984). Much of this phenomenon is typically actuated through mechanisms of persuasion and hinges on the efficiency of the advertisement strategies. On this issue, see Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2053 n.139 (2005) (citing Lunney, *supra*). Similarly, the level of goodwill and affluence associated with an Internet domain name will have a significant impact on that name’s (and possibly trademark’s) value. See, e.g., Rodney A. Myer, *Domains Without Borders: Reconciling Domain Name Dispute Resolution Policies and Trademark Rights Between the United States and the Nations of the European Union*, 20 PENN ST. INT’L L. REV. 415, 430 (2002) (“The number of ‘hits’ a domain name receives can be used in determining the value of the domain name, because a potential domain name purchaser is more likely to pay more for a domain name that receives many ‘hits’ than one that receives very few.”).

51. See GORDON F. HENDERSON, *INTELLECTUAL PROPERTY: LITIGATION, LEGISLATION, AND EDUCATION: A STUDY OF THE CANADIAN INTELLECTUAL PROPERTY AND LITIGATION SYSTEM 3* (1991):

In the realm of trade-marks, Canada had, at the time of the Ilsley Commission, just begun to adopt a registered user system in order to allow licensing of trade-marks while still giving due effect to the ‘source theory’ of trade-mark law, which holds that a consumer is entitled to expect the same standard of quality when purchasing a trade-marked product or service. The purchaser is entitled to know that there is a single source of the goods or services being purchased. This time honoured principle was given effect in a significant recent decision by Reed J. in the case of *Charles Heintzman v. 751056 Ontario Limited et al.* (1991), 38 F.T.R. 210 (F.C.T.D.).

It should also be noted that the “source theory,” which animates Canadian trademark law, “may be distinguished from the ‘quality’ or ‘guarantee theory’ which forms the basis of United States trademark law.” Sheldon Burshtein, *The First Five Years of the New Canadian Trademark Licensing Regime*, 38 IDEA 569, 570 (1998).

52. See, e.g., Landes & Posner, *supra* note 50, at 269. For a thoughtful analysis of the relationship between trademarks and research costs in cyberspace, see Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004).

theory”<sup>53</sup> has significant implications for the consumer, the two most important being that: i) the consumer has a right to expect a consistent and uniform level of quality when purchasing goods or services associated with a specific trademark;<sup>54</sup> and ii) the consumer has the right to know that these goods and services actually originate from a single source.<sup>55</sup> The “source theory” has been applied by Canadian courts<sup>56</sup> and has also garnered widespread academic support.<sup>57</sup> In sum, the Canadian legislature’s resolve in cracking down on trademark abuse translates into a considerably broad margin of freedom for trademark holders.<sup>58</sup>

## **B. Distinctiveness**

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53. For more context on the “source theory,” see, for example, *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534, 546 (F.C.A.), available at <http://recueil.cmf.gc.ca/fc/1998/pub/v3/1998fc22291.html>:

[T]he emphasis has shifted from a guarantee theory of protection to a source theory. In other words, what the registered mark does nowadays is to ensure that the wares or services are the wares and services of a particular person and no one else, that is, the source of the goods is guaranteed.

54. *Id.*

55. *Id.*

56. See, e.g., *Heintzman v. Ont. Ltd.*, No. T-1441-89, 38 F.T.R. 210 (Fed. Ct. Nov. 15, 1990), available at 1990 F.T.R. LEXIS 773.

57. See, e.g., Gordon F. Henderson, *An Overview of Intellectual Property*, in TRADEMARKS LAW OF CANADA 3-4 (Gordon F. Henderson ed., 1993) (arguing that a common law action purported to protect the consumer’s expectation of quality). The idea that trademarks serve as “source identifiers” has also acquired credence in U.S. legal scholarship. For support of this proposition, see, for example, Eric J. Lubochinski, *Hegel’s Secret: Personality and the Housemark Cases*, 52 EMORY L.J. 489, 489 (2003); Tyler T. Ochoa, *Patent and Copyright Term Extension and the Constitution: A Historical Perspective*, 49 J. COPYRIGHT SOC’Y U.S.A. 19, 93 (2001). Cf. Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 972-73 (1993) (arguing that trademarks serve as source identifiers and as part of the wares or services, themselves). It should be recalled that “[w]hile the [Canadian Trademark Act] was intended to reform Canadian trademark law to conform to modern commercial practice, the classical source theory remained the underlying principle.” Burshtein, *supra* note 51, at 571.

58. See Trade-marks Act R.S.C., ch. T-13, § 19 (1985) (conferring upon trademark holders the exclusive right to use their mark anywhere in Canada). This position is quite different from the U.S. trademark system, under which “the trademark owner does not have the exclusive right to use the mark in all geographic territories.” See Karen Kontje Waller, *NAFTA: The Latest Gun in the Fight to Protect International Intellectual Property Rights*, 13 DICK. J. INT’L L. 347, 366 (1995).

Based on the foregoing considerations, the concept of trademark is inextricably connected to the notion of distinctiveness,<sup>59</sup> a symbiosis that primarily ensures the consumer will readily identify the source of any given product.<sup>60</sup> Canadian courts have affirmed *ad nauseam* that there should be a clear delineation between a trademark and its owner.<sup>61</sup> A trademark should nonetheless be associated with a single source or origin. To this day, the *Wilkinson* decision<sup>62</sup> remains a seminal promulgation of this principle. In that case, the Court was confronted with the distribution of razor blades emanating from the United Kingdom and Canada simultaneously. The English Exeter Court remained unconvinced, even by the fact that the Canadian razor blade distributor was actually a subsidiary business of the British company. The majority held that the product originated from two distinct sources and that this type of arrangement could mislead the consumer. In pursuing its business in the fashion described above, the corporation failed to indicate the proper origin of the litigious product to its consumer base. Furthermore, the Court equated the failure of the Canadian subsidiary to indicate the origin of the product on the razor blades themselves with a deceitful tactic. Since the *Wilkinson* decision, the notion of “single source,” coupled with the concept of distinctiveness,<sup>63</sup> has remained immutably ingrained

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59. For support of this proposition, see, for example, Bradley J. Freedman & Robert J.C. Deane, *Trade-Marks and the Internet: A Canadian Perspective*, 34 U. B.C. L. REV. 345, 347 (2001):

A trade-mark is a mark used by a trader for the purpose of distinguishing, or so as to distinguish, its wares or services from the wares or services of others. A trade-mark may be a word, design, slogan, number, initial, acronym, mnemonic, colour, sound, or a combination of some or all of those elements. The purpose of a trade-mark is to identify the source of wares and services and to distinguish a trader's wares and services from those of other traders. The ability to distinguish, known as distinctiveness, is the cardinal requirement of a trade-mark.

60. The importance of readily identifying the source of products or wares cannot be over-emphasized. In fact, this very notion of distinctiveness has played a central role in many intellectual property cases. *See, e.g.*, *West Clock Co. v. Oris Watch Co.*, [1931] Ex. C.R. 64; *Havana House Cigar & Tobacco Merchs. Ltd. v. Skyway Cigar Store*, No. T-2144-96, 147 F.T.R. 54, (Fed. Ct. May 19, 1998), *available at* 1998 F.T.R. LEXIS 782, *aff'd*, Nos. A-349-98, A-350-98, 93 A.C.W.S. (3d) 341, (Fed. Ct. App. Nov. 9, 1999), *available at* 1999 A.C.W.S.J. LEXIS 54469.

61. *See, e.g.*, *Molson Cos. Ltd. v. Carling O'Keefe Breweries of Can. Ltd.*, [1982] 1 F.C. 275; *Magder v. Breck's Sporting Goods Co.*, [1976] 1 S.C.R. 527; *Aladdin Industries Inc. v. Canadian Thermos Prods. Ltd.*, [1974] S.C.R. 845.

62. *Wilkinson Sword (Can.) Ltd. v. Juda*, [1968] 2 Ex. C.R. 137.

63. *See, e.g.*, Freedman & Deane, *supra* note 59, 347 (stating that “[t]he ability to distinguish, known as distinctiveness, is the cardinal requirement of a trade-mark.”). This idea is actually rooted in Justice Audette's opinion in *West Clock*, Ex. C.R. at 67

in Canadian legal culture and, in many ways, constitutes the undeniable cornerstone of trademark law.<sup>64</sup> “It is the association of a trade-mark with a particular source which is the key to understanding the rights protected by the Act.”<sup>65</sup> This overarching concern for a single source of products, paired with the desire to eradicate consumer confusion, not only infuses Canadian trademark policy, but also motivated the legislature to devise protective mechanisms in the Trademark Act.

Similarly, Canadian courts often reiterate that the most primordial dimension of this legal field resides in the message conveyed to consumers and end-users by trademark holders.<sup>66</sup> Therefore, a trademark must be distinctive from its owner while also not misleading the public. A case in point is the *Beam of Canada* decision,<sup>67</sup> which involved a centralized vacuum system bearing the “Beam” trademark. The respondent corporation built some of the components for the system, which was assembled in Canada. Once the product was assembled, additional parts bearing different trademarks were affixed to the system. The Federal Court held that this type of process was conducive to confusion and would mislead the consumer who, under these circumstances, had not received a transparent message from the manufacturer.

At the outset, these types of difficulties are readily transposable to the Internet, an electronic crossroads of information and marketability, where companies offering similar or identical wares and services converge and compete. In many instances, Internet clientèle and services overlap, while domain names share varying degrees of commonality or resemblance. If messages conveyed to

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(“Distinctiveness is of the very essence and is the cardinal requirement of a trade-mark, which is used to distinguish the goods of a trader from the goods of all other traders.”). It should also be noted that some trademarks carry no inherent distinctiveness. Nevertheless, they may acquire distinctiveness through use, as long as it is “shown that the mark has become known to consumers as originating from one particular source.” *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534, 550 (F.C.A.). This interplay between acquiring distinctiveness and the perception by consumers on the marketplace has been central in several cases. *See, e.g.*, *Cartier, Inc. v. Cartier Optical Ltd.*, No. T-1841-83, 20 C.P.R. (3d) 68, (Fed. Ct. Mar. 23, 1988), *available at* 1988 C.P.R. LEXIS 1594 (expounding that the very common surname ‘Cartier’ had gathered the requisite distinctive character); *Coca-Cola Ltd. v. Fisher Trading Co.*, No. T-789-88, 25 C.P.R. (3d) 200, (Fed. Ct. June 2, 1988), *available at* 1988 C.P.R. LEXIS 1951 (judging that the word ‘Cola’ had acquired such notoriety that it automatically attracted trademark protection).

64. Canadian courts have often followed the single source theory. *See, e.g.*, *Gray Rocks Inn Ltd. v. Snowy Eagle Ski Club*, 3 C.P.R. (2d) 9, 20-22, (Fed. Ct. Aug. 13, 1971), *available at* 1971 C.P.R. LEXIS 244 20-22.

65. *Pink Panther*, 3 F.C. 534 at 548.

66. *See, e.g.*, *Heintzman v. Ont. Ltd.*, No. T-1441-89, 38 F.T.R. 210 (Fed. Ct. Nov. 15, 1990), *available at* 1990 F.T.R. LEXIS 773; *Bousquet v. Barmish Inc.*, No. T-207-83, 37 C.P.R. (3d) 516 (Fed. Ct. Aug. 26, 1991), *available at* 1991 C.P.R. LEXIS 1846.

67. *White Consol. Indus., Inc. v. Beam of Can.*, No. T-343-90, 39 C.P.R. (3d) 94 (Fed. Ct. Oct. 30, 1991), *available at* 1991 C.P.R. LEXIS 1921.

consumers via traditional “terrestrial” advertising tactics become distorted, the same is equally, if not more, applicable to cyberspace. Hence, a discourse on the doctrine of confusion is apposite here.

### **C. Confusion**

The primary purpose of Canadian trademark law is to supplant confusion between two trademarks. When a manufacturer uses another’s trademark to mislead the consumer, he or she violates the rights of the legitimate trademark holder. Consequently, a prospective trademark that engenders a likelihood of confusion with a registered trademark may not be registered.<sup>68</sup> In order to strike a sensible balance between the public’s right to competition and the sphere of private ownership, the legal community has developed the “average consumer” test.<sup>69</sup> The inquiry contained therein is straightforward: to determine whether an average consumer would experience confusion as to the source or origin of the product in question.<sup>70</sup> Such a standard is easily applied to products sold in a

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68. See Trade-marks Act R.S.C., ch. T-13, §§ 12(1)(d), 16(1) (1985). For a thoughtful account on the likelihood of confusion, see Bartow, *supra* note 50.

69. The judiciary has mostly developed the average consumer test, although much of its rationale hinges on the contents of the Trade-marks Act. See Trade-marks Act § 6 (governing the question of confusion). Specifically, section 6(5) enumerates relevant criteria in assessing whether a given trademark is confusing:

- (5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
- (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
  - (b) the length of time the trade-marks or trade-names have been in use;
  - (c) the nature of the wares, services or business;
  - (d) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

*Id.* For a critique of the U.S.’ equivalent “ordinary prudent consumer” standard, see Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 832-33, 904-20 (2004).

70. See, e.g., Freedman & Deane, *supra* note 59, at 351:

Under the Trade-marks Act, conflicting marks are confusing if their use in the same area would likely cause an average consumer, having imperfect recollection, to infer as a matter of first impression that the wares or services with which they are associated are manufactured, sold,



physical location, or to retail more generally, but it becomes somewhat intractable when transferred to cyberspace. Therefore, it is imperative to delve deeper into the concept of confusing trademarks, in order to expose all of its potential applications and implications for domain names, and to illustrate by way of concrete examples whether it can be merged with the Internet.

### 1. Resemblance

In the *Tiger* decision,<sup>71</sup> the Federal Court elaborated a test centered on “distribution and marketing strategies.” The case involved the Detroit Tigers, a professional American baseball team, seeking to register the mark “Tigers” for its promotional products, which impinged on the respondent’s clothing merchandise. Justice Jerome held that the defendant’s distribution and market strategies, although not inimical to those of the appellant, diverged considerably from those employed by the Detroit Tigers.<sup>72</sup> Such a holding could acquire credence in the

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leased, hired, or performed by the same person, regardless of whether the wares or services are of the same general class.

However, in interpreting the average consumer standard, Canadian courts have also allowed some margin of deference towards the end-users of trademarked goods and services. In other words, Courts will not automatically strike down the use of a given mark solely on the basis of language, but will rather afford credence to the surrounding aspects and intricacies of its competing mark. For an application of this principle, see, for example, *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534, available at <http://recueil.cmf.gc.ca/fc/1998/pub/v3/1998fc22291.html>:

Furthermore, we owe the average consumer a certain amount of credit, a sufficient amount of which was not forthcoming from the Trial Judge. While the public might be confused by a product which used the name “Pink Panther” and simultaneously depicted a pink cat, the use of the words alone cannot be said to give rise to such confusion. Indeed one of the surrounding circumstances that the Trial Judge should have adverted to is the fact that much of the fame which this Court and the Court below attach to the respondent's mark stems not from the words “The Pink Panther” but from the associated music and cartoon images. In this case, words only are used. There is no accompanying design or music. It is reasonable to conclude that the average person, without being presented with these other hallmarks, would not confuse the source of the appellant’s proposed mark.

71. *John E. Fetzer, Inc. v. Tiger Brand Knitting Co.*, No. T-355-88, 26 C.P.R. (3d) 551 (Fed. Ct. May 18, 1989), available at 1989 C.P.R. LEXIS 1732.

72. *Id.* at 554:

realm of Internet and, more specifically, domain names. The *Tiger* decision enables one to envisage two different web-based companies bearing similar or identical trademarks, while targeting completely separate clientèles, resorting to significantly different distribution and market strategies on the Internet, etc.

Similarly, the Federal Court of Appeal was called upon to assess the degree of resemblance between two trademarks.<sup>73</sup> The facts of the case presented the opposition of the French term, “Noixelle,” and the mark, “Nutella.” The Court overhauled the average consumer test, expounding that the onus now required a plaintiff to establish resemblance between the trademarks in both official languages.<sup>74</sup> Accordingly, the “average bilingual consumer test” took the place of the average consumer test, a reformulation intimately linked to Canada’s bilingual and bijuridical reality. Albeit inane at first sight, this clarification is crucial when considering the context of the Internet, where a sophisticated and sometimes idiosyncratic jargon continues to flourish on a daily basis. Moreover, distinct domain names frequently share striking similarities or constitute subtle variants of a common term.

## 2. Burden of Proof

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In reaching this conclusion, I have kept in mind two important factors. The first is the respect to be accorded to those of regular experience in this kind of dispute, in this case, the learned opposition chairman. The second is that the primary focus must be on the likelihood of confusion and the motive of any party is never more than a minor or secondary consideration. In the final analysis, however, no judgment can be made without an appreciation of the manner in which the competing parties intend to market their products. Evaluation of the likelihood of confusion cannot be done in a vacuum. *The marks and the products have to be viewed through the eyes of the ordinary consumer which brings into play the intention of the parties in terms of channels of distribution and marketing strategy* (emphasis added).

73. *Ferrero S.p.A. v. Produits Freddy Inc.*, No. A-23-87, 22 C.P.R. (3d) 346 (Fed. Ct. App. Mar. 24, 1988), available at 1988 C.P.R. LEXIS 1803. The same Court was also confronted with the thorny question of comparing the unilingual consumer to the bilingual consumer in *Pierre Fabre Médicament v. SmithKline Beecham Corp.*, No. A-276-00, 103 A.C.W.S. (3d) 1035, (Fed. Ct. App. Feb. 13, 2001), available at 2001 A.C.W.S.J. LEXIS 12852.

74. *Ferrero*, 22 C.P.R. (3d) at 349-50.

Canadian Courts often assert<sup>75</sup> that the burden of proving that a given trademark is not confusing rests with the party seeking to have the contentious mark registered.<sup>76</sup> In *Christian Dior*, Justice Pelletier highlighted relevant considerations pertaining to the burden of proof: “[t]he test is not what the proponents think the name represents but the impression of the general public, that is a person of ordinary intelligence and education.”<sup>77</sup> Although this burden might appear onerous for the plaintiff, there is no conceivable reason why it should not extend to Internet domain names. This burden of proof adequately governs “terrestrial” or more traditional commercial relationships and, correspondingly, is equally, if not better suited for cyberspace, where it is easier to deceive, manipulate, and extort consumers.<sup>78</sup>

### 3. Confusingly Similar or Identical Trademarks

The courts expressed that confusion may arise as to the origins or sources of a product, irrespective of the fact that the products or services under study may differ substantially.<sup>79</sup> For example, the *Labatt* case<sup>80</sup> involved the MOLSON EXPORT trademark for a beer, which had a widespread distribution network across Canada. As part of the evidence adduced in Court, the appellant ascertained that the EXPORT trademark was already widely circulated by certain microbreweries and that the litigious mark would bring about a likelihood of confusion in some Canadian provinces. The Court ruled in favor of the appellant,

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75. One of the more recent pronouncements on the issue was delivered in *Christian Dior, S.A. v. Dion Neckwear Ltd.*, No. T-2429-96, 96 A.C.W.S. (3d) 470, paras. 23-24 (Fed. Ct. Mar. 31, 2000), available at 2000 A.C.W.S.J. LEXIS 49034 (citing *Eno v. Dunn*, [1890] 7 R.P.C. 311; *British Am. Bank Note Co. v. Bank of Am. Nat'l Trust & Saving Ass'n*, [1983] 2 F.C. 778).

76. See Trade-marks Act R.S.C., ch. T-13, § 12(1)(d) (1985) (stipulating that a trademark cannot be registered if it is “confusing with a registered trade-mark.”).

77. *Christian Dior*, 96 A.C.W.S. (3d) at para. 25.

78. For support of this proposition, see, for example, Llewellyn Joseph Gibbons, *Creating a Market for Justice; A Market Incentive Solution to Regulating the Playing Field: Judicial Deference, Judicial Review, Due Process, and Fair Play in Online Consumer Arbitration*, 23 NW. J. INT'L L. & BUS. 1, 1-2 (2002) (citing ALAN WIENER, REGULATIONS AND STANDARDS FOR ONLINE DISPUTE RESOLUTION: A PRIMER FOR POLICYMAKERS AND STAKEHOLDERS, 1 (Feb. 15, 2001), <http://www.alanwiener.mediate.com/alanwiener/Wiener-ODRStandards-Primer2a.PDF>).

79. See, e.g., *Miss Universe v. Dale Bohna*, [1995] 1 F.C. 614; *Lexus Foods Inc. v. Toyota Jidosha Kabushiki Kaisha*, [2001] 2 F.C. 15; *Benson & Hedges (Can.) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192; *Rowntree Co. v. Paulin Chambers Co.*, [1968] S.C.R. 134 (comparing the terms “Smarties” and “Smoothies”).

80. *John Labatt Ltd. v. Molson Breweries Ltd.*, [2000] 3 F.C. 145 (leave to appeal denied).

thereby triggering the application of sub-section 32(2) of the Trademark Act,<sup>81</sup> so that the contested trademark would only be recognized in two provinces. This decision clearly consecrates the Registrar's authority to restrict registration of a given trademark, which, pursuant to section 19 of the Trademark Act,<sup>82</sup> usually confers seemingly unfettered commercial freedom upon the legitimate holder of the mark. This specific problem is not directly transposable to cyberspace since it is technically impossible to duplicate Internet domain names:<sup>83</sup> there is only one "export.com" and so on. Nevertheless, this remains a considerable impediment on business growth and should keep certain entrepreneurs at bay in crafting trademarks. Resemblance remains the *sine qua non* criterion in assessing the likelihood of confusion between two marks, and, similarly to breweries competing for the same market share, countless web-based companies fiercely target the same consumer base. In an environment like that of the Internet, the boundaries between different products, sources, and services may begin to blur permanently.

#### 4. Well-Known Marks

##### a. National and International Protection

Protecting famous trademarks constitutes a vital purpose in Canadian intellectual property law. This objective stems from the broader international thrust purporting to enshrine and protect well-known marks.<sup>84</sup> Similar to the protection granted regular trademarks registered in Canada, legislators decided to afford protection both to marks that have acquired precedence abroad and notoriety across the globe. This objective necessarily entailed Canadian involvement in some multilateral framework. In 1925, Canada joined the Paris

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81. Trade-marks Act § 32(2) reads as follows:

The Registrar shall, having regard to the evidence adduced, restrict the registration to the wares or services in association with which the trade-mark is shown to have been so used as to have become distinctive and to the defined territorial area in Canada in which the trade-mark is shown to have become distinctive.

82. *Id.* § 19.

83. See, e.g., ALAN M. GAHTAN ET AL., INTERNET LAW: A PRACTICAL GUIDE FOR LEGAL AND BUSINESS PROFESSIONALS 161 (1998) ("As an address, each domain name must be unique, and only one person can have a particular name for its Internet address.").

84. On the harmonization of famous trademark protection, see generally Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 THE TRADEMARK REP. 103 (1996).

Convention for the Protection of Industrial Property<sup>85</sup> and, in 1996, ratified the relevant substantive provisions of its most recent version, the Stockholm Act of 1967.<sup>86</sup> The primary aim of the signatories was readily identifiable: to suppress and prevent the usurpation of well-known trademarks on the international scene. In turning to the question of famous marks, the treaty reads as follows:

The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, *liable to create confusion*, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.<sup>87</sup>

This protective scheme<sup>88</sup> allows for the safeguarding of well-known marks, while simultaneously generating disincentives for manufacturers to encroach upon famous marks. For example, consider a corporation seeking to insert CHANEL into its Internet domain name. By virtue of international and Canadian law, the manufacturer pursuing this route would be subtracted altogether from the solace of trademark protection. Well-known marks often become household brand names and may be sold, licensed or assigned by the legitimate owners for considerable financial gain.<sup>89</sup> In the case of worldwide notoriety, a

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85. Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583, TIAS 6923, [hereinafter Paris Convention].

86. *Id.*

87. *Id.* art. 6bis(1) (emphasis added). On the question whether Canada is meeting its international obligations under Article 6bis(1), see Stephanie Chong, *The Protection of Famous Trademarks Against Use for Unrelated Goods and Services: A Comparative Analysis of the Law in the United States, the United Kingdom and Canada and Recommendations for Canadian Law Reform*, 95 *THE TRADEMARK REP.* 642, 698-700 (2005).

88. For more on this issue, see also Jerome H. Reichman, *Intellectual Property in International Trade and the GATT*, in *EXPORTING OUR TECHNOLOGY: INTERNATIONAL PROTECTION AND TRANSFERS OF INDUSTRIAL INNOVATIONS* 3, 41-45 (Mistrale Goudreau et al. eds., 1995).

89. See, e.g., *United Drug Co. v. Parodney*, 24 F.2d 577, 579 (E.D.N.Y. 1928) (expounding that this right “is as important as money in the bank.”).

popular mark represents an invaluable asset for companies.<sup>90</sup> As one commentator noted, “[d]omain names have become the valuable intangible real estate of cyberspace.”<sup>91</sup>

With this in mind, the international community pushed the envelope even further in enshrining the rights pertaining to well-known marks. Once again, the WTO system officially promulgates the international protection of well-known marks. With broad scope, this legal regime now extends beyond the repertoire of member-states and also binds non-members to the Paris Convention.<sup>92</sup> This expansion is vital in the context of the Internet, given the effervescent flourishing of e-commerce and the ever-increasing volume of web-based transactions of all types.<sup>93</sup> A relevant portion of the TRIPS Agreement provides:

Article 6 of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including

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90. See, e.g., Alisa Cahan, *China's Protection of Famous and Well-Known Marks: The Impact of China's Latest Trademark Law Reform on Infringement and Remedies*, 12 *CARDOZO J. OF INT'L & COMP. L.* 219, 219 (2004) (“The trademarked brand names IBM, Coca-Cola, and Marlboro are estimated to be worth around \$150 billion as intellectual property assets and are considered famous trademarks as they are universally recognized and well-known. Analysts say the word Nike alone is worth \$7 billion.”); Xuan-Thao N. Nguyen, *Bankrupting Trademarks*, 37 *U.C. DAVIS L. REV.* 1267, 1274 (2004) (“For example, it is estimated that the Marlboro mark is worth \$44.6 billion, the Coca-Cola mark over \$43 billion, and the McDonald's mark nearly \$19 billion.”).

91. Xuan-Thao N. Nguyen, *Cyberproperty and Judicial Dissonance: The Trouble with Domain Name Classification*, 10 *GEO. MASON L. REV.* 183, 184 (2001). “For example, the domain name sex.com was valued at \$250 million; business.com at \$7.5 million; and loan.com at \$3.0 million.” *Id.*

92. See *supra* notes 85-88 and accompanying text.

93. This reality has led some to believe that the Internet will not solely be regulated by domestic law and international law but also by transnational law. See, e.g., François Dessemontet, *Internet, la propriété intellectuelle et le droit international privé*, in *INTERNET – WHICH COURT DECIDES? WHICH LAW APPLIES?* 59 (Katharina Boele-Woelki & Catherine Kessedjian eds., 1998):

*Une entreprise prétend sans rire à un droit exclusif sur la dénomination web. Une autre a réussi à faire reconnaître son droit au nom fries par rapport à un marchand de French fries! . . . Qui dit universalité dit aussi droit mondial. C'est la preuve que le Net sera régi non seulement par du droit étatique et du droit international, mais encore, de surcroît, par du droit transnational.*

See also Michael Geist, *Cyberlaw 2.0*, 44 *B.C. L. REV.* 323, 332-48 (2003) (arguing that a “bordered Internet” is governed by “borderless laws”).

knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.<sup>94</sup>

#### b. Marketing and Advertisement

Under Canadian law, the use of a trademark for publicity purposes is usually insufficient in itself to constitute a violation of the rights of the legitimate mark holder. Accordingly, to establish such a violation, the trademark must be employed with the aim of selling a product or service. The current legal framework tolerates comparative advertising<sup>95</sup> or, at least, allows for a margin of comparison of products when the objective is to inform the end-user of the differences between similar products.<sup>96</sup> However, the use of a registered trademark to sell a product or service clearly falls within the ambit of section 20 of the Trademark Act,<sup>97</sup> and is therefore tantamount to a violation. Of particular importance to the discussion is the use of well-known trademarks for comparative advertising. Although invoking a lesser known mark for reasons of publicity does not usually trigger the application of the Trademark Act, using a famous mark might attract heightened protection of the rights of the legitimate holder, irrespective of whether an actual sale ensues from the use of the well-known mark by the manufacturer resorting to comparative advertising.<sup>98</sup>

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94. TRIPS, *supra* note 48, annex 1C, art. 16(2). For the text of Article 6bis, see *supra* note 87 and accompanying text.

95. For a thoughtful review of comparative advertising in France and in the U.S., see Charlotte J. Romano, *Comparative Advertising in the United States and in France*, 25 NW. J. INT'L L. & BUS. 371 (2005).

96. See, e.g., Trade-marks Act R.S.C., ch. T-13, § 11.16(2)-(3) (1985) (dealing with wine and spirits); *id.* § 20(1) (dealing with comparative advertising, generally).

97. *Id.* § 20(1): "The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade name . . . ."

98. See, e.g., Dessemontet, *supra* note 93, at 58 :

*Le droit des marques protège l'usage de signes distinctifs dans la commercialisation des produits et des serveurs ou dans la publicité. Les signes distinctifs jouent un rôle essentiel dans le village planétaire, et les grandes marques mondialement connues seront privilégiées dans la vente par Internet. Les marques sont aussi les supports de liens: cliquez sur TIME dans telle publicité, et vous vous retrouverez sur le site de TIME. La marque devient tout naturellement la formule abrégée de l'adresse électronique, celle que l'on cherche sur Yahoo! Ou un autre moteur de recherche. La marque joue le rôle de l'enseigne de jadis.*

The case law examining the question of well-known marks expounds that the notoriety of a given mark should have no bearing on the test embedded in the Trademark Act.<sup>99</sup> In fact, the notoriety of a given mark should not necessarily imply that another mark, itself loosely based on the famous insignia, or textually adjacent to the well-known mark, will automatically engender a likelihood of confusion. Pursuant to this rationale, a manufacturer could distribute assorted cold cuts bearing the SONY mark without impeding on the privileges of the original SONY trademark holder. This reasoning should also extend to Internet domain names. Judicial pronouncements dealing with well-known marks have often reiterated that the proof of violation requires a nexus between the famous mark and the products or services bearing a similar trademark.<sup>100</sup> In further circumscribing this analytical framework, courts often conclude that notoriety, alone, is insufficient to establish the requisite link between the famous mark and the products or services bearing a similar trademark.<sup>101</sup>

#### 5. Extending the Confusion Standard to Cyberspace

Finally, the foregoing judicial insights should be transferred to cyberspace law. The Internet offers an unparalleled, practical, and advantageous tool in disseminating information and a favorable platform for marketing, recruitment, competition, advertising, and sales. The rules governing non-virtual legal relationships should also regulate the Internet with the same formalism and rigidity.<sup>102</sup> Although the Internet readily offers a new medium for communication

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99. *See, e.g.*, *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534, 546 (F.C.A.) (leave to appeal granted but appeal discontinued); Trade-marks Act § 6(5). *See also* *Advance Magazine Publishers, Inc. v. Masco Bldg. Prods. Corp.*, No. T-2756-96, 86 C.P.R. (3d) 207, (Fed. Ct. Jan. 29, 1999), *available at* 1999 C.P.R. LEXIS 16; *Danjaq, Inc. v. Zervas*, No. T-937-96, 75 C.P.R. (3d) 295 (Fed. Ct. July 31, 1997), *available at* 1997 C.P.R. LEXIS 1199; *McDonald's Corp. v. Coffee Hut Stores Ltd.*, No. A-278-94, 68 C.P.R. (3d) 168 (Fed. Ct. App. June 5, 1996), *available at* 1996 C.P.R. LEXIS 2153.

100. *See, e.g.*, *Wedgwood v. Thera Holding Ltd.*, No. 519,229, 18 C.I.P.R. 209 (Off. of Reg. of T.M. Dec. 31, 1987), *available at* 1987 C.P.R. LEXIS 1331; *Coca-Cola Ltd. v. Fisher Trading Co.*, No. T-789-88, 25 C.P.R. (3d) 200, (Fed. Ct. June 2, 1988), 1988 C.P.R. LEXIS 1951; *Lexus Foods*, 2 F.C. 15.

101. *See supra* note 99 and accompanying text; Trade-marks Act, § 6(5). A similar phenomenon pervades American law, especially in the field of trademark dilution. *See, e.g.*, *Bartow*, *supra* note 50, at 757 (citing 15 U.S.C. § 1125(c)(1) (2000)).

102. Although not directly on point, consider BARRY SOOKMAN, *COMPUTER, INTERNET AND ELECTRONIC COMMERCE LAW* § 5.19 (Carswell 2002):

[D]omain names are certainly widely used on the Internet for the purpose of identifying the source of wares or services offered by commercial enterprises. In fact, very large sums of money are being spent by companies carrying on e-commerce businesses to promote



and exchange, the possibility of increased and complex inter-connectivity, and a forum for speedy transactions of all types, it does so without substantially altering core business ideology. Web-based corporations still seek to maximize their profits, while online consumers hunt for the best quality-price ratio. In addition, alternate advertising and promotional vehicles exist outside of cyberspace to attain the same projected goals. Therefore, there is no need to conceive a new set of rules to govern the Internet. Much to the contrary, the courts have always endorsed and vindicated the average consumer test and should continue to bestow their solicitude upon the end-users,<sup>103</sup> irrespective of the environment in which they are bargaining with trademark holders.

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brand awareness associated with their web sites. Accordingly, there is no reason in principle why a domain name may not function as a trademark. Nor is there any reason why applications for registration of trade-marks consisting of domain names should not be subject to the same requirements as all other applications for trade-mark registrations. Domain names certainly can be used by businesses 'for the purpose of distinguishing or so as to distinguish wares or services' sold from those sold by others. As with any other business name, a domain name cannot be protected as a trade-mark unless it is used in Canada as a trade-mark.

103. For a judicial application of the average consumer test in Canada, see, for example, *Pink Panther*, 3 F.C. 534 at 572:

It is naive to believe that the appellant's decision to use the name 'Pink Panther' was not deliberate or unrelated to the mark's fame. The appellant surely believes, just as I believe, that the average consumer will, at the very least, upon seeing the name 'Pink Panther' on its beauty products be reminded of and associate its products with the respondent's mark. Seeing the words alone will leave the average consumer wondering if the respondent is the promoter behind these new products . . . . Just as seeing the words Mickey Mouse or Donald Duck conjure up a mental picture of those Disney characters leading the consumer to believe that Disney is associated with the product, the name Pink Panther on a shampoo bottle will have the identical effect.

But compare with Jennifer Davis, *Locating the Average Consumer: His Judicial Origins, Intellectual Influences and Current Role in European Trade Mark Law*, 2 INTELLECTUAL PROPERTY QUARTERLY 183, 202 (2005), with regard to European law:

On the other hand, it has also been suggested that there are a number of sound reasons for contesting both the existence and the nature of the "average consumer." Certainly, questions may be raised about how far the courts are justified in making increasingly elaborate assumptions about the nature of his presumed expectations, without the need to seek external and objective evidence of these. Nonetheless, the author

## **D. Passing Off**

### 1. Evolution of Passing Off in Canadian Law

The tort of substitution, commonly referred to as “passing off,” constitutes another frequent violation under the Trademark Act.<sup>104</sup> Subsequent sections reveal that courts in Internet domain name cases have often applied these two types of infringement.

In order to apply this specific tort adequately to domain names, one must trace and understand its evolution. Passing off originated in the common law and essentially amounts to a form of substitution or deceitful commercialization.<sup>105</sup> Initially, the tort of passing off merged several constitutive elements: “prejudicial deception,” “harmful deceit,” “merchandise disrepute,” “commercial defamation,” “delictual deceit,” and “disparagement.”<sup>106</sup> In short, passing off was tantamount to false advertising and misrepresentation, or to a substitution by which a manufacturer or salesperson would “pass off” its own merchandise as the wares or services of another.<sup>107</sup> Accordingly, passing off was traditionally classified under

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accepts that, given the obvious and proven utility of the average consumer in both competition and trade mark law cases, it is unlikely that such doubts will halt the increasing use of the average consumer test in European trade mark law for the foreseeable future.

104. There are also two additional violations under the Trade-marks Act, namely: i) the exact copy of a trademark; and ii) depreciation of goodwill. Trade-marks Act, §§ 19, 22.

105. See generally Nguyen, *supra* note 90, at 1272 & n.21 (2004) (citing Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 314-15 (1979)).

106. I am indebted to Professor Daniel Gervais for providing exposure to this vocabulary. The terms were originally presented in French and have been translated, albeit loosely, by the author. The original elements read as follows: “mensonge préjudiciable,” “tromperie dommageable,” “discrédit de merchandise,” “diffamation commerciale,” “mensonge délictueux,” and “dénigrement.”

107. For support of this proposition, see, for example, SIR J.W. SALMOND, SALMOND ON THE LAW OF TORTS 304 (17th ed. 1977) (“Indeed, it seems that the essence of the tort lies in the misrepresentation that the goods in question are those of another . . .”). See also his discussion of passing off, *id.* at 300-04. In other words, the usurpation by the infringer of a protected mark translates into a particular reality: “the infringer seems to be producing the same good or service as the trademark owner but—because the infringer takes a free ride upon the owner’s investment in quality control—at lower cost.” Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 WM. & MARY L. REV. 1585, 1643-44 (1998).

the heading of intentional torts.<sup>108</sup> For this reason, courts expected a wronged party to prove the tortfeasor's intent to deceive the consumer in order to establish liability. Aside from other seminal British<sup>109</sup> and Canadian<sup>110</sup> cases on the topic, the *Warnink* decision<sup>111</sup> remains the quintessential formulation and starting point of passing off in Canadian law. In a widely cited excerpt, Lord Diplock explained that five requisite elements constitute this specific tort:

My Lords, [*Spalding v. Gamage*] and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.<sup>112</sup>

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108. See, e.g., ROBERT M. SOLOMON ET AL., *CASES & MATERIALS ON THE LAW OF TORTS* 17 (Carswell, 5th ed. 2000):

Liability for intentionally-inflicted harm is, like negligence, based on fault. In most cases, the plaintiff must prove actual subjective intent on the part of the defendant. There are several legal principles that assist the plaintiff in proving intent. For example, under the doctrine of imputed intent, the law imputes intent to the defendant if the plaintiff's loss was certain or substantially certain to follow from the defendant's act. Moreover, in Canada, if the plaintiff proves that he was directly injured, the burden of proof shifts to the defendant to disprove intent and negligence. Although this rule arises in some negligence cases, it is more relevant in intentional torts.

For a concise review of intentional torts, see James T.R. Jones, *Integrating Domestic Violence Issues into the Law School Torts Curriculum*, 47 *LOY. L. REV.* 59, 63-72 (2001). For a review of judicial treatment of the psychological element in trademark infringement in France, see A. Vida, *Psychological Element in Trademark Infringement -- Court Practice in France*, 87 *THE TRADEMARK REP.* 469 (1997).

109. See, e.g., *Ratcliffe v. Evans*, [1892] 2 Q.B. 524 (U.K.); *White v. Mellin*, [1895] A.C. 154 (H.L.) (U.K.).

110. See, e.g., *The Man. Free Press Co. v. Nagy*, [1907] 39 S.C.R. 340.

111. *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd.*, [1979] A.C. 731, (H.L.) (U.K.).

112. *Id.* at 742.

This classic British pronouncement on the issue quickly became a point of reference in Canadian law that courts eventually endorsed.<sup>113</sup>

British courts subsequently tempered the classical conception of passing off. For instance, in stark contrast with the reasoning in *Warnink*, the *Reckitt* decision<sup>114</sup> affirmed that only three distinct criteria ought to be satisfied for liability to attach. First, it was imperative to ascertain the presence of “goodwill,” namely the nexus perceived by consumers between a product and its source.<sup>115</sup> Second, a misrepresentation or deception, flowing from the person or entity passing off its own goods or services to the consumers, was also deemed pivotal in establishing an infringement.<sup>116</sup> Finally, the Court declared that, from that point onward, a wronged party would only have to demonstrate that it faced a

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113. *See, e.g.*, *Anne of Green Gables Licensing Auth. Inc. v. Avonlea Traditions Inc.*, No. 95-CU-89192, 4 C.P.R. (4th) 289 (O.S.C.J. Mar. 10, 2000), *available at* 2000 C.P.R. LEXIS 3, 90; *Enterprise Rent-A-Car Co. v. Singer*, [1996] 2 F.C. 694, para. 47; *Paramount Pictures Corp. v. Howley*, [1991] 5 O.R. (3d) 573, 580 (Ont.Gen.Div.); *Société des loteries du Québec v. Club Lotto Intern'l C.L.I. Inc.*, No. T-305-98, 13 C.P.R. (4th) 315 (Fed. Ct. Jan. 25, 2001), *available at* 2001 C.P.R. LEXIS 118, 47-48.

114. *Reckitt & Colman Prods. Ltd. v. Borden Inc.*, [1990] R.P.C. 341 (H.L.) (Westlaw).

115. *Id.* at 406:

First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services.

116. *Id.*:

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely[ing] upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name.

Other judgments indicate that this requirement could actually hinge on the simple *probability* of a deception, or a *potential* deception. *See, e.g.*, *Vine Products Ltd. v. MacKenzie & Co. Ltd.*, [1969] R.P.C. 1 (Ch.D.).

“potential” or prospective hardship as a result of the defendant’s misrepresentation.<sup>117</sup>

In the context of passing off claims, jurisprudential pronouncements abound in subtracting the plaintiff from the obligation of having a commercial presence or a business located in the jurisdiction of the defendant.<sup>118</sup> This widely reiterated holding, coupled with the broader project of reconciling “terrestrial” rules of intellectual property and technological innovation, becomes particularly compelling when contemplating the reality of the Internet, where parties situated at all corners of the globe may engage in one-click transactions.<sup>119</sup> Bearing this in mind, the Superior Court of Ontario recently inferred that the Internet actually circumvents the requirement of having a physical presence in Canada as a predicate for conducting business operations within its borders.<sup>120</sup> However, some commentators take issue with the Court’s decision, judging that it constitutes an embodiment of “how Canadian courts have incorrectly considered jurisdictional issues in relation to Internet matters.”<sup>121</sup> All academic critiques aside, and

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117. *Reckitt*, 1 W.L.R. at 406:

Thirdly, he must demonstrate that he suffers or, in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

On the application of this last element in Canadian law, see, for example, *Paramount Pictures*, 5 O.R. (3d) 573.

118. See, e.g., *Orkin Exterminating Co. v. Pestco Co. of Can.*, [1985] 10 O.A.C. 14, paras. 53-55; *A. Bernardin v. Pavilion Props. Ltd.*, [1967] F.S.R. 341, 348 (Ch.D. Ang.); *Walt Disney Productions v. Triple Five Corp.*, [1994] 17 Alta. L.R. (3d) 225, paras. 65-67; *Walt Disney Productions v. Fantasyland Hotel Inc.*, [1996] 38 Alta. L.R. (3d) 441, paras. 18-27.

119. This reality is inextricably connected to the extraterritoriality of trademarks on the Internet. On this issue, see generally Yelena Simonyuk, *The Extraterritorial Reach of Trademarks on the Internet*, 2002 DUKE L. & TECH. REV. 9 (2002).

120. *Pro-C Ltd. v. Computer City Inc.*, No. 929/98, 7 C.P.R. (4th) 193, (O.S.C.J. June 30, 2000), available at 2000 C.P.R. LEXIS 140, 76-77. The Court noted that the determination of the existence of “use” in Canada requires a holistic approach:

The Internet has taken the evolution of international trade and commerce many steps beyond the “chain.” Indeed, websites and their pages can eliminate the necessity for a Canadian retail outlet. It is also possible that a website can be used in conjunction with, or be part of, the overall merchandising efforts of a foreign entity seeking to develop a Canadian market for its wares.

121. Navin Katyal, *The Domain Name Registration .Bizness: Are We Being “Pulled Over” on the Information Super Highway?*, 24 HASTINGS COMM. & ENT. L.J. 241, 269 &

borrowing from the *Pro-C* reasoning, even if the Walt Disney Corporation did not establish a physical location in Canada it would nonetheless fall within the ambit of trademark protection, thereby precluding other Canadian companies from misappropriating domain names susceptible of leading consumers to associate said domain names with the DISNEY mark. As a consequence, courts have often reaffirmed that a respondent in a passing off action need not engage in direct competition with the plaintiff in order for the damage to be redressed.<sup>122</sup> Furthermore, courts frequently assert that the tort of passing off also encompasses the presentation of a product, its shape, or its packaging.<sup>123</sup>

In 1984, passing off case law took an unexpected turn, heading toward a judicial posture almost antipodal to earlier authoritative statements on the topic. Writing on behalf of the Supreme Court of Canada in *Seiko*,<sup>124</sup> Justice Estey repatriated the test underlying passing off and reconfigured it, in accordance with prior judicial holdings on the matter that were primarily driven by the principle of confusion.<sup>125</sup> In other words, the Court categorically rebutted the classical conception of passing off, along with its requisite intentional character, thereby diverting the tort back within the realm of the Trademark Act. Hence, one stroke of the judicial pen irreducibly transformed this once intentional tort to the single act of passing off one's merchandise as that of another, irrespective of intent. In addition, Justice Estey went a step further by realigning the tort with a civilian concept, namely unfair competition or *concurrence déloyale*.<sup>126</sup> This initiative

n.117 (2002) (citing *Easthaven Ltd. v. Nutrisystem.com Inc.*, No. 00-CV-202854, [2001] O.J. 3306 QUICKLAW (O.S.C.J. Aug. 15, 2001)).

122. *See, e.g.*, *Visa Int'l Service Ass'n v. Visa Motel Co.*, 1 C.P.R. (3d) 109 (Brit. Colum. C.A. Mar. 27, 1979), available at 1984 C.P.R. LEXIS 680; *NHL v. Pepsi-Cola Can. Ltd.*, [1995] 122 D.L.R. (4th) 412, paras. 15-21 (Brit. Colum. C.A.); *Paramount Pictures*, 5 O.R. (3d) 573, paras. 29-30.

123. *See, e.g.*, *Oxford Pendaflex Can. Inc. v. Korr Mktg. Ltd.*, [1979] 23 O.R. (2d) 545, paras. 6-9, 12-13, 17, *aff'd* [1982] 1 S.C.R. 494; *Ray Plastics Ltd. v. Dustbane Prods. Ltd.*, [1994] 74 O.A.C. 131, paras. 6, 9, 10, 13, 15; *Stiga Aktiebolag v. S.L.M. Can. Inc.*, No. T-2698-87, 34 C.P.R. (3d) 216, paras. 39-45, 51-54 (Fed. Ct. Nov. 15, 1990), available at 1990 C.P.R. LEXIS 2088; *Eli Lilly v. Novopharm Ltd.*, [1997] 147 D.L.R. (4th) 673, paras. 56-69, 142-62.

124. *Consumers Distrib. Co. v. Seiko Time Can. Ltd.*, [1984] 1 S.C.R. 583.

125. *Id.* at para. 25:

The older rule was that there must be proof of a fraudulent intent, or conscious deception, before there could be any liability, and this is still occasionally repeated; but the whole trend of the later cases is to hold that it is enough, at least for purposes of injunctive relief, that the defendant's conduct results in a false representation, which is likely to cause confusion or deception, even though he has no such intention.

(quoting PROSSER, *THE LAW OF TORTS* 957-58 (4th ed. 1971)).

126. *Id.* at paras. 24, 28:

seems undoubtedly redolent of this paper's comments on horizontal integration and legal transplants.<sup>127</sup>

In 1992, the Canadian Supreme Court completely overturned the Canadian jurisprudence dealing with passing off. The *Ciba-Geigy* decision<sup>128</sup> triggered three pivotal changes in Canadian law. First, the Supreme Court cited the test developed in *Reckitt*<sup>129</sup> approvingly, thereby expounding that passing off is a tort predicated on three distinct criteria.<sup>130</sup> Second, guided by the civilian concept of *concurrency déloyale*, Justice Gonthier echoed and consecrated Justice Estey's analysis in *Seiko*<sup>131</sup> by analogizing the rationale underpinning passing off to the tenets of unfair competition.<sup>132</sup> Finally, the Court examined the role of the consumer in passing off and inferred that consumer protection would now govern an integral component of the inquiry. On this issue, Justice Gonthier noted: "It is clear that however one looks at the passing-off action, its purpose is to protect all persons affected by the product."<sup>133</sup> Therefore, given the Court's efforts to rekindle a protective scheme for the end-users of products bearing trademarks, this

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The role played by the tort of passing off in the common law has undoubtedly expanded to take into account the changing commercial realities in the present-day community. The simple wrong of selling one's goods deceitfully as those of another is not now the core of the action. It is the protection of the community from the consequential damage of unfair competition or unfair trading . . . and while the original requirement of an intent to deceive died out in the mid-1800s, there remains the requirement, at the very least, that confusion in the minds of the public be a likely consequence by reason of the sale, or proffering for sale, by the defendant of a product not that of the plaintiff's making, under the guise or implication that it was the plaintiff's product or the equivalent.

For academic discussion on this point, see JOHN G. FLEMING, *THE LAW OF TORTS* 674, 676 (6th ed. 1983).

127. *See supra* Part II.B and authorities cited therein.

128. *Ciba-Geigy Canada, Ltd. v. Apotex, Inc.*, [1992] 3 S.C.R. 120.

129. For the elements found under the *Reckitt* test, see *supra* notes 114-17 and accompanying text.

130. Lower courts frequently followed these three criteria. *See, e.g.*, *Dairy Bureau of Canada v. Annable Foods, Ltd.*, No. A924318, 46 C.P.R. (3d) 289 (B.C.S.C. Jan. 29, 1993), available at 1993 A.C.W.S.J. LEXIS 43880; *Lions Gate Enter., Ltd. v. Ohana Sushi Japanese Rest., Ltd.*, No. C984582, 93 A.C.W.S. (3d) 776 (B.C.S.C. Dec. 22, 1999), available at 1999 A.C.W.S.J. LEXIS 26954.

131. *See supra* notes 124-26 and accompanying text.

132. *Ciba-Geigy Canada, Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 at para. 47 ("The purpose of the passing-off action is thus also to prevent unfair competition. One does not have to be a fanatical moralist to understand how appropriating another person's work, as that is certainly what is involved, is a breach of good faith.")

133. *Id.* at para. 39.

situation parallels the Internet. In this regard, sheltering prospective clientèle from abuse while imparting trust upon Internet consumers should remain the primary purpose of domain name law. The first step in attaining this objective lies in strict application of the rules and decisions canvassed above to domain name litigation. Recall that, in many respects, domain names, especially honest and truthful ones, constitute the catalytic element in fostering healthy online relationships between businesses and consumers.<sup>134</sup>

## 2. Federal Codification

Section 7 of the Trademark Act now codifies passing off.<sup>135</sup> Consequently, plaintiffs may axe their claims on this provision whenever seizing

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134. Although not directly on point, see Gillian K. Hadfield, *Privatizing Commercial Law: Lessons from ICANN*, 6 J. SMALL & EMERGING BUS. L. 257, 271 (2002):

The economic functions of domain names in providing coordination, communication, and commitment for Internet transactions can be provided by multiple means. Indeed, the law of trademark can be understood as a mixed mechanism, using legal rules to structure a reputation mechanism to solve the problem of quality commitment, as opposed to direct legal regulation of quality.

135. Trade-marks Act R.S.C., ch. T-13, § 7 (1985):

No person shall

- (a) make a false or misleading statement tending to discredit the business, wares or services of a competitor;
- (b) direct public attention to his wares, services, or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;
- (c) pass off other wares or services as and for those ordered or requested;
- (d) make use, in association with wares or services, of any description that is false in a material respect and likely to mislead the public as to
  - (i) the character, quality, quantity or composition,
  - (ii) the geographical origin, or
  - (iii) the mode of the manufacture, production or performance of the wares or services; or
- (e) do any other act or adopt any other business practice contrary to honest industrial or commercial usage in Canada.



the Federal Court of Canada in the context of a passing off action.<sup>136</sup> However, since passing off is, first and foremost, a tort under the common law, any potential plaintiff may elect to initiate an action and to seek redress before a provincial court without relying on the mechanism enshrined in section 7 of the Federal Trademark Act.

Finally, an infringement premised on passing off usually entails three possible avenues of recourse for the holder of an usurped trademark: injunction,<sup>137</sup> monetary damages,<sup>138</sup> and recovery of lost profits.<sup>139</sup> Conversely, the scheme of passing off does not leave defendants completely destitute in mounting their counter-claims. In fact, they may benefit from four defenses fully endorsed by the jurisprudence: the unclean hands theory,<sup>140</sup> use of the owner's name,<sup>141</sup> prior use of the litigious trademark,<sup>142</sup> and an express contractual stipulation.<sup>143</sup>

Based on the foregoing considerations, the traditional application of confusion and passing off carries an inherent transposability and compatibility with the Internet. At first glance, the concepts canvassed above seem well suited to regulate the realm of Internet domain names. The remainder of the article confirms this initial hypothesis and proceeds with a brief study of the merging of trademark law and Internet domain names, as envisaged by various courts and arbitral tribunals.

#### IV. APPLYING TRADEMARK LAW TO INTERNET DOMAIN NAMES

##### A. The Concept of Domain Name

Internet web sites serve two vital purposes for most companies. On the one hand, they provide consumers with easy access to company information. On

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136. This provision must be read jointly with the Federal Courts Act, R.S.C. 1985, c.F-7, § 20 (granting jurisdiction over trademark litigation to the Federal Court of Canada).

137. *See, e.g., Centre Ice, Ltd. v. NHL*, No. A-696-93, 53 C.P.R. (3d) 34 (Fed. Ct. App. Jan. 24, 1994), available at 1994 C.P.R. LEXIS 1740.

138. *See, e.g., The Noshery, Ltd. v. Penthouse Motor Inn, Ltd.*, 61 C.P.R. 207 (Ont. S.C. Dec. 5, 1969), available at 1969 C.P.R. LEXIS 234; *Marc-Aurèle v. Ducharme*, 34 C.P.R. (2d) 155 (Fed. Ct. Jan. 13, 1976), available at 1976 C.P.R. LEXIS 511.

139. *See, e.g., Ray Plastics, Ltd. v. Canadian Tire Corp.*, No. 55207/90Q, 62 C.P.R. (3d) 247 (Ont. Gen. Div. July 14, 1995), available at 1995 A.C.W.S.J. LEXIS 50301.

140. *See, e.g., Brewster Transport Co. v. Rocky Mountain Tours & Transp. Co.*, [1931] S.C.R. 336.

141. *See, e.g., Hurlburt Co. v. Hurlburt Shoe Co.*, [1925] S.C.R. 141; *Hunt's Ltd. v. Hunt*, [1924] 56 O.L.R. 349.

142. *See, e.g., J. & A. McMillan Ltd. v. McMillan Press Ltd.*, [1989] 99 N.B.R.2d 181 (N.B.C.A.).

143. *See, e.g., Home Shoppe Ltd. v. Nat'l Dev. Ltd.*, No. 87-01-19183, 17 C.P.R. (3d) 126 (Man. Q.B. May 27, 1987), available at 1987 A.C.W.S.J. LEXIS 37954.

the other, they enable businesses to increase visibility and company profile. The term “visibility,” is often synonymous with “goodwill”<sup>144</sup> or, at least, entails that web-based corporations have the opportunity to widen their potential consumer base and increase their profit margin.<sup>145</sup> Visibility’s importance comes to light, as the first step to be contemplated in materializing a corporate presence on the web is to choose a domain name that is carefully conceived, in order to adequately represent the company or organization using it.<sup>146</sup> In fact, the chosen domain

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144. See, e.g., Michael A. Sartori, *A Proposal for the Registration of Domain Names*, 87 TRADEMARK REP. 638, 644 (1997).

145. See, e.g., Leah Brannon, *Regulating Drug Promotion on the Internet*, 54 FOOD & DRUG L. J. 599, 615 (1999) (asserting that “the Internet permits small competitors to market directly to a mass consumer base in a way previously not possible.”); Chelsea P. Ferrette, *E-Commerce and International Political Economics: The Legal and Political Ramifications of the Internet on World Economies*, 7 ILSA J. INT’L & COMP. L. 15, 17-18 (2000) (“The Internet facilitates electronic business transactions both nationally and internationally by permitting businesses to have easy access to large consumer bases at lower costs.”); Diana C. Jaque & Lee Neugebauer, *Legal Reference Books Review*, 93 LAW LIBRARY J. 311, 321 (2001) (reviewing STEPHEN ELIAS & PATRICIA GIMA, *DOMAIN NAMES: HOW TO CHOOSE AND PROTECT A GREAT NAME FOR YOUR WEBSITE* (Nolo.com ed. 2000)). See also Joseph R. Dancy, *Electronic Media, Due Diligence, and the New Industrial Revolution*, 53 CONSUMER FIN. L.Q. REP. 72, 72 (1999) (expounding that the “Internet increases the potential market for participants in electronic commerce”); Sartori, *supra* note 144, at 644. The Internet also “increases global economy, so large shipments can be done over the Internet.” See Tsan Abrahamson, *Does the Internet Change Things? Yes!*, AM. L. INSTITUTE – AM. BAR ASSN. CONTINUING LEGAL EDUC 13, 19 (April 2004). Although sometimes cost-prohibitive for smaller firms, the use of the Internet generally increases productivity significantly. See, e.g., Jay P. Kesan, *Cyber-Working or Cyber-Shirking?: A First Principles Examination of Electronic Privacy in the Workplace*, 54 FLA. L. REV. 289, 324-25 (2002); Dennis T. Rice, *Jurisdiction in Cyberspace: Which Law and Forum Apply to Securities Transactions on the Internet?*, 21 U. PA. J. INT’L ECON. L. 585, 645-46 (2000). It follows that the Internet “increases the availability of consumer choice.” See AM. BAR ASSN, *Achieving Legal and Business Order in Cyberspace: A Report on Global Jurisdiction Issues Created by the Internet*, 55 BUS. LAW. 1801, 1878 (2000). While increasing choice, the Internet also correspondingly reduces costs. See, e.g., Robert M. Blunt, *Bootlegs and Imports: Seeking Effective International Enforcement of Copyright Protection for Unauthorized Musical Recordings*, 22 HOUS. J. INT’L L. 169, 206-07 (1999).

146. See, e.g., Carol A. Kunze, *Web Site Legal Issues*, 14 SANTA CLARA COMPUTER & HIGH TECH. L. J. 477, 478 (1998) (“For most commercial entities, the choice of a domain name is easy. Customers, investors, potential employees and other users are able to easily find a company’s Web site if the domain name is simply the company name: www.companyname.com.”). See also Donald E. Biederman et al., *Interactive On-Line Entertainment*, 647 PRACTISING L. INST. 263, 292 (2001) (“A domain name is the *sine qua non* of any Internet Web site.”); Sartori, *supra* note 144, at 644:

For any organization, especially a business, desiring to have a presence on the Internet, the choice of a domain name is crucial for several reasons. First, because there is no satisfactory equivalent to a telephone

name often conflates the company's trademark.<sup>147</sup> Concerns for the fair use of trademark law pervade this initial decision and necessarily restrict the choice of domain name based on two realities: (1) the chosen name must clearly identify the company and (2) must enable the consumer to perceive the requisite nexus between the corporation and the Internet URL.<sup>148</sup>

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directory or directory assistance for the Internet . . . Further, if the organization switches IP addresses, the same memorable or deducible domain name can still be used by the organization.

It must also be emphasized that "[d]ilution problems may arise when any nontrademark holders use domain names based on famous marks for their own websites." See Danielle Weinberg Swartz, *The Limitations of Trademark Law in Addressing Domain Name Disputes*, 45 UCLA L. REV. 1487, 1514 (1998) (citing *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830, 836 (7th Cir. 1963)).

147. See, e.g., Scott A. Zebrak, *A Step-by-Step Guide to Handling Domain Name Disputes*, 16 No. 4 COMP. L. 21, 21 (1999) ("The tremendous growth of the Internet has led to a rapid proliferation of domain names. Unfortunately, it is not uncommon for a company to encounter a Web site operating under a domain name that is identical, confusingly similar to, or likely to be associated with, the company's trademark."). See also Sartori, *supra* note 144, at 644:

If an organization has a mark or trade name, the organization should have a domain name which is the same as the mark or trade name. With such a domain name, communication with the organization's customer base is enhanced. Additionally, the source of an organization's goods or services can be easily accessed on the Internet. Further, the good will associated with organization's mark or trade name can be transferred to the Internet.

It follows that web-based companies are expected to avoid infringing upon registered trademarks in choosing domain names and, in this regard, several commentators suggest that businesses should be held accountable for their choice of domain names. See, e.g., Laura A. Heymann, *The Birth of the Authonym: Authorship, Pseudonymity, and Trademark Law*, 80 NOTRE DAME L. REV. 1377, 1419-20 (2005); Int'l Trademark Assoc., *The Intersection of Trademarks and Domain Names – Inta "White Paper,"* 87 TRADEMARK REP. 668, 703 (1997); Richard A. Mann et al., *Starting From Scratch: A Lawyer's Guide to Representing a Start-Up Company*, 56 ARK. L. REV. 773, 789 (2004).

148. See, e.g., GAHTAN, *supra* note 83, at 48, 155:

Often a URL or Internet site address will contain a trademark as the second level domain and as a unique identifier of a business. For example, a generic Internet URL may be in the form: <http://www.trademark.com> where the "trademark" element may be the business' trademark . . . Trademarks are often used in association with materials available on the Internet and particularly on sites on the World Wide Web.

The prevailing technological era, characterized by soaring communication possibilities and increased networking, has also caused a proliferation of Internet domain name litigation.<sup>149</sup> Professor Geist illustrated that an Internet domain name serves three primary purposes.<sup>150</sup> First, it facilitates the identification of Internet hosting services, which translates into the conversion<sup>151</sup> of a given domain name to the corresponding Internet protocol number.<sup>152</sup> Second, the *sui generis* character of a domain name entails the devolution of rights to a single, unique owner. This observation is semantically adjacent to the rationale underlying trademark law, which confers an exclusive right of use across Canada to trademark holders.<sup>153</sup> Third, domain names ineluctably convey perpetual monopolies in cyberspace, given the fact that rules pertaining to trademark registration<sup>154</sup> do not extend to domain name registration.<sup>155</sup> Some commentators argue that the direct repercussion of this lax registration scheme resides in the granting of rights over generic terms, such as “law,” for example.<sup>156</sup> Given the inherent flaws of the domain name system, coupled with the fact that the demand for generic domain names has increased exponentially,<sup>157</sup> subscribing to

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149. See MICHAEL GEIST, *INTERNET LAW IN CANADA* 368 (2nd ed., Captus Press, Inc. 2001). See also Fred M. Greguras, *1997 Update: International Legal Protection for Software*, 479 PRACTISING L. INST. 855, 869 (1997).

150. GEIST, *supra* note 149, at 368-69. For a more exhaustive discussion of the topic, see Freedman & Deane, *supra* note 59, at 361-63.

151. On the issue of conversion, *Thomas v. Network Solutions Inc.*, 176 F.3d 500, 502, 504 (D.C. Cir. 1999) offers illuminating remarks on how computers translate domain names into corresponding Internet protocol numbers, with instructive emphasis on the hierarchy of domain names.

152. See GEIST, *supra* note 149, at 368-69 (explaining that the domain name “www.lawbytes.com” is converted to the following Internet protocol number: 208.231.177.24).

153. See, e.g., Trade-marks Act R.S.C., ch. T-13, § 19 (1985).

154. On the registration process regarding trademarks, see Trade-marks Act, §§ 30-48.

155. GEIST, *supra* note 149, at 369.

156. *Id.* (“Due to weak registration requirements, registrants have the ability to create a monopoly in generic terms such as ‘mail,’ ‘toys’ or ‘book.’”) (emphasis added). For an opposite view, see *Shade’s Landing, Inc. v. Williams*, 76 F.Supp.2d 983 (D. Minn. 1999) and Freedman & Deane, *supra* note 59, at 366-67.

157. For support of this proposition, see, for example, Xuan-Thao N. Nguyen, *Shifting the Paradigm in E-Commerce: Move Over Inherently Distinctive Trademarks -- The E-Brand, I-Brand and Generic Domain Names Ascending to Power?*, 50 AM. U. L. REV. 937, 948-58 (2001). For a concise account on the concept of genericness vis-à-vis Internet domain names, see C. Kim Le, *Genericness Doctrine Need Not Apply: Employing Generic Domain Names in Cyberspace*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1093 (2004). Others argue that genericness in domain names often precludes trademark protection. See, e.g., Christie L. Branson, *Was \$7.5 Million a Good Deal for Business.com? The Difficulties of Obtaining Trademark Protection and Registration for Generic and Descriptive Domain Names*, 17 SANTA CLARA COMPUTER & HIGH TECH. L.J. 285, 314 (2001) (expounding that for “Internet businesses who make the mistake of choosing a domain name deemed

this theory does not require a giant leap of faith. Moreover, this reality is further exacerbated by the fact that domain name litigation constantly swamps both courts and arbitral tribunals.<sup>158</sup> In resolving this discrepancy, policy-makers should be guided by a strict application of trademark law or by a possible merging or straddling of the Trademark Act and domain names.<sup>159</sup> In fact, several courts and arbitral tribunals have already extended the rules governing trademarks to domain names.

## **B. Judicial Treatment of Domain Name Disputes**

### **1. General Remarks: Cybersquatting, Copycatting, and the U.S.**

Embarking upon a review of relevant case law purporting to subsume trademark law and domain names into one legal framework necessitates two caveats. First, since the advent of the Internet, certain tendencies regarding the retention of domain names have cropped up and acquired credence in some circles. More specifically, some of the primary trendsetters under these tendencies will, sometimes maliciously, misappropriate domain names and refrain from using them, or resort to using such names for fraudulent or deceitful aims. Such individuals are commonly referred to as “cyberpredators” and are divided into two distinct categories. On the one hand, “cybersquatters”<sup>160</sup> generally purchase

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descriptive or generic, there seems to be little that they can do to gain trademark protection for their domain name.”).

158. In addition, the Internet has considerably impacted trademark case law and usage, especially in the U.S. For detailed accounts on this phenomenon, see generally Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695 (1998); John M. Carson et al., *Claim Jumping on the Newest Frontier: Trademarks, Cybersquatting, and the Judicial Interpretation of Bad Faith*, 8 UCLA ENT. L. REV. 27 (2000); Marcelo Halpern & Ajay K. Mehrota, *From International Treaties to Internet Norms: The Evolution of International Trademark Disputes in the Internet Age*, 21 U. PA. J. INT’L ECON. L. 523 (2000).

159. In fact, several judicial decisions endorse the proposition that, subject to a few technical and legal prerequisites, the use of marks as trademarks on the Internet may impinge upon other competing trademark rights. See, e.g., *Cardservice Int’l, Inc. v. McGee*, 950 F.Supp. 737 (E.D. Va. 1997), *aff’d* 129 F.3d 1258 (4th Cir. 1997); *Cerruti 1881 S.A. v. Cerruti, Inc.*, 45 U.S. PAT. Q.2d 1957 (S.D.N.Y. 1998); *Comp Exam’r Agency, Inc. v. Juris, Inc.*, No. 96-0213, 1996 U.S. Dist. LEXIS 20259 (C.D.Cal. 1996); *Hardrock Café Int’l (USA), Inc. v. Morton*, 1999 WL 717995 (S.D.N.Y. 1999); *ITV Tech., Inc. v. WIC Television Ltd.*, No. T-1459-97, 140 F.T.R. 302 (Fed. Ct. Dec. 17, 1997), *available at* 1997 F.T.R. LEXIS 3389; *Playboy Enter., Inc. v. Asiafocus Int’l, Inc.*, 1998 WL 724000 (E.D. Va. 1998); *Tele-Direct (Publ’ns.), Inc. v. Canadian Bus. Online, Inc.*, No. T-1340-97, 77 C.P.R. (3d) 23 (Fed. Ct. Sept. 17, 1997), *available at* 1997 C.P.R. LEXIS 1308.

160. See, e.g., *Avery Dennison Corp. v. Jerry Sumpton*, 999 F.Supp. 1337, 1338 (C.D. Cal. 1998). The Court shed light on the meaning of cybersquatting:

domain names without using them, with the firm intention of reselling the usurped names.<sup>161</sup> Three commentators offer a definition of “cybersquatting:” “[c]ybersquatting is generally defined as the act of registering an Internet domain name in bad faith, most often with the intent to sell the name to the owner of a trademark or service mark (collectively, Trademark), or otherwise harm the Trademark owner through use of the name.”<sup>162</sup> On the other hand, “copycats” usually gather and use domain names resembling well-known trademarks, in order to deceive the general public.<sup>163</sup> This type of conduct inexorably triggers recourse via passing off claims in favor of the wronged trademark holder. In this age of

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Defendants are ‘cybersquatters,’ as that term has come to be commonly understood. They have registered over 12,000 internet domain names not for their own use, but rather to prevent others from using those names without defendants’ consent. Like all ‘cybersquatters,’ defendants merely ‘squat’ on their registered domain names until someone else comes along who wishes to use them. Like all ‘cybersquatters,’ defendants usurp *all* of the accepted meanings of their domain names, so as to prevent others from using the same domain names in *any* of their accepted meanings. And like all ‘cybersquatters,’ defendants seek to make a financial return by exacting a price before consenting to allow others to use the domain names on which they have chosen to ‘squat.’

161. On this issue, see also *Sporty’s Farm LLC v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 493 (2nd Cir. 2000); *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 266-67 (4th Cir. 2001).

162. Rita A. Rodin et al., *Trademark Law and the Internet: Challenges of the Digital Age*, 711 PRACTISING L. INST. 199, 201 (2002).

163. In a subsequent portion of this paper, I will analyze a seminal decision on this type of activity, namely *Canada v. Bedford*, No. D2001-0470 (2001), <http://arbitrator.wipo.int/domains/decisions/html/2001/d2001-0470.html> [hereinafter *Domain Baron*]. However, it is still useful to highlight, in passing, *Felsher v. Univ. of Evansville*, 755 N.E.2d 589, 597 (Ind. 2001), which defined “copycat:”

Unlike cybersquatters, ‘copycats’ register a domain name and use the address to operate a website that intentionally misleads users into believing they are doing business with someone else. Copycats either beat the legitimate organization to a domain name or register a close variation of an organization’s domain name. The latter most frequently occurs when a unique spelling of an organization’s name and/or domain name makes a close, but different spelling believable to a web user.

For a review of recent legal developments vis-à-vis cybersquatters and copycats in the U.S., see generally William G. Barber et al., *Recent Developments in Trademark Law: Cybersquatters Run for Cover, While Copycats Breathe a Sigh of Relief*, 9 TEX. INTEL. PROP. L.J. 231 (2001).

public personalities and high profile individuals, a common practice, known as “celebrity-squatting,” has also emerged.<sup>164</sup> Similarly, some authors equate cybersquatting with a form of identity theft, albeit dissimulated in a virtual environment.<sup>165</sup> Regardless of the type of adverse activity vis-à-vis online trademarks, an important lesson can be gleaned from the foregoing considerations: Internet domain names increasingly require rigid protection and enforcement.<sup>166</sup>

The second caveat to underscore is that Canadian intellectual property policy closely tracks that of the United States. The American Patent and Trademark Office corrals some of the most up-to-date and accurate information in the world, paired with first-rate resources and diligent personnel. Its influence on Canadian law cannot be over-emphasized.<sup>167</sup> Given the demographic makeup and volume of the U.S. compared to Canada, the exponential increase of domain name

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164. For a thoughtful review of the concept, along with the major legal stakes involved, see Leah Phillips Falzone, *Playing the Hollywood Name Game in Cybercourt: The Battle over Domain Names in the Age of Celebrity-Squatting*, 21 LOY. L.A. ENT. L. REV. 289 (2001).

165. See, e.g., Jonathan H. Gatsik, *Cybersquatting: Identity Theft in Disguise*, 35 SUFFOLK U. L. REV. 277 (2001).

166. See, e.g., Stephen J. Shaw, *Virtual Eviction: Kick Cybersquatters Off Your Domain*, 13 S.C. LAWYER 21, 21 (2002):

Just as fast as the hot dot-coms became imploding dot-bombs, a new type of litigation arose to resolve disputes involving trademarks and domain names. If any of your clients are on the Internet (and these days, that's all of them), it is foreseeable that they will need protection from cybersquatters, reverse domain name hijackers, typosquatters or cyberpirates. While it sounds like a Hollywood movie, the reality is playing on a small screen near you -- your computer.

On the prevention of typosquatting, generally, see Christopher G. Clark, *The Truth in Domain Names Act of 2003 and a Preventive Measure to Combat Typosquatting*, 89 CORNELL L. REV. 1476 (2004); Dara B. Gilwit, *The Latest Cybersquatting Trend: Typosquatters, Their Changing Tactics, and How to Prevent Public Deception and Trademark Infringement*, 11 WASH. U. J.L. & POL'Y 267 (2003). On the phenomenon of “cybergripping,” see Jonathan Band & Matthew Schruers, *Toward a Bright-Line Approach to [TRADEMARK]sucks.com*, 20 NO. 7 COMPUTER & INTERNET LAW. 1 (2003).

167. Some leading comparativists suggest that, since the end of the Cold War, the American legal system now exerts the most important influence on the rest of the world. See, e.g., Ugo Mattei, *A Theory of Imperial Law: A Study on U.S. Hegemony and the Latin Resistance*, 10 IND. J. GLOBAL LEGAL STUD. 383 (2003); Ugo Mattei, *Why the Wind Changed: Intellectual Leadership in Western Law*, 42 AM. J. COMP. L. 195 (1994); Wolfgang Wiegand, *Americanization of Law: Reception or Convergence?*, in LEGAL CULTURE & THE LEGAL PROF. 137-38, 147-48 (Lawrence M. Friedman & Harry N. Scheiber eds., 1996); Wolfgang Wiegand, *The Reception of American Law in Europe*, 39 AM. J. COMP. L. 229 (1991).

litigation in the U.S. comes as no surprise.<sup>168</sup> As a consequence, American judicial decisions on trademarks often become guiding principles or even law in Canada, albeit sometimes through the process of reception.<sup>169</sup> This phenomenon clearly corroborates the heavy reliance on American case law in the following section of this paper.

## 2. Infringements of the Trademark Act and Confusion

As asserted earlier, courts should extend the Trademark Act to Internet domain names. At the outset, quarrelling with the proposition that the use of trademarks in domain names may lead to a likelihood of confusion appears futile.<sup>170</sup> Returning to the CHANEL trademark example, the conclusion that

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168. See *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 19 (1st Cir. 2001) (finding that “[d]isputes over domain names have become increasingly common with the expanding commercial use of the Internet.”). See also Biederman et al., *supra* note 146, at 292; Christine Lepera, *Litigating in Cyberspace*, 662 PRACTISING L. INST. 773, 787-88 (2001). But Cf. Victoria Holstein-Childress, *Lex Cyberus: The UDRP As a Gatekeeper to Judicial Resolution of Competing Rights to Domain Names*, 109 PENN ST. L. REV. 565, 587 n.126 (noting that few judicial post-UDRP decisions have been rendered by U.S. federal courts since 1999). It is also useful to note that domain name disputes have also been decided in other countries such as Australia, England, France, Germany, New Zealand and the Netherlands. For support of this proposition, see Olivia Maria Baratta & Dana L. Hanaman, *A Global Update on the Domainname System and the Law: Alternative Dispute Resolution for Increasing Internet Competition -- Oh, the Times They Are a-Changin'!*, 8 TUL. J. INT'L & COMP. L. 325, 370-71 (2000); Brian Berlandi, “It’s Our Way or the Highway”: *Americans Ruling Cyberspace – A Look Back at Bad Policy and a Look Ahead at New Policy*, 3 J. TECH. L. & POL’Y 1, 35-36 (1998); Marguerite S. Dougherty, *The Lanham Act: Keeping Pace with Technology*, 7 J. L. & POL’Y 455, 470 n.71 (1999); Heather N. Mewes, *Memorandum of Understanding on the Generic Top-Level Domain Name Space of the Internet Domain Name System*, 13 BERKELEY TECH. L.J. 235, 239 (1998); Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 569 PRACTISING L. INST. 381, 396 (1999). Renowned Internet law specialist, Michael Geist, also spoke to this point in 1998, expounding that domain name disputes had become an international phenomenon and that, aside from high-profile domain name litigation in the U.S., disputes had also emerged in the U.K., Germany, Italy and New Zealand. See Michael A. Geist, *The Reality of Bytes: Regulating Economic Activity in the Age of the Internet*, 73 WASH. L. REV. 521, 568-69 (1998).

169. On the process of reception, see, for example, Barker, *supra* note 30, at 716 (“The voluntary borrowing of foreign law by legislative enactment, known as reception, is the most extensively used legal transplant technique.”).

170. For detailed accounts on the issue, see Jason Allen Cody, *Initial Interest Confusion: What Ever Happened to Traditional Likelihood of Confusion Analysis?*, 12 FED. CIR. B.J. 643 (2003); Ted K. Joe, *Confusion on the Information Superhighway: Domain Names and Initial Interest Confusion*, 8 NO. 2 INTELL. PROP. L. BULL. 20 (2003); David M. Klein & Daniel C. Glazer, *Reconsidering Initial Interest Confusion on the Internet*, 93 THE



another company would be barred from registering “chanel.ca” logically follows from the framework of the Trademark Act. In fact, allowing such registration could bring about repercussions that are essentially two-fold for the legitimate mark holder. On one hand, this would confuse the consumers and visitors of www.chanel.ca and might, ultimately, lead them to associate the products or services featured on the website with CHANEL’s catalogue. On the other hand, the intentions of the wrongful company, or the result of its actions, might have been to pass off its own merchandise as authentic CHANEL items.

Justice Estey’s influential pronouncement on passing off in *Seiko*,<sup>171</sup> paired with the *Ciba-Geigy* decision,<sup>172</sup> actually rests adjacent to the confusion standard that predominantly hinges on the inquiry into the average consumer’s mind. In this context, an action in unfair competition, or *concurrence déloyale*, might prove to be the best vessel for litigation. Nevertheless, courts clearly should continue to apply the confusion standard,<sup>173</sup> i.e. the average consumer test, whenever confronted with domain name disputes. In this regard, the Canadian approach has distanced itself from American precedents. A case in point is the *Felsher* decision,<sup>174</sup> where a professor implemented a website, seemingly affiliated with the institution, which, in turn, became a platform to disparage the university. In rendering its judgment, the Court predicated part of its holding on the fact that the infringement in question was tantamount to a violation of tort law.<sup>175</sup> In Canada, when faced with domain name disputes, courts should always seek guidance from the Trademark Act in order to ascertain the existence and severity of an alleged infringement.<sup>176</sup>

#### a. *Brookfield Communications*

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TRADEMARK REP. 1035 (2003); *Confusion in Cyberspace: Defending and Recalibrating the Initial Interest Confusion Doctrine*, 117 HARVARD LAW REVIEW 2387 (2004).

171. *See supra* notes 124-26 and accompanying text.

172. *See supra* notes 128-33 and accompanying text.

173. *See* Trade-marks Act R.S.C., ch. T-13, § 6 (1985). For the text of the provision, see *supra* note 69.

174. *Supra* note 163.

175. *Id.* at 598 (“Amici curiae argue that an appropriate remedy for the misappropriation of a corporation name or likeness is found under the state unfair competition law and trademark statutes, as well as common law torts unrelated to notions of privacy, such as tortious interference with business relations . . . . We agree.”).

176. More specifically, courts should rely on the criteria found in Trade-marks Act, § 20(1).

One of the important lessons from American case law<sup>177</sup> is straightforward: if a company uses a domain name with the aim of hijacking clientèle from another competitor, its conduct is in clear contravention of the Trademark Act. However, other equally authoritative American cases<sup>178</sup> suggest that domain name registration, alone, would not amount to the use of a trademark pursuant to the Trademark Act. Consequently, the determination of infringement largely hinges on the use made of the domain name by the allegedly wrongful party. The *Brookfield Communications* decision offers valuable insight into this question. In that case, the Court was called upon to compare two domain names: “moviebuff.com” and “moviebuffonline.com.” Justice O’Scannlain expressed that resemblance between two trademarks remains a determining factor in the inquiry because, “[w]here the two marks are entirely dissimilar, there is no likelihood of confusion. ‘Pepsi’ does not infringe Coca-Cola’s ‘Coke.’”<sup>179</sup> Similar considerations also govern scenarios where users of contentious trademarks operate in geographically different markets: “Even where there is precise identity of a complainant’s and an alleged infringer’s mark, there may be no consumer confusion--and thus no trademark infringement--if the alleged infringer is in a different geographic area or in a wholly different industry.”<sup>180</sup> In sum, the appearance or sound of a domain name is far from dispositive of the issue, especially in light of the fact that Internet browser URL boxes do not distinguish lowercase letters from uppercase characters. Bearing this in mind, the Court held that the use of the “.com” suffix was immaterial in resolving the dispute between the parties.<sup>181</sup> Faithful to its initial posture, the Court reiterated that the applicable judicial inquiry inexorably gravitates toward the question of resemblance, both from phonological and semantic standpoints.<sup>182</sup>

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177. *See, e.g.*, *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, No. 97 Civ. 0629 (S.D.N.Y. Mar. 24, 1997), *aff’d* 152 F. 3d 920 (2d Cir. 1998), *cert. denied*, 525 U.S. 834 (1998) (where the Court was confronted with an anti-abortion website).

178. *See, e.g.*, *Brookfield Commc’ns., Inc. v. W. Coast Entm’t Corp.*, 174 F. 3d 1036 (9th Cir. 1999).

179. *Id.* at 1054.

180. *Id.*

181. *Id.* at 1055.

182. *Id.*:

In the present case, the district court found West Coast’s domain name ‘moviebuff.com’ to be quite different than Brookfield’s domain name ‘moviebuffonline.com’. . . . In terms of appearance, there are differences in capitalization and the addition of “.com” in West Coast’s complete domain name, but these differences are inconsequential in light of the fact that Web addresses are not caps-sensitive and that the “.com” top-level domain signifies the site’s commercial nature. Looks aren’t everything, so we consider the similarity of sound and meaning. The two marks are pronounced the same way, except that one would say “dot com” at the end of West Coast’s mark. Because many

Furthermore, the *Brookfield Communications* decision also suggested consideration of whether the products or services offered are inextricably intertwined,<sup>183</sup> along with the “competitive proximity”<sup>184</sup> between the companies and products at hand. Applying this rationale to the facts, the Court adduced that Brookfield maintained and provided access to an online movie database, while West Coast also granted access to a similar database via its website. Of equal importance in reaching this conclusion was that the competition targeted the same clientèle<sup>185</sup> and used the Internet as a vehicle for marketing and advertisement.<sup>186</sup> After a somewhat holistic inquiry,<sup>187</sup> the Court inferred that “MovieBuff” and “moviebuff.com” likely engender confusion in the general public, particularly emphasizing the fact that both marks relied on a common channel to disseminate information. To prevent the further confusion of online consumers, the Court held that, via this subterfuge, West Coast had illegally appropriated goodwill belonging

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companies use domain names comprised of “.com” as the top-level domain with their corporate name or trademark as the second-level domain . . . the addition of “.com” is of diminished importance in distinguishing the mark. The irrelevance of the “.com” becomes further apparent once we consider similarity in meaning. The domain name is more than a mere address: like trademarks, second-level domain names communicate information as to source. As we explained in Part II, many Web users are likely to associate ‘moviebuff.com’ with the trademark ‘MovieBuff,’ thinking that it is operated by the company that makes ‘MovieBuff’ products and services.

183. *Id.*:

The similarity of marks alone, as we have explained, does not necessarily lead to consumer confusion. Accordingly, we must proceed to consider the relatedness of the products and services offered. Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods.

184. For an analysis of the competitive proximity, see *Brookfield Commc’ns., Inc. v. W. Coast Entm’t Corp.*, 174 F. 3d 1036, 1056-57 (9th Cir. 1999).

185. *Id.* at 1057 (“Both companies, apparently recognizing the rapidly growing importance of Web commerce, are maneuvering to attract customers via the Web. Not only do they compete for the patronage of an overlapping audience on the Web, both “MovieBuff” and “moviebuff.com” are utilized in conjunction with Web-based products.”).

186. *Id.* (arguing that the use of a common marketing and advertising facility exacerbates the likelihood of confusion, and citing decisions in support of this proposition: *Pub. Serv. Co. v. Nexus Energy Software, Inc.*, 36 F. Supp.2d 436, 439 (D.Mass. 1999); *Wash. Speakers Bureau, Inc. v. Leading Auths., Inc.*, 33 F. Supp.2d 488, 499 (E.D.Va. 1999); *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 304-05 (D.N.J. 1998), *aff’d*, 159 F.3d 1351 (3d Cir. 1998); *Interstellar Starship Services, Ltd. v. EPIX, Inc.*, 983 F. Supp. 1331, 1336 (D.Or. 1997)).

187. *See, e.g., Brookfield*, 174 F. 3d, at 1058.

to Brookfield.<sup>188</sup> Consequently, the contentious domain name was found to constitute an infringement, pursuant to the Lanham Act.<sup>189</sup>

b. *Bell*

Like *Brookfield Communications*, the *Bell* decision<sup>190</sup> is also instructive in understanding the overlap between trademark law and Internet domain names. Moreover, and irrespective of the transboundary nature of the facts involved, this case establishes a direct link with Canada's legal apparatus. In *Bell*,<sup>191</sup> the plaintiff produced and distributed trade and telephone directories in Canada, while also providing online access to business contacts. Additionally, the plaintiff also held the rights to two trademarks, YELLOW PAGES and PAGES JAUNES, which were duly registered and used in Canada since 1948. The essence of the dispute centered on the fact that the defendant Puzo's company, Communications Globe Tête, used the Internet domain name, "lespagesjaunes.com." In attempting to rebut the injunction requested by Bell, the defendant argued that should the Court issue an injunction, such remedy could only be enforced in Canada.<sup>192</sup> Furthermore, the evidence of Puzo's conduct incited the Court to preclude the defendant from arguing "good faith under the circumstances."<sup>193</sup> With this in

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188. *Id.* at 1057:

And even where people realize, immediately upon accessing 'moviebuff.com,' that they have reached a site operated by West Coast and wholly unrelated to Brookfield, West Coast will still have gained a customer by appropriating the goodwill that Brookfield has developed in its 'MovieBuff' mark. A consumer who was originally looking for Brookfield's products or services may be perfectly content with West Coast's database (especially as it is offered free of charge); but he reached West Coast's site because of its use of Brookfield's mark as its second-level domain name, which is a misappropriation of Brookfield's goodwill by West Coast.

*See also id.* at 1062-63.

189. It should be noted that, when compared to Canadian law, the U.S.' Lanham Act offers very similar protection against confusion. *See* Lanham Trade-Mark Act, 15 U.S.C.A. §§ 1114(1), 1125(a) (2005).

190. *Bell Actimedia Inc. v. Puzo*, No. T-1839-98, 88 A.C.W.S. (3d) 1073 (Fed. Ct. Apr. 26, 1999), available at 1999 A.C.W.S.J. LEXIS 48512.

191. The facts I detail below can be found in *id.* at 2-3.

192. *See, e.g., id.* at 10-11 ("The defendants suggest that if the Court were to hold that they could not use the name PAGES JAUNES in Canada, it would nevertheless have to limit the current injunction's application strictly to Canada, and in that regard, the injunction already granted must thus be amended.").

193. *Id.* at 12.

mind, the Court granted the injunction because it concluded that the defendant infringed upon a trademark that had been widely used for fifty years.<sup>194</sup>

This line of cases propels two important inferences to the forefront of intellectual property debate. First, the importance of consumer protection cannot be over-emphasized: the average consumer standard remains the focal point of the inquiry, even under domain name litigation. Second, the Internet creates a hypothetical market at all corners of the globe,<sup>195</sup> and, similarly, the *Pro-C* decision<sup>196</sup> ended the requirement of having a physical business in Canada under the Trademark Act. Therefore, in certain circumstances the rules pertaining to conflict of laws will govern transborder domain name disputes,<sup>197</sup> while the expectations of the parties involved might diverge considerably. This brings about an interesting tension between specialization and the concept of legal tradition. Legal scholars invoke language reminiscent of the preliminary remarks under Part II: “[p]arties from different cultures and legal traditions often have radically different conceptions about what a legal dispute is, what the resolution process should entail, and what the role of lawyers should be.”<sup>198</sup> That certain transnational disputes may produce serious or unique jurisdictional issues logically follows from the above proposition.<sup>199</sup> Conversely, web-based corporations should not be absolved from the application of traditional trademark law solely because they operate on the Internet. In fact, conventional trademark law never

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194. *Id.* at 13-14.

195. This reality has considerably fostered business-to-business and business-to-consumer commerce on the Internet. As a corollary, it has also brought about disputes between the two groups. See, e.g., Karen Stewart & Joseph Matthews, Comment, *Online Arbitration of Cross-Border, Business to Consumer Disputes*, 56 U. MIAMI L. REV. 1111, 1111-12 (2002).

196. See *supra* note 120 and accompanying text.

197. See, e.g., *Desktop Techs., Inc. v. ColorWorks Reprod.*, No. Civ. A. 98-5029, 1999 WL 98572 (E.D. Pa. 1999) (WestLaw). In that case, the Court held that the registration of someone else's trademark as a domain name is insufficient, in itself, to grant personal jurisdiction over the defendant. The plaintiff was a Pennsylvania-based company suing a company operating out of British Columbia. In delivering its judgment, the Court found that, even though the Canadian company had registered “colorworks.com,” its aim was not to conduct business in Pennsylvania or to contact the plaintiff's clients. *Id.*

198. Catherine A. Rogers, *Context and Institutional Structure in Attorney Regulation: Constructing an Enforcement Regime for International Arbitration*, 39 STAN. J. INT'L L. 1, 11 (2003).

199. The issue of domestic and international jurisdiction over Internet commerce extends beyond the scope of this paper. Several interesting and thoughtful accounts have been written by leading legal scholars in the field. See, e.g., Richard A. Bales & Suzanne Van Wert, *Internet Web Site Jurisdiction*, 20 J. MARSHALL J. COMPUTER & INFO. L. 21 (2001); Michael A. Geist, *Is There a There There? Toward Greater Certainty for Internet Jurisdiction*, 16 BERKELEY TECH. L. J. 1345 (2001); Tapio Puurunen, *The Judicial Jurisdiction of States Over International Business-to-Consumer Electronic Commerce from the Perspective of Legal Certainty*, 8 U.C. DAVIS J. INT'L L. & POL'Y 133 (2002).

exonerates two companies conducting business dealings on solid land for infringements.<sup>200</sup> The same rules should also regulate online commerce; courts must be cautious in preventing the Internet from becoming a virtual loophole to elude trademark law. The vastness of cyberspace, along with its characteristic lack of rigidity or supervision, does not signify that well-established rules of trademark law have a “virtual” character. On the contrary, intellectual property remains real and should not be curtailed, irrespective of the “space,” cyber or terrestrial, in which courts apply it.

### 3. Passing Off

Similar to confusion, courts often extend the concept of passing off to domain name disputes. For example, British Columbia case law<sup>201</sup> clearly demonstrates that the use of a given domain name could amount to trademark infringement and trigger an actionable claim under the theory of passing off. With this in mind, other Canadian courts followed suit and consecrated the application of passing off to domain names in three key cases: *Peinet*, *Saskatoon Star Phoenix*, and *Sprint Communications*. In doing so, the different judiciaries involved also tempered some of the underlying assumptions associated with this tort.

#### a. *Peinet*<sup>202</sup>

The *Peinet* decision subscribed to the more traditional stream of decision-making. The plaintiff sought an injunction barring the defendant, one of its past employees, from using “pei.net.” The Court highlighted the fact that the plaintiff advertised its business name and trademark using uppercase letters: PEINET INC.<sup>203</sup> Based on the evidence adduced, the defendant remained oblivious to this fact when choosing the contentious domain name.<sup>204</sup> The Court emphasized that the plaintiff did not use the same punctuation as the defendant in his business

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200. By way of example, one might think of *Orkin Exterminating Co. v. Pestco Co. of Can.*, [1985] 10 O.A.C. 14. In that case, an American company, Orkin Exterminating Co., which did not conduct business operations in Canada, sued a Canadian company, Pestco Co. of Canada, which operated in the Greater Toronto Area. The 1985 passing off action sought to prevent the defendant from using the plaintiff’s trademark. However, the defendant had appropriated the ORKIN name, logo, and trademark in 1967. *Id.*

201. *See, e.g.*, *B.C. Auto. Ass’n v. Office and Prof’l Employees’ Int’l Union*, [2001] S.C.R. 156 (where the defendant union used the following domain names: “bcaastrike.com” and “bcaabacktowork.com”).

202. *Peinet Inc. v. O’Brien*, [1995] 130 Nfld. & P.E.I.R. 313 (Can.).

203. *Id.* at para. 14.

204. *Id.* at paras. 11, 14.

name, in that the latter had inserted a period in his domain name, “pei.net.”<sup>205</sup> Hence, the plaintiff failed to substantiate an actionable claim against the alleged infringement of his trademark.

The Court recalled that the concept of misrepresenting the public, which is also inextricably connected to passing off, should hinge on the defendant’s effort to persuade consumers that his wares or services originate from the plaintiff.<sup>206</sup> In addition, Justice MacDonald reiterated that the burden of proof in such instances falls squarely on the plaintiff.<sup>207</sup> In support of this proposition, the criteria developed in *Ciba-Geigy*<sup>208</sup> were, once again, invoked approvingly.<sup>209</sup> In pursuing its analysis, the Court found that the *Ciba-Geigy* requirements had not been fulfilled, with particular emphasis on the fact that the defendant had not “misrepresented the public.”<sup>210</sup> In an interesting analogy, Justice MacDonald equated the defendant’s actions to the temporary use of a telephone number that just coincidentally happened to correspond to the plaintiff’s business name.<sup>211</sup>

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205. *Id.* at para. 14.

206. *Id.* at paras. 17-19.

207. *Id.* at para. 16 (“It must be remembered that the burden is upon the plaintiff to prove its case.”).

208. *See supra* notes 128-33 and accompanying text.

209. Peinet, [1995] 130 Nfld. & P.E.I.R. 313 at para. 17:

Even if the plaintiff had proven that the defendant's use of the domain name pei.net was an infringement of the plaintiff's use of the name PEINET INC., I am of the opinion that the plaintiff has not established all of the elements of a passing-off action. The Supreme Court of Canada in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120, has recently stated that the three components of a passing-off action are: (1) the existence of goodwill; (2) deception of the public due to a misrepresentation; and (3) actual or potential damage to the plaintiff.

210. *Id.* at para. 18:

The plaintiff has failed to establish that the defendants had misrepresented the public. I do not consider the limited use the defendants had of pei.net to be sufficient to meet the component of deception of the public due to misrepresentation. It must be remembered that the defendants did not operate or use the plaintiff's company name of PEINET.

211. *Id.*:

Basically all the defendants did was, for a very short period of time, use a “telephone” number that was the same as the plaintiff's name. This use of the same name consisted of a reference to it in a newspaper article, not an advertisement, and a listing on Internet, also for a very short period of time.

Therefore, this decision confirms the importance of the consumer in assessing passing off claims, which also constitutes the focal point of any judicial inquiry purporting to adjudicate trademark infringements. Further evidencing this reality is *Peinet's* reliance on the *Ciba-Geigy* decision, which unequivocally reinstated the average consumer standard in Canadian trademark law. This approach fits well within this paper's proposal to merge a strict application of intellectual property norms with Internet activity.

b. *Saskatoon Star Phoenix*<sup>212</sup>

The *Saskatoon* decision involved a dispute concerning two similar domain names, "thestarphoenix.com" and "saskatoonstarphoenix.com." Before publishing his own newspaper on the Internet, the defendant copied some of the contents of the plaintiff's newspaper and substituted the advertisements embedded therein with his own publicity.<sup>213</sup> Justice Laing confidently affirmed the *Ciba-Geigy* and *Reckitt*-derived legal principles,<sup>214</sup> with specific emphasis on the three-criteria test often endorsed by prior case law.<sup>215</sup> This application of legal precedent works well with the Internet because individuals or corporations commonly duplicate the image or "looks" of a particular company in order to increase their own visibility or to hijack part of the victim's goodwill.<sup>216</sup> This

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For a thoughtful commentary on the analogy of domain names to mnemonic 800 telephone numbers, see J. Theodore Smith, "*1-800-Ripoffs.com*": *Internet Domain Names Are the Telephone Numbers of Cyberspace*, 1997 U. ILL. L. REV. 1169 (1997).

212. *Saskatoon Star Phoenix Group Inc. v. Noton*, [2001] 206 Sask. R. 106 (Can.).

213. For the facts of the case, see *id.* at paras. 2-11.

214. See *supra* notes 114-17, 128-33 and accompanying text.

215. *Saskatoon Star Phoenix Group Inc.*, [2001] 206 Sask. R. 106 at para. 12. The Court reconfirmed the *Reckitt* test:

The Supreme Court of Canada in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 (S.C.C.) reviewed the law in this area including the English Court of Appeal decision in *Reckitt & Colman Products Ltd. v. Borden Inc.*, [1990] 1 All E.R. 873 (U.K. H.L.), and concluded: The three necessary components of a passing-off action are thus: the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff.

216. Francis Gurry, *A New Synergy: Internet Pushes Intellectual Property to ADR*, 6 No. 2 DISP. RESOL. MAG. 4, 5 (2000) ("Intellectual property disputes involve a company's image or its knowledge base."). This field of activity often straddles the realm of copyright law, as some websites reproduce verbatim copyrighted information found on other websites. See, e.g., Jeffrey R. Babbitt et al., *Developments in the Second Circuit: 2003-2004*, 37 CONN. L. REV. 963, 1072 (2005). On the concept of corporate image and



practice amounts to an affront to the most rudimentary precepts of trademark law. Such use of another's mark should be redressed as though the defendant had obtained a paper copy of the plaintiff's newspaper, manually affixed his advertisement on the hybrid document, and widely distributed copies of the adulterated newspaper.<sup>217</sup> Both scenarios, whether land-based or cyberspace-based, should attract the same level of protection for the owners of the usurped trademarks.

Various courts, including in the *Saskatoon* litigation, have affirmed this protection. In *Saskatoon*, the Court held that the defendant's actions were tantamount to an egregious case of passing off, especially in light of the fact that the defendant deliberately misled the general public.<sup>218</sup> Also, the defendant's use of the plaintiff's trademark was purely commercial, purporting to extort financial gain from duped consumers. Bearing this in mind, and given the defendant's interference with the goodwill associated with the "StarPhoenix," the Court found that the plaintiff suffered considerable damage.<sup>219</sup> This line of reasoning is

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branding, see Joan L. Dillon, *Recognize and Protect the Value of Your Trademarks at Home and Abroad*, 683 PRACTISING L. INST. 267, 273-74 (2002).

217. Invoking similar practices, it is foreseeable that the vastness and sometimes unregulated nature of the Internet will also be conducive to cases of "reverse passing off." This term is defined as follows:

"Reverse passing off" occurs when one producer purchases another producer's product, removes the latter's trademark and replaces it with its own. This is the opposite of the traditional trademark infringement act of "passing off." A producer passes off its goods as those of a competitor by affixing to its product a trademark deceptively similar to that of its competitor. Thus, in the passing off situation, a producer sells its goods under the pretense that such goods were manufactured by its competitor, whereas in the reverse passing off context a producer sells its competitor's goods as its own. Reverse passing off may be accomplished "expressly" or "impliedly." "Express" reverse passing off occurs when a producer removes a competitor's trademark and replaces it with the producer's own mark. Reverse passing off is accomplished "impliedly" when a producer merely removes or obliterates a competitor's trademark.

See Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 TRADEMARK REP. 305, 305 (1993).

218. *Saskatoon Star Phoenix Group Inc.*, [2001] 206 Sask. R. 106 at para. 13.

219. *Id.*:

The plaintiff has established that it is the owner of the goodwill associated with the name StarPhoenix. It has also established that certain members of the public were deceived into believing that the Noton StarPhoenix site was the plaintiff's site. With respect to actual or potential damage the plaintiff admits that it cannot point to any direct pecuniary loss as a result of the defendant's activities in the form of

philosophically adjacent to the foregoing considerations, while also subscribing to the traditional application of passing off, albeit transposed into cyberspace.

c) *Sprint Communications*<sup>220</sup>

The Federal Court of Canada tempered the extension of passing off principles to Internet domain names in the *Sprint* decision. In that case, the defendant, a marketing and public relations firm, sought to use the SPRINT CANADA mark in conjunction with its business operations. However, the plaintiff company had been using the contentious trademark in Canada since 1985.<sup>221</sup> Following the commencement of the litigation, the defendant registered “sprintcanada.com,” which it only used as an electronic mail server. The defendant also registered “sprintus.com” while awaiting the outcome of the domain name dispute and both parties were temporarily precluded from accessing “sprintcanada.com.”<sup>222</sup> The Court emphasized that the defendant had not used “sprintcanada.com” with profit-maximizing aims. The absence of this requisite commercial use, coupled with the fact that Merlin International Communications had not offered any wares or services in connection with the domain name, strongly militated in favor of absolving the defendant company. Accordingly, the Court denied the injunction sought by the plaintiff.<sup>223</sup>

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cancelled subscriptions or lost advertising revenue, but does claim actual and potential loss of reputation for being unable to control its own website and advertising.

*See also id.*, citing *Draper v. Trist*, [1939] 3 All E.R. (A.C.) 513, 526 (Eng.):

The law assumes, or presumes, that, if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted. He can bring his action as soon as he can prove the passing-off, because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage.

220. *Sprint Commc'ns Co. v. Merlin Int'l Commc'ns, Inc.*, [2000] 9 F.T.R. 307.

221. For the full facts of the case, see *id.* at para. 4.

222. *Id.* at para. 4(33).

223. *Id.* at para. 25:

By its statement of claim, the plaintiffs allege the defendant has infringed their rights by registering the domain names “sprintcanada.com” and “sprintus.com.” The evidence presented at the trial shows that the defendant did register these domain names. However, Mr. Bryant's evidence is that the names were used only as an e-mail site. There is no evidence that the defendant set up a website to

The *Sprint Communications* decision clearly underlines that the use of a trademark must have some commercial character in order to establish an infringement. In other words, to fall within the ambit of trademark infringement, a company must use a well-known or registered trademark with the aim of generating profit or selling wares or services. This finding converges with the current project insofar as flagrant cases of passing off usually entail the counterfeiting of a trademark by a company, with the purpose of increased profitability or, at the very least, of extorting part of the victim's goodwill. If the desire to promote its own business desires does not drive the infringing company, the debate becomes academic.<sup>224</sup> Considering this, the *Sprint* decision is a good example of a situation where the use of a contentious mark did not entail serious consequences under the scheme of passing off. As a result of this proposition, and with deferential reliance on the American case law,<sup>225</sup> a domain name may become interchangeable with a trademark if used as such.<sup>226</sup>

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offer services under these names or that it offered services through a website address. I can see no basis upon which to find that an infringement occurred. I am not prepared to grant the injunction requested.

224. This argument should be appreciated with caution. The purpose underlying cybersquatting does not invariably amount to money-making schemes. In fact, it is not uncommon for cybersquatters to misappropriate online trademarks and domain names to disparage the veritable owners of the corresponding goodwill. For an illustration of this phenomenon, see my comments on the *Felsher* case, *supra* notes 163-65 and accompanying text.

225. *See, e.g.*, *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997), *aff'd* 129 F.3d 1258 (4th Cir. 1997); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620 (6th Cir. 1998); *In re Eilberg*, 49 U.S. PAT. Q.2d 1955 (Pat. App. Bd. 1998); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997); *Virtual Works, Inc. v. Network Solutions, Inc.*, 106 F. Supp. 2d 845 (E.D. Va. 2000) (all expounding that an Internet domain name can function as a trademark, as long as it purports to identify the source of goods and services).

226. Similarly, the Canadian Federal Court of Appeal held that, despite their functional nature, telephone numbers, too, can be tantamount to trademarks, as long as they facilitate the identification of the source of goods and services. *See, e.g.*, *Pizza Pizza, Ltd. v. Canada (Registrar of Trademarks)*, [1989] 3 F.C. 379 (Fed. C.A.) (recognizing protection for the widely known Canadian Pizza Pizza hotline number: "967-1111"). Several other Canadian and American judicial decisions have enshrined common law or statutory rights pertaining to telephone numbers. *See, e.g.*, *Am. Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673 (D.C. III. 1985); *Daily Leasing Co. v. Degraw*, [1976] O.J. 1976 C.P.R. LEXIS 400 (O.S.C.J. Jan. 20, 1976); *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675 (2d Cir. 1989); *Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d 952 (3d Cir. 1992); *Goliger's Travel, Ltd. v. Gilway Maritimes, Ltd.*, [1987] 81 N.S.R.2d 112; *Kelly Blue Book v. Car-Smarts, Inc.*, 802 F. Supp. 278 (C.D. Cal. 1992); *Maritime Steel & Foundries, Ltd. v. Toombs*, [1991] 94 Nfld. & P.E.I.R. 311; *Pizza Pizza, Ltd. v. 528635 Ontario, Inc.*, No. 9906/86, [1987] 1987 C.P.R. LEXIS 1424 (O.S.C.J. October 2, 1987); *Texaco Canada, Inc.*

d. *British Telecommunications*<sup>227</sup>

Finally, any exhaustive study of domain name litigation cannot over-emphasize the relevance of the British decision on the matter, *British Telecommunications v. One in a Million Ltd.* In that case, the appellants engaged in the purchase and resale of domain names for profit<sup>228</sup> without obtaining the permission of the legitimate trademark holders. For instance, the appellants registered “burgerking.co.uk” with the aim of reselling the domain name to Burger King or, more accurately, to extort a ransom in exchange for the usurped name.<sup>229</sup> The British Court of Appeal invoked the five criteria elaborated in *Warnink*<sup>230</sup> and held that the primary purpose of the appellants’ actions was to preclude the legitimate mark holders from accessing the goodwill associated with their trademarks.<sup>231</sup> In delivering its judgment, the Court relied heavily on the lower court decision,<sup>232</sup> which established four common uses for Internet domain names:

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v. Keith, [1983] 40 Nfld. & P.E.I.R. 247. In the same line of thought, several judicial decisions endorse the notion that, like a trademark, an Internet domain name can provide information as to source. See, e.g., *Brookfield Commc’ns., Inc. v. Entm’t Corp.*, 174 F. 3d 1036 (9th Cir. 1999); *Ohio Art Co. v. Watts*, 49 U.S.P.Q. 2d 1957 (N.D. Ohio, 1998); *Paccar, Inc. v. Telescan Tech., L.L.C.*, 115 F.Supp. 2d 772 (E.D. Mich. 2000); *Virtual Works*, 106 F. Supp. 2d 845.

227. *Brit. Telecomms. v. One in A Million Ltd.*, [1999] E.T.M.R. 61 (C.A.).

228. See my comments on cybersquatting, *supra* notes 160-62 and accompanying text.

229. *Brit. Telecomms.*, [1999] E.T.M.R. at 69-70. See also Kung-Chung Liu, *The Protection of Well-Known Marks in Taiwan: From Case Study to General Theory*, 90 TRADEMARK REP. 866, 887-88 (2000):

With the rapid growth and proliferation of domain names in e-commerce, well-known marks are being preyed by a new form of infringement called ‘cybersquatting.’ A cybersquatter tends to register a large number of well-known trademarks as domain names with the intention of selling them back to the intellectual property owners. In order to reclaim the domain names which feature their marks, the owners of the marks are usually willing to pay ‘ransoms’ to buy back the domain names.

230. *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd.*, [1979] A.C. 731, 742 (H.L.) (U.K.).

231. *Brit. Telecomms.*, [1999] E.T.M.R. at 91-92:

The trade names were well-known “household names” denoting in ordinary usage the respective respondent. The appellants registered them without any distinguishing word because of the goodwill attaching to those names. It was the value of that goodwill, not the fact that they could perhaps be used in some way by a third party without deception,

For a dealer in Internet domain names there are in principle only four uses to which the names can be put. The first and most obvious is that it may be sold to the enterprise whose name or trade mark has been used, which may be prepared to pay a high price to avoid the inconvenience of there being a domain name comprising its own name or trade mark which is not under its control. Secondly, it may be sold to a third party unconnected with the name, so that he may try to sell it to the company whose name is being used, or else use it for purposes of deception. Thirdly, it may be sold to someone with a distinct interest of his own in the name . . . . Fourthly, it may be retained by the dealer unused and unsold, in which case it serves only to block the use of that name as a registered domain name by others, including those whose name or trade mark it comprises.<sup>233</sup>

The Court thus inferred that the appellants' actions were fraudulent, given their firm intention of reselling the domain names to third parties who, in turn, could use the acquired names to engage in passing off or to extort financial compensation from the respondents.<sup>234</sup> In other words, the evidence clearly established that the appellants sought to benefit from the goodwill associated with the contentious domain names, while also seizing the opportunity to misappropriate well-known trademarks.<sup>235</sup> The importance of this decision is twofold. First, it reinforced the availability of a curative legal mechanism for companies. This article has placed considerable emphasis on consumer protection under passing off. However, the scheme of intellectual property law also preserves and vindicates the interests of legitimate mark holders, such as businesses and entrepreneurs.<sup>236</sup> In addition, a case of passing off always involves at least two victims, the consumer and the legitimate owner of the usurped trademark.<sup>237</sup> Second, other common law jurisdictions have relied upon this

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which caused them to register the names. The motive of the appellants was to use that goodwill and threaten to sell it to another who might use it for passing-off to obtain money from the respondents.

232. *Marks & Spencer v. One in a Million Ltd.*, [1998] F.S.R. 265.

233. *Brit. Telecomms.*, [1999] E.T.M.R. at 89-90.

234. *Id.* at 91-92.

235. *Id.* at 92.

236. It should be recalled that the overarching purpose of passing off "is to protect all persons affected by the product." *Ciba-Geigy Canada, Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 at para. 39.

237. *See, e.g., Blair & Cotter, supra* note 107, at 1644:

decision,<sup>238</sup> and it seems probable that Canadian courts might follow suit and borrow from its reasoning in the future.<sup>239</sup>

### **C. Alternate Treatment of Domain Name Disputes**

#### **1. Canadian Internet Registration Authority (CIRA)**

In 1998, CIRA<sup>240</sup> was incorporated as “a not for profit Canadian corporation that is responsible for operating the dot-ca Internet country code Top Level Domain (ccTLD) as a key public resource for all Canadians in an innovative, open, and efficient manner.”<sup>241</sup> CIRA also manages other Internet-

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By passing off his goods as those of another, then, the infringer harms two different sets of victims. First, he harms the trademark owner by threatening the owner’s reputation as a purveyor of high-quality goods; and second, he perpetrates a fraud upon consumers, who pay more than they knowingly would have paid for the lower-quality goods offered by the infringer.

238. *See, e.g.*, *Oggi Advertising, Ltd. v. McKenzie*, [1991] 1 N.Z.L.R. 631 (H.C.); *Geist*, *supra* note 149, at 396 (citing *Yahoo! Inc. v. Akash Arora*, [1999] F.S.R. 931 (H.C. Delhi)). For a brief background decision on the Yahoo and OGGI Advertising cases, see Diane Cabell, *Foreign Domain Name Disputes 2000*, 17 *COMPUTER & INTERNET LAW* 5, 11-12, 13-14 (2000).

239. In fact, the decision’s impact on Canadian business cannot be over-emphasized. *See, e.g.*, Freedman & Deane, *supra* note 59, at 379:

The [*One In a Million*] decision is particularly significant for Canadian trade-mark owners because it relies upon common-law passing-off (instead of the American trade-mark dilution concept or Internet-specific legislation) as the basis for prohibiting cybersquatting. This approach achieves the same result as the American ‘initial interest confusion’ principle, but avoids the difficulties inherent in applying that principle to domain name registration per se.

240. The official CIRA website can be found at <http://www.cira.ca> (last visited April 9, 2005).

241. This excerpt is taken from the CIRA Mission Statement, [http://www.cira.ca/en/about\\_mission.html](http://www.cira.ca/en/about_mission.html) (last visited April 9, 2005). For more information about CIRA’s constitutive and background documents, visit the online documents section, [http://www.cira.ca/en/about\\_docs.html](http://www.cira.ca/en/about_docs.html) (last visited April 9, 2005). For a thoughtful commentary on CCTLD policymaking, see Peter K. Yu, *The Origins of CCTLD Policymaking*, 12 *CARDOZO J. INT’L & COMP. L.* 387 (2004). In response to the debate over the privatization of domain name dispute resolution, some commentators advocate a political solution vis-à-vis the ccTLD framework, namely “to recognize a nation’s sovereignty over its ccTLD and to provide an international regulatory framework

related registrations in Canada. Its primary mission is to regulate and oversee the registration scheme for all “.ca” domain names.<sup>242</sup> CIRA was implemented following the recommendations of a Canadian Domain Names Consultative Committee (CDNCC) report,<sup>243</sup> a committee created in order to rethink and address the need for a uniform procedure in registering “.ca” domain names.

In 2001, the *Itravel* case put CIRA’s mechanism to the test.<sup>244</sup> The plaintiff, a travel agency, held the rights to “itravel2000.com.”<sup>245</sup> In addition to conducting business under several other domain names and having registered “itravel” as a business name, the plaintiff company was also a member of the Travel Industry Counsel of Ontario (TICO).<sup>246</sup> As part of its business strategy, it sought to purchase the rights to “itravel.ca;” however, the defendant had already registered the domain name,<sup>247</sup> though it was not being used. The defendant, operating in the field of windshield and automobile repair, offered the domain name to the plaintiff in exchange of \$75,000.00.<sup>248</sup> In attempting to resolve this dispute, Justice Chadwick relied on the formal agreement between the defendant and CIRA that was entered into at the time of purchasing the contested domain name. In magnifying the defendant’s legal obligations under CIRA’s contract, the judge expounded that law obligated defendant Fagan to ensure that the new domain name did not violate a registered trademark, which was the case here vis-à-vis “itravel.”<sup>249</sup> Based on this logic, the Court equated the defendant’s actions,

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within which nations can recognize other national ccTLDs and develop related policies in a multilateral environment.” See Kim G. von Arx & Gregory R. Hagen, *A Declaration of Independence of ccTLDs from Foreign Control*, 9 RICH. J.L. & TECH. 1, ¶ 8 (2002).

242. For a review of historical and current legal considerations related to the “.us” domain, see Peter B. Maggs, *The “.us” Internet Domain*, 50 AM. J. COMP. L. 297 (2002). For an exhaustive and thoughtful review of nations as brands, along with government ownership of ccTLDs, see A. Michael Froomkin, *When We Say US™, We Mean It!*, 41 HOUS. L. REV. 839 (2004).

243. The CDNCC Report is available at [http://www.cira.ca/official-doc/12.CDNCC\\_Final\\_Report.pdf](http://www.cira.ca/official-doc/12.CDNCC_Final_Report.pdf) (last visited April 9, 2005).

244. *Itravel2000.com Inc. v. Fagan*, 197 D.L.R. (4th) 760 (2001).

245. *Id.* ¶ 2.

246. *Id.* ¶¶ 2-4.

247. *Id.* ¶¶ 9, 12.

248. *Id.* ¶¶ 14-15:

. . . the defendant contacted the plaintiff’s solicitors and advised that the domain name was available for sale at a price of \$75,000.00 . . . The defendant is not involved in the travel business. He is not registered with the Travel Industry Council of Ontario as either a travel agent or a travel wholesaler. The defendant is in the windshield repair business.

249. *Id.* ¶10:

which essentially amounted to the retention of a domain name to the detriment of the plaintiff, to “cyber pirating.”<sup>250</sup> Furthermore, the plaintiff had been using the contentious trademark for a longer period of time than the defendant.<sup>251</sup> Finally, when viewed through the lens of available remedies, especially injunctive relief, “the balance of convenience” favored the plaintiff.<sup>252</sup> All these factors prompted the Court to grant the interlocutory injunction sought by the plaintiff.

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The defendant was advised that his application to register the domain name “itravel.ca” had been approved on October 22, 2000. He was also advised: . . . *it is your legal responsibility to ensure that you have legal right to use the name you have chosen*; registering a domain name does not automatically confer any legal rights. You should consider registering a trademark if you have not already done so (emphasis added).

Interestingly, U.S. courts have also recognized that the registration of a domain name does not absolve the registering party from potential litigation, should the registered domain name, or use thereof, infringe trademark law. *See, e.g., Cardservice Int’l, Inc. v. McGee*, 950 F.Supp. 737 (E.D. Va. 1997), *aff’d*, 129 F.3d 1258 (4th Cir. 1997).

250. In supporting this proposition, Justice Chadwick invoked the major findings of *Panavision Int’l v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998). *See Itravel*, 197 D.L.R. (4th) ¶¶ 35-36:

The Court described Toeppen as a “cyber pirate” which is defined as a person who steals valuable trademarks and establishes domain names on the Internet using these trademarks to sell the domain names to the rightful trademark owners . . . . Every web page has its own web site, which is its address, similar to a telephone number or street address. Every web site on the Internet has an identifier called a “domain name.” The domain name often consists of a person’s name or a company’s name or trademark. For example, Pepsi has a web page with a web site domain name consisting of the company name, Pepsi, and, the “top level” domain designation . . . . A domain name is the simplest way of locating a web site. I[f] a computer user does not know a domain name, she can use an Internet “search engine . . . .” To make it easier to find their web sites, individuals and companies prefer to have a recognizable domain name.

251. *Itravel*, 197 D.L.R. (4th) ¶ 37:

Though both parties have pending applications for patent registration, it is clear that the plaintiff has been using the domain name in their business for a longer and greater period of time than the defendant. The defendant acquired the name for the purpose of selling it to the plaintiff or other interested buyers for \$75,000.00.

252. *Id.* ¶ 38.



The *Itravel* case is philosophically adjacent to the holding in *British Telecommunications*,<sup>253</sup> in that both cases afford considerable protection to legitimate trademark holders. Canadian trademark law obviously purports to shield consumers from potential usurpation but is not totally devoid of recourse for companies: the principal objective is to reconcile all competing interests. In addition, no dispute settlement procedure was in place at the time the *Itravel* decision was rendered. In order to resolve this discrepancy, CIRA has since implemented a domain name dispute settlement policy<sup>254</sup> that is applicable in similar cases involving “.ca” domains. A similar uniform policy also existed under the Internet Corporation for Assigned Names and Numbers (ICANN)<sup>255</sup> to govern registration and use of “.com,” “.org,” and “.net” domain names.<sup>256</sup> The article now ventures upon a brief review of ICANN-inspired precedents.

## 2. ICANN

### a. Implementation of NSI and ICANN

In 1993, the U.S. government consented to transfer all non-military domain name registrations to Network Solutions Inc. (NSI)<sup>257</sup> for a period of five years. This centralized registrar adopted a “first come, first served” policy for “.com,” “.net,” and “.org” domain names. However, opposition emanating from the business world, especially from trademark holders, shortly thereafter enveloped NSI in controversy. In order to address those concerns, NSI implemented a dispute resolution procedure. Unfortunately, this procedure was replete with flaws and inconsistencies. In light of the problems, the U.S. government decided to promote the creation of ICANN,<sup>258</sup> which, in turn,

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253. See *supra* notes 227-35 and accompanying text.

254. See CIRA Domain Name Dispute Resolution Policy, [http://www.cira.ca/en/documents/q4/CDRP\\_Policy\\_2003-12-04\\_en\\_final.pdf](http://www.cira.ca/en/documents/q4/CDRP_Policy_2003-12-04_en_final.pdf) (last visited April 9, 2005).

255. ICANN’s general website is available at <http://www.icann.org> (last visited April 9, 2005).

256. The ICANN uniform dispute resolution policy is available at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> [hereinafter ICANN Policy] (last visited April 9, 2005). The rules governing this policy are also available at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> [hereinafter ICANN Rules] (last visited April 9, 2005). For a thoughtful review of the sophisticated question of namespace governance, see Stefan Bechtold, *Governance in Namespaces*, 36 LOY. L.A. L. REV. 1239 (2003).

257. The official NSI website is still active and available at <http://www.nsi.com> (last visited April 10, 2005).

258. On ICANN’s philosophy, see GEIST, *supra* note 149, at 419-22.

implemented its own dispute settlement procedure<sup>259</sup> to compensate for the void left by NSI. In the post-NSI era, several competing registrars perform the registration of domain names.<sup>260</sup> Additionally, ICANN's uniform policy also extends to Canadian law because it now governs ".aero," ".biz,"<sup>261</sup> ".com,"<sup>262</sup> ".coop," ".info," ".museum," ".name," ".net," and ".org" domain names. Thus, whenever a Canadian company incorporates one of the above designations into its domain name, it will inevitably fall within the ambit of ICANN's mandate.

#### b. NSI Jurisprudence

The NSI structure did yield some case law. Without exhausting the whole repertoire of relevant decisions rendered under the NSI regime, two precedents warrant further consideration.

##### i. *Lockheed Martin Corp.*<sup>263</sup>

The *Lockheed* decision raised the thorny question of domain name registrar liability. In that case, which centered on the contentious SKUNK WORKS trademark, the Court assessed NSI's role in the registration of domain names, along with the legal effects and consequences flowing from this occupation. With particular emphasis on the NSI contract, the plaintiff company contended, and carried the burden of establishing, "that NSI supplies a product to third parties with actual or constructive knowledge that its product is being used to infringe 'Skunk Works.'"<sup>264</sup> With this in mind, the Court developed a standard to be applied when faced with a case of contributory infringement involving domain name registrars: "Contributory infringement occurs when the defendant either intentionally induces a third party to infringe the plaintiff's mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe the service mark."<sup>265</sup> In light of the evidence, the Court

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259. *See supra* note 256.

260. For an online directory of ICANN-approved domain name registrars, visit <http://www.internic.net/regist.html> (last visited April 10, 2005).

261. For pertinent background considerations on the '.biz' domain name distribution scheme, see Minqin Wang, Note, *Regulating the Domain Name System: Is the ".biz" Domain Name Distribution Scheme an Illegal Lottery?* 2003 U. ILL. L. REV. 245 (2003).

262. For a thorough analysis of the major legal stakes associated with the correlation between ".com" domain names and trademarks, see generally Robert V. Donahoe, *Beyond .COM: What Risk Does the Explosive Growth of Top Level Domains Pose to Your Trademark: Can You Get any Relief?*, 4 TUL. J. TECH. & INTELL. PROP. 59 (2002).

263. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980 (9th Cir. 1999).

264. *Id.* at 983.

265. *Id.*

characterized NSI's conduct as tantamount to a "routine service of routing mail,"<sup>266</sup> which absolved it from liability. In support of this proposition, the Court analogized the service offered by NSI to that of the U.S. Postal Service and inferred that the registrar's liability ceases once the domain name registration has been successfully fulfilled.<sup>267</sup> On the one hand, this case differs substantially from previous accounts dealing with contributory infringement, in which violations carried out by third parties were transparent.<sup>268</sup> On the other hand, such a case further evidences the need for an alternate procedure in tackling domain name disputes, so as to avoid congesting courts with litigation that could be resolved before specialized panels.

ii. *Molson Breweries*<sup>269</sup>

The *Molson Breweries* decision hinged on three distinct claims: trademark infringement, passing off, and depreciation of goodwill. The plaintiff acquired the rights associated with two trademarks, MOLSON and MOLSON'S, and requested that the defendant hand over "molsons.com" and "molsonbeer.com," which were

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266. *Id.* at 985.

267. *Id.* at 984-85:

All evidence in the record indicates that NSI's role differs little from that of the United States Postal Service: when an Internet user enters a domain-name combination, NSI translates the domain-name combination to the registrant's IP Address and routes the information or command to the corresponding computer. Although NSI's routing service is only available to a registrant who has paid NSI's fee, NSI does not supply the domain-name combination any more than the Postal Service supplies a street address by performing the routine service of routing mail . . .

The opinion incorporated the lower court's observation:

Where domain names are used to infringe, the infringement does not result from NSI's publication of the domain name list, but from the registrant's use of the name on a web site or other Internet form of communication in connection with goods or services . . . . NSI's involvement with the use of domain names does not extend beyond registration.

*Id.*

268. *See, e.g.,* *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996).

269. *Molson Breweries v. Kuettnner*, No. T-106-99, 3 C.P.R. 4th 479 (Fed. Ct. Dec. 9, 1999), available at 1999 C.P.R. LEXIS 230.

duly registered by the defendant.<sup>270</sup> NSI, which performed registrations on a “first come, first served” basis without any preliminary investigation into possible third party rights or interests connected with the registered names, carried out registration of the contentious domain names.<sup>271</sup> However, NSI reserved “the right to revoke, suspend, transfer or otherwise modify a domain name registration upon notice, or at such time as it receives a properly authenticated order from a Court of competent jurisdiction requiring same.”<sup>272</sup> Under the circumstances of the case, NSI suspended registration of both domain names and awaited the outcome of the Court’s ruling.<sup>273</sup> Moreover, NSI indicated its intent to “‘tender to the Court complete control and authority regarding the disposition of the registration’ of the molsons.com and molsonbeer.com domain names.”<sup>274</sup> In response to this transfer of authority, the prothonotary adjudicating the case questioned the necessity of NSI’s tender as a predicate for empowering the Court to pronounce on the rights of the parties.<sup>275</sup>

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270. For the full facts of the case, see *id.* ¶¶ 2-11.

271. *Id.* ¶ 5 (“The following summarizes the provisions of the dispute policy. NSI registers domain names on a ‘first come, first served’ basis. It does not determine the legality of the domain names registration, *or otherwise evaluate whether that registration or use may infringe the rights of a third party.*”) (emphasis added).

272. *Id.* ¶ 6.

273. *Id.* ¶ 8. At this juncture, a striking parallel between NSI and ICANN warrants consideration. See, e.g., Houston Putnam Lowry & Peter W. Schroth, *Survey of 2000-2001 Developments in International Law in Connecticut*, 76 CONN. B.J. 217, 223-24 (2002):

In contrast to NSI’s procedures - and explicitly rejecting the position of the World Intellectual Property Organization (WIPO) - ICANN does not allow a trademark holder to keep the domain name matching its trademark on hold during the dispute resolution process and challenges to existing domain names by the holders of similar trademarks are allowed only on the basis of an assertion of “bad faith” on the part of the registrant.

274. *Molson Breweries*, 3 C.P.R. 4th at ¶ 10.

275. *Id.* ¶ 28:

Among the questions outstanding and unanswered, whether the acceptance of the tender, by the Court, may give rise to rights in third parties or may be challenged by these and whether there may be a potential burden or responsibility to the Court as a result. It would appear that NSI is seeking to devolve its responsibility in favour of the Court where a more appropriate mechanism might be by way of a third party escrow arrangement. *Certainly, it is not apparent that the tender is in any way necessary for the Court’s determination of the rights of the parties in the litigation*” (emphasis added).

The *Molson Breweries* case clearly propels the inherent flaws of the NSI structure to the fore. Trademark law, in its increasingly effervescent expansion, coupled with the dynamic world of domain names, requires a more rigid dispute settlement scheme. This is one of the motivations for the implementation of ICANN, which has become a parallel avenue to conventional judicial arrangements and under the auspices of which companies have the opportunity to solve disputes in an efficient and cost-effective fashion.<sup>276</sup>

### c. ICANN Jurisprudence

#### i. *Domain Baron*

ICANN generates an important volume and breadth of case law. This paper does not purport to present an exhaustive review of ICANN decisions<sup>277</sup> but instead aims to demonstrate the applicability of its uniform dispute settlement policy to Canadian domain name litigation. In doing so, the paper will highlight the most important findings in the *Domain Baron* decision,<sup>278</sup> which undeniably constitutes a seminal pronouncement on the merger of trademark law and cyberspace.

In this controversial affair, the defendant, David Bedford, operated a website<sup>279</sup> from which he sold Internet domain names using the pseudonym “Darwin Bedford.” The defendant also primarily used the website to promote Bedford’s role as “Atheist Messiah and Spiritual Reality Therapist.”<sup>280</sup> In addition, Bedford would generate income by placing advertisements on his website and by participating in related activities. The defendant purchased thirty-two domain names commonly associated with the Federal Government of Canada, including “canadiancustoms.com,” “canadianforces.com,” “revcan.com,”

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276. This type of argument is advanced vis-à-vis arbitral structures generally. See, e.g., Stephen A. Hochman, *Judicial Review to Correct Arbitral Error--An Option to Consider*, 13 OHIO ST. J. ON DISP. RESOL. 103, 104 (1997); Norman S. Poser, *Judicial Review of Arbitration Awards: Manifest Disregard of the Law*, 64 BROOK. L. REV. 471, 471 (1998); Thomas J. Stipanowich, *Rethinking American Arbitration*, 63 IND. L.J. 425, 433-34 (1988).

277. For a concise study of judicial review of ICANN decisions, see David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35 (2001).

278. See *supra* note 163.

279. At the time of the dispute, the defendant’s website was hosted at the following address: <http://www.domainbaron.com>. It was subsequently converted to a domain name provider site under the control of the defendant, and now appears to be offline. However, the controversial and incendiary content located on the original website has been transferred to the following address: <http://www.atheists.net> (last visited April 11, 2005).

280. See <http://www.atheists.net> (last visited Nov. 1, 2005).

“statscan.org,” and “dominionofcanada.com.”<sup>281</sup> At the time of the dispute, the Canadian Government had implemented a standardization policy purporting to convert all federal websites to the “.gc.ca” domain. Although a seemingly sound strategy to protect federal interests, this approach failed to immunize the government from periodical abuse and cybersquatting concerning “.com” domain names.<sup>282</sup> In fact, this phenomenon was one of the primary reasons driving the federal government to initiate proceedings under ICANN, in order to regularize this situation and, hopefully, attain a uniform and comprehensive settlement.<sup>283</sup>

Hence, the government’s case carried a claim of entitlement to the trademarks featured in the defendant’s Internet domain names. The plaintiff supported this proposition by referencing legislative and administrative structures, which, in the plaintiff’s view, conferred rights over the contentious trademarks to the federal government.<sup>284</sup> Examples of government-held rights, such as those pertaining to ENVIRONMENT CANADA or CANADIAN ARMED FORCES, which are recognized as official common law trademarks in Canada, further evidenced the plaintiff’s position.<sup>285</sup> In response to this claim, David Bedford

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281. For a full list of the contentious domain names, see Domain Baron, *supra* note 163, at pt. 2; GEIST, *supra* note 149, at 406.

282. See Domain Baron, *supra* note 163, at pt. 5, sec. A, para. 4:

In the earlier days of the Internet, it was the policy of the Government of Canada that the domain names of all federal departments, agencies and programs would be registered in the dot.gc.ca domain. This was intended to promote federal identity on the Internet. Although well-intended, this policy did not protect the Government of Canada from cybersquatters, i.e., those who registered the names of federal departments, agencies and programs in other domains, such as dot.com and dot.org.

283. *Id.* at para. 2:

Although other remedies, e.g., civil proceedings in Canadian courts, may be available to the Complainant in respect of certain of the disputed domain names, the Complainant has elected to pursue its remedies via the ICANN arbitration in the interests of securing a comprehensive solution on behalf of all the Government of Canada departments, agencies and programs affected by the Respondent’s registrations in the dot.com domain.

284. *Id.* at para. 1.

285. *Id.*:

The Complainant has common law trade-mark rights in the names of its various departments, agencies and programs. In some cases, those trade-mark rights are reinforced through legislative or administrative provisions, e.g., ENVIRONMENT CANADA is protected as an official

argued that the government failed to acquire rights in the disputed trademarks because the domain names under scrutiny described common names and places, thereby falling outside the scope of the Trademark Act.<sup>286</sup> In addition, Bedford asserted that he engaged in the business of providing and selling “descriptive domain names,” which remained unfettered from any common law rights or third party interests.<sup>287</sup> Therefore, a thorny legal dilemma confronted the Panel: on the one hand, it had to rule on the principle of commercial freedom and bargaining of domain names inspired by generic terms, while, on the other, it was compelled to decide whether the government had acquired rights in all the names of its

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mark, which is a special form of protection for the marks of public authorities in Canada; the National Defence Act prohibits the unauthorised use of the term CANADIAN ARMED FORCES; etc. Generally, however, the names of federal departments, agencies and programs are protected only by a generic prohibition in the Trademark Act, RSC c. T-13, s. 9(1)(d) against the commercial use of . . . any word or symbol likely to lead to the belief that the wares or services in association with which it is used have received, or are produced, sold or performed under royal, vice-regal or governmental patronage, approval or authority.

286. *Id.* at pt. 5, sec. B, para. 1:

The names are not covered by the Policy because they are not registered trademarks or service marks in which Complainant has established rights. The Complainant has no legitimate interest in the domain names because most of the names are comprised solely of generic or common words and places that are excluded from protection by trademark laws. See *City Utilities of Springfield, Missouri, aka City Utilities v. Ed Davidson* (WIPO Case No. D2000-0407), where the panel found that City Utilities has no rights in the term “city utilities” as such a term is generic and does not function as a mark and is therefore not protectable.

287. *Id.*, at para. 2:

Respondent is in the business of selling descriptive domain names and the disputed domain names are comprised of descriptive terms. Of the names that include acronyms or abbreviations of words, Complainant has not registered the names, nor are they sufficiently famous or distinctive to be considered common law names. See *General Machine Products Company, Inc. v. Prime Domains (a/k/a Telepathy, Inc.)*, (NAF Case FA0001000092531) and *Car Toys, Inc. v. Informa Unlimited, Inc.*, (NAF Case FA0002000093682), where the panels accepted that the domain names <craftwork.com> and <cartoys.net> were descriptive, and were not fanciful or arbitrary enough for the Complainants to enjoy rights to them--thus the Respondents have legitimate interests in respect of the domain names.

organizations and departments, a finding that would inexorably entail a certain monopolistic undertone.

In its uniform domain name dispute resolution policy, ICANN embedded a standard of evidence highly reconcilable with trademark law. The burden of proof contained within ICANN is inextricably rooted in the legal concepts of confusion and trademark infringement. In *Domain Baron*, the Panel explained that in order to substantiate its claim the government must satisfy the criteria found at paragraph 4(a) of the uniform policy.<sup>288</sup> First, the plaintiff had to establish that “the disputed domain name is identical or confusingly similar to a trade-mark or service mark in which the Complainant has rights.”<sup>289</sup> Second, it had to demonstrate that “the Respondent has no rights or legitimate interests in respect of the domain name.”<sup>290</sup> Finally, the government would have to prove that “the disputed domain name has been registered and is being used in bad faith.”<sup>291</sup> Paragraph 4(a) of the uniform dispute settlement policy provides:

#### 4. Mandatory Administrative Proceeding

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at [www.icann.org/udrp/approved-providers.htm](http://www.icann.org/udrp/approved-providers.htm) (each, a "Provider").

**a. Applicable Disputes.** You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.<sup>292</sup>

Before embarking upon the intricate task of dissecting trademark law, the Panel delivered a vital clarification on the case at hand, which should be read as a

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288. *Domain Baron*, *supra* note 163, at pt. 6.

289. *Id.*

290. *Id.*

291. *Id.*

292. ICANN Policy, *supra* note 256, ¶ 4(a).



fundamental caveat for any company conducting business over the Internet. While emphasizing the importance of paragraph 15(a) of the *ICANN Rules*,<sup>293</sup> the Panel inferred that, in addition to applying the *ICANN Policy* and the *ICANN Rules*, it could also rely upon “any rules and principles of law that it deems applicable.”<sup>294</sup> Given that both parties were based in Canada, the Panel held that federal trademark law should apply to the dispute, on top of which British Columbia law should also pertain.<sup>295</sup> This facet of the decision clearly imposes upon the parties, and companies at large, the burden of assimilating the law of the forum in which they conduct business operations. Moreover, as the Internet creates a hypothetical market everywhere in the world,<sup>296</sup> trademark holders must ensure that they have access to legal representation capable of vindicating their interests in a plurality of legal fora. Once again, the 1985 *Orkin* decision<sup>297</sup> illuminates in this regard, as it involved an American company initiating passing off proceedings against a company based in Ontario. If one were to modernize the background of the case, and re-situate its facts on the Internet, one may envision that such a dispute could ultimately find its way before an ICANN panel. Should this eventuality materialize, the Panel could very well declare American law to be dispositive of the issues. In such a scenario, the Ontarian company would certainly have to harness its command of American law in order to present compelling arguments to the Panel.

Following its conclusion that federal law and British Columbia law both governed the *Domain Baron* scenario, the Panel further declared that the names of governmental departments or agencies could not find solace under the *ICANN Policy*: “[i]t thus appears to the panel that the Policy, as it stands at present, is not intended to afford protection from the abusive registration as domain names of the names of Government Departments, agencies and programs *as such*.”<sup>298</sup> However, the Panel tempered this finding by reaffirming that the names could attract legal

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293. See ICANN Rules, *supra* note 256, ¶ 15(a): “A Panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.”

294. *Domain Baron*, *supra* note 163, at pt. 6.

295. *Id.*:

In this case, since both parties reside in Canada, the rules and principles of law of that country are applicable and particularly federal trade-mark law and those of the province of British Columbia, where the Respondent resides and to the jurisdiction of the Supreme Court of which the Complainant has submitted with respect to any challenge which may be made to any decision of this panel to cancel or transfer the contested domain names.

296. See *supra* note 120, 196 and accompanying text.

297. See *supra* note 118, 200 and accompanying text.

298. *Domain Baron*, *supra* note 163, at pt. 6.

protection if amounting to trademarks.<sup>299</sup> The Panel then found that the contentious names acquired the status of protected trademarks, as they were widely used in connection with government services.<sup>300</sup> In sum, the Panel's reasoning hinged on the fact that the nexus between a governmental domain name, the corresponding department, and the activities thereunto pertaining, falls more within the purview of public affairs than commerce.<sup>301</sup>

In this regard, the Panel sought direction from the Trademark Act to support the proposition that a trademark is usually associated with a corresponding service: "[a] trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services."<sup>302</sup> To further reinforce this finding, the Panel also relied deferentially upon the *Sim & McBurney* decision,<sup>303</sup> which held "that a trade-mark may be deemed to be used in connection with services even though it is not used in the normal course of trade."<sup>304</sup> Writing for the Federal Court of Appeals in *Sim & McBurney*, Justice Rothstein interpreted paragraph 4(2) of the Trademark Act and questioned the basis of the Trademark Registrar's decision with careful emphasis on the nexus between the contentious mark and the services offered.<sup>305</sup> He inferred that the provision necessarily commands "that a trade-mark is deemed to be used in association with services if it is displayed in the advertising of those services."<sup>306</sup>

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299. *Id.* ("Applying the same approach, the panel is of the view that names of Government Departments, agencies and programs, although not protected as such under the Policy, may nevertheless qualify for protection under the Policy if they are shown to be trade-marks.").

300. *Id.*

301. *Id.*:

One feature of all the names which the Complainant seeks to protect in this Administrative Proceeding is that, to a greater or lesser extent, they are used in association with the provision of Government services of an essentially non-trading character and hence indicate a connection with the Complainant as the source of these services. For example, the function of the Canadian Grain Commission, already described, is a regulatory function. It is clearly a service provided by Government to the people of Canada and it has direct impact on the trading of grain in Canada. Whether or not some revenue is generated by way of fees paid[,] e.g. for licensing or inspection activities, the connection between the name Canadian Grain Commission and its activities is overwhelmingly a governmental, rather than a trading connection.

302. *Id.* (citing Trade-marks Act R.S.C., ch. T-13, § 4(2) (1985)).

303. *Gesco Indus., Inc. v. Sim & McBurney*, [2000] 195 D.L.R. (4th) 239 (Fed. Ct.).

304. *Domain Baron*, *supra* note 163, at pt. 6.

305. *Sim & McBurney*, [2000] 195 D.L.R. (4th) at 242.

306. *Id.* Justice Rothstein's remarks, at paras. 5 and 8, also warrant further consideration:

In a similar line of reasoning, the *Federal Court of Canada* decision<sup>307</sup> also established this construction of the Trademark Act.<sup>308</sup>

In canvassing all these relevant legal concepts in *Domain Baron*, the Panel held that the Canadian Government acquired rights in thirty-one of the thirty-two disputed Internet domain names. This proposition included the notion that all those domain names fell within the realm of the Trademark Act, save in the case of “dominionofcanada.com,” which the government had failed to use since 1982: “The panel finds, based on the evidence on the record that the Complainant has rights in all except one of the alleged trademarks. The exception is Dominion of Canada, which has not been used by the Complainant since 1982.”<sup>309</sup> The Panel further opined that the registered domain names were identical to governmental marks used by the plaintiff or, at least, prompted a likelihood of confusion in the

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However, we are of the view that the Registrar erred in concluding that the trade-mark was not used in association with services. Generally, a determination as to whether a trade-mark is used in association with specified wares or services is factual in nature. In this case, however, the Registrar's findings contain an implicit legal determination, namely, that a trade-mark used in association with services applied to a product before it is sold constitutes use in association with wares and not use in association with services. Indeed, the Registrar's reasons indicate that to qualify as a trade-mark in association with services, the services must be rendered directly to the public and not to a product before it is sold to the public. In making this determination, we think the Registrar erred on a fundamental issue of statutory interpretation that has significance beyond the facts of this case with respect to which the Court is entitled to intervene . . . . We see nothing in section 4 that so restricts the services with which a trade-mark may be associated. In our respectful view, whether the services are applied to a product before it is sold or may be obtained directly at the customer's option is not a criterion in subsection 4(2). *Id.*

307. Fed. Ct. of Can. v. Federalcourtofcanada.com, Case No. AF-0563 (eResolution Mar. 9, 2001), <http://www.disputes.org/decisions/0563.htm>.

308. *See id.*:

Neither the complainant nor the respondent have any registered trademarks for the term ‘Federal Court of Canada.’ However, complainant has common law rights to the name based on its extensive and continuous use of the name Federal Court of Canada. The respondent's domain name is identical to the name that identifies the complainant and by which the complainant is typically referred to.

It should be noted that the *Federal Court of Canada* opinion was rendered under the aegis of eResolution, which was dissolved shortly thereafter.

309. *Domain Baron*, *supra* note 163, at pt. 6.

general public with regard to those marks.<sup>310</sup> In delivering this portion of the judgment, the Panel relied on ICANN precedents<sup>311</sup> applying the *ICANN Policy* to disputed Internet domain names, and it emphasized “that ‘essential’ or ‘virtual’ identity is sufficient for the purposes of the Policy.”<sup>312</sup> The Panel further noted that in similar circumstances, the insertion of the “.com” suffix has no effect on the facts and the interpretation of trademark law.<sup>313</sup> Hinging the rest of its analysis on paragraph 4(c) of the *ICANN Policy*,<sup>314</sup> the Panel concluded that the plaintiff adequately discharged its burden of proof by demonstrating that Bedford failed to acquire any legitimate interest in the disputed domain names.<sup>315</sup>

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310. *Id.*

311. *See id.*, (citing *AltaVista Co. v. S.M.A., Inc.*, No. D2000-0927 (2000), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0927.html> and *Gateway, Inc. v. Pixelera.com, Inc.*, No. D2000-0109 (2000), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0109.html> (expounding that “[t]he test of confusing similarity under the Policy, unlike trade-mark infringement or unfair competition cases, is confined to a consideration of the disputed domain name and the trade-mark.”)).

312. *Id.* (citing *The Stanley Works and Stanley Logistics, Inc. v. Cam Creek Co.*, No. D2000-0113 (2000), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0113.html> and *Nokia Corp. v. Nokiagirls.com*, No. D2000-0102 (2000), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0102.html>).

313. *Id.*, at para. 1 (citing *The Forward Ass’n, Inc. v. Enters. Unlimited* (NAF case FA0008000095491)).

314. *See ICANN Policy*, *supra* note 256, ¶ 4(c):

**How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint.**

When you receive a complaint, you should refer to Paragraph 5 of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

315. *Domain Baron*, *supra* note 163, at pt. 6:

Finally, the Panel held that the defendant acted in bad faith, given that he purchased domain names identical to government trademarks or, at least, susceptible of generating confusion in the public, and harbored the intent to sell those domain names to third parties or to the government.<sup>316</sup> In the event that the domain names would have been transferred from the defendant to the plaintiff, all modalities pertaining to the sale of the names, such as price, would have been unilaterally imposed by Bedford.<sup>317</sup> This remark aligns with the article's earlier comments regarding cybersquatters,<sup>318</sup> which also alluded to the *Domain Baron* decision. In articulating its decision, the Panel sought guidance from paragraph

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Paragraph 4(c) of the Policy sets out, without limitation, circumstances which, if proved, establish a registrant's rights or legitimate interests to a disputed domain name. The Complainant has the onus of proof on this, as on all issues. Based on the allegations made in the complaint which for the most part have not been contradicted by the Respondent and which have been summarized herein above in the "Parties' Contentions," the panel finds that the Complainant has met its burden of proof and holds that the Respondent has no right or legitimate interest in respect of the domain names complained of.

316. *Id.*:

Registering domain names that are not identical or confusingly similar to the trademarks of others for the purpose of sale is, of course, unobjectionable. However, if those domain names are identical or confusingly similar to the trademarks of others, such registration may be taken to be evidence of bad faith for the purposes of the Policy. This is a risk taken by those whose business involves registering domain names for sale. Within 6 months of the registration of the first of the disputed domain names, the Respondent was offering on his website to sell or lease them to anyone prepared to pay his asking price, including the Complainant. Although the Respondent says he could not have expected to sell the names to the Complainant because its policy was not to use dot com names, he well knew that names similar to those of the Complainant in the dot com domain attracted above average direct hits from people searching for the Complainant.

317. *Id.*:

The Panel concludes that he set about to embarrass the Complainant into paying his asking price for the disputed domain names by placing on the site to which the disputed domain names were directed objectionable content that was likely to prompt complaints to the Complainant from outraged members of the public.

318. *Supra* notes 160-63, 165, 224, 228, 229, 239, 282 and accompanying text.

4(a)(i) of the *ICANN Procedure*<sup>319</sup> and section 15 of the *ICANN Rules*,<sup>320</sup> and ordered that thirty-one of the thirty-two disputed domain names be transferred to the Canadian Government.<sup>321</sup> However, as previously mentioned,<sup>322</sup> the Panel remained undeterred in rejecting the government's claims regarding "dominionofcanada.com."<sup>323</sup> This posture clearly encapsulates the protective scheme benefiting trademark holders and adequately summarizes the opinions espoused in this paper, especially in light of the possible merger of trademark law and the Internet.

## ii. Concluding Remarks on ICANN

The *Domain Baron* case sparked considerable controversy in the Canadian media. However, its contribution to the legal field cannot be over-emphasized, as it made significant advances in the spheres of trademark law and cyberspace regulation. On the one hand, this decision clearly evidences the usefulness and efficiency of a specialized organization such as ICANN, while also legitimizing alternative dispute resolution mechanisms. Such structures offer the advantage of resolving disputes more rapidly, while presenting a less onerous setting and avenue of contestation for all parties involved. On the other hand, the decision also operates as an impressive reconciliation between traditional intellectual property and modern technology and further corroborates the role of ICANN in maintaining the balance between conventional trademark law and new applications of "terrestrial" rules. As fully competent specialists on intellectual property, ICANN members ultimately apply the same principles that courts would invoke in their own proceedings. The sharp difference between the systems resides in the considerable financial and time savings accruing to all parties when electing the ICANN avenue.<sup>324</sup> Furthermore, the implementation of a parallel adjudication system also prevents unnecessary judicial congestion on matters that can be efficiently redirected elsewhere.

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319. For the full text of the provision, see *supra* note 292 and accompanying text.

320. ICANN Rules, *supra* note 256, § 15.

321. *Domain Baron*, *supra* note 163, pt. 7.

322. See *supra* note 309 and accompanying text.

323. *Domain Baron*, *supra* note 163, pt. 7.

324. See, e.g., Laurence R. Helfer & Graeme B. Dinwoodie, *Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy*, 43 WM. & MARY L. REV. 141, 152-53 & n.28 (2001).

Conversely, in spite of the considerable scholarly output on ICANN,<sup>325</sup> this arbitral structure has been sharply criticized in a variety of ways.<sup>326</sup> Recurring arguments both for and against this arbitral arrangement include allegations of systematic unfairness under the *ICANN Procedure*;<sup>327</sup> claims that ICANN panels have a tendency to favor trademark holders in their judgments and, therefore, perpetuate monopolies in cyberspace;<sup>328</sup> criticisms vis-à-vis ICANN's lack of procedural safeguards for complainants, such as the absence of discovery, the modalities of the burden of proof, and the absence of money damages in the scheme of available remedies;<sup>329</sup> assumptions that ICANN offers an additional avenue for forum shopping;<sup>330</sup> normative critiques of private domain name dispute resolution mechanisms;<sup>331</sup> the exploration of ICANN's incompatibility with

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325. See, e.g., Orion Armon, *Is This As Good As It Gets? An Appraisal of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) Three Years After Implementation*, 22 REV. LITIG. 99 (2003); Wayne Brooks, *Wrestling Over the World Wide Web: ICANN's Uniform Dispute Resolution Policy for Domain Name Disputes*, 22 HAMLINE J. PUB. L. & POL'Y 297 (2001); Susan P. Crawford, *The ICANN Experiment*, 12 CARDOZO J. INT'L & COMP. L. 409 (2004); Patrick D. Kelley, *Emerging Patterns in Arbitration Under the Uniform Domain-Name Dispute-Resolution Policy*, 17 BERKELEY TECH. L.J. 181 (2002); Jeffrey M. Samuels & Linda B. Samuels, *Internet Domain Names: The Uniform Dispute Resolution Policy*, 40 AM. BUS. L.J. 885 (2003).

326. For a general review of the procedural and substantive problems associated with ICANN, along with proposed changes to the current structure, see A. Michael Froomkin, *ICANN'S "Uniform Dispute Resolution Policy" -- Causes and (Partial) Cures*, 67 BROOK. L. REV. 605 (2002).

327. See, e.g., Michael A. Geist, *Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP* (August 2001), <http://aix1.uottawa.ca/~geist/geistudrp.pdf>; Stephen J. Ware, *Domain-Name Arbitration in the Arbitration-Law Context: Consent to, and Fairness in, the UDRP*, 6 J. SMALL & EMERGING BUS. L. 129 (2002).

328. See, e.g., Freedman & Deane, *supra* note 59, at 368-69; Kenneth L. Port, *Trademark Monopolies in the Blue Nowhere*, 28 WM. MITCHELL L. REV. 1091 (2002).

329. See, e.g., Freedman & Deane, *supra* note 59, at 368-69; Mitchell J. Matorin & Michael Boudett, *Domain Disputes: Cases Illustrate Limitations of ICANN Policy*, 45 BOSTON B. J. 4, 4 (2001); Matthew Edward Searing, "What's in a Domain Name?" *A Critical Analysis of the National and International Impact of Domain Name Cybersquatting*, 40 WASHBURN L.J. 110, 135 (2000). Also, see generally, Halpern & Mehrota, *supra* note 158, at 556-60 for a discussion of specific limitations under the ICANN policy.

330. See, e.g., Zohar Efroni, *The Anticybersquatting Consumer Protection Act and the Uniform Dispute Resolution Policy: New Opportunities for International Forum Shopping?* 26 COLUM. J.L. & THE ARTS 335 (2003).

331. See, e.g., J.R. Hildenbrand, *A Normative Critique of Private Domain Name Dispute Resolution*, 22 J. Marshall J. Computer & Info. L. 625 (2004); Hadfield, *supra* note 134.

domestic law;<sup>332</sup> studies of the correlation between ICANN and antitrust litigation;<sup>333</sup> assessments comparing ICANN to traditional litigation;<sup>334</sup> proposed reforms to domain name dispute resolution policies;<sup>335</sup> and the possible extension of the ICANN model as a template for e-commerce or global dispute resolution.<sup>336</sup>

## V. EXTENDING AMERICAN LAW TO CANADIAN COMPANIES

### A. The Anticybersquatting Consumer Protection Act (ACPA)

As mentioned throughout this paper, American intellectual property policy wields considerable influence over Canadian law. Consequently, many ICANN proceedings warrant a good mastery of U.S. law for Canadian companies and vice-versa. Moreover, legal trends occurring in the U.S. demand constant examination, as they will likely dictate contemporaneous developments in Canadian intellectual property. For example, the 1999 adoption of the Anticybersquatting Consumer Protection Act<sup>337</sup> seriously jeopardized ICANN's uniform policy on domain name dispute resolution, and brought about significant changes to U.S. trademark law.<sup>338</sup> As revealed by its title, this statute purports to supplant cybersquatting and, in pursuing this objective, offers a wider range of

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332. See, e.g., Holger P. Hestermeyer, *The Invalidity of ICANN's UDRP Under National Law*, 3 MINN. INTELL. PROP. REV. 1 (2002).

333. See, e.g., Lily Blue, *Internet and Domain Name Governance: Antitrust Litigation and ICANN*, 19 BERKELEY TECH. L.J. 387 (2004).

334. See, e.g., John Magee, *Domain Name Disputes: An Assessment of the UDRP As Against Traditional Litigation*, 2003 U. ILL. J.L. TECH. & POL'Y 203 (2003).

335. See, e.g., Zohar Efroni, *A Barcelona.com Analysis: Toward a Better Model for Adjudication of International Domain Name Disputes*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 29 (2003); Angela L. Patterson, *With Liberty and Domain Names for All: Restructuring Domain Name Dispute Resolution Policies*, 40 SAN DIEGO L. REV. 375 (2003).

336. See, e.g., Edward C. Anderson & Timothy S. Cole, *The UDRP -- A Model for Dispute Resolution in E-Commerce?*, 6 J. SMALL & EMERGING BUS. L. 235 (2002); Elizabeth G. Thornburg, *Fast, Cheap, and Out of Control: Lessons from the ICANN Dispute Resolution Process*, 6 J. SMALL & EMERGING BUS. L. 191 (2002).

337. Anticybersquatting Consumer Protection Act, app. I, tit. III, 113 Stat. 1501 (codified as amended at 15 U.S.C. §§ 1114, 1116-17, 1125, 1127, 1129 (1999)).

338. For a summary and discussion of these changes, see Adam Silberlight, *Domain Name Disputes under the ACPA in the New Millenium: When Is Bad Faith Intent to Profit Really Bad Faith and Has Anything Changed with the ACPA's Inception?* 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 269 (2002). For a broader analysis of changes engendered by contemporary developments in domain name law, see Baratta & Hanaman, *supra* note 168.



remedies to trademark holders faced with online infringement.<sup>339</sup> Among the available types of relief, plaintiffs may elect money damages, pursuant to section 3:

SEC. 3. TRADEMARK REMEDIES.

(a) RECOVERY FOR VIOLATION OF RIGHTS - Section 35 of the Act entitled An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes, approved July 5, 1946, (commonly referred to as the Trademark Act of 1946) (15 U.S.C. 1117) is amended by adding at the end the following:

...

(d)(1) In this subsection, the term ‘Internet’ has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

(2)(A) In a case involving the registration or use of an identifier described in subparagraph (B), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) —

(i) an award of statutory damages in the amount of —

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339. See, e.g., World Intellectual Property Organization, *The Recognition of Rights and the Use of Names in the Internet Domain Name System: Interim Report of the Second WIPO Internet Domain Name Process*, para. 157 (April 12, 2001), <http://arbiter.wipo.int/processes/process2/rfc/rfc3/report.html>:

In the United States of America, the Anticybersquatting Consumer Protection Act (ACPA), which was passed into law in November 1999, contains three distinct provisions addressing personal names. First, the Act creates a new civil cause of action against persons who – with a bad faith intent to profit from a *mark* (“including a personal name which is protected as a mark under this section”) – register, traffic in, or use a domain name that is identical or confusingly similar to (or in the case of famous marks, dilative of) that mark. The section specifically recognizes that the new action may be brought “by the owner of a mark, including a personal name which is protected as a mark under this section.” The section reflects the established international position, enumerated in Article 15(1) of the TRIPS Agreement, that personal names may qualify as trademarks and thus are entitled to protection under trademark law, even in the DNS.

- (I) not less than \$1,000 or more than \$100,000 per trademark per identifier, as the court considers just; or
  - (II) if the court finds that the registration or use of the registered trademark as an identifier was willful, not less than \$3,000 or more than \$300,000 per trademark per identifier, as the court considers just; and
- (ii) full costs and reasonable attorney's fees [ . . . ].<sup>340</sup>

The Anticybersquatting Consumer Protection Act primarily aims to deter bad faith<sup>341</sup> use and registration of Internet domain names.<sup>342</sup> The recourses contained therein also purport to indemnify victims of trademark infringements, while also attempting to dissuade potential cyberpiracy.<sup>343</sup> The American Intellectual Property Law Association (AIPLA) supports the Act.<sup>344</sup> Conversely, some commentators question its efficiency and wonder whether it actually offers an appropriate forum for trademark infringers, especially in light of potential transborder disputes.<sup>345</sup> Others ponder whether the Anticybersquatting Consumer

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340. S. 1255, 106th Cong. § 3 (1999), available at [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=106\\_cong\\_bills&docid=f:s1255is.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=106_cong_bills&docid=f:s1255is.txt.pdf) (codified as 15 U.S.C. 1117(d) (2000):

In a case involving a violation of section 1125(d)(1) of this title, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.

341. For a thoughtful review of the bad faith criteria under the Anticybersquatting Consumer Protection Act, see Searing, *supra* note 329.

342. See, e.g., Thomas G. Field, Jr., *Making the Most of Commercial Global Domains*, 41 IDEA 101, 114-15 (2001).

343. See generally Lanham Trademark Act § 43(a), 15 U.S.C. § 1125; Daniel N. Kassabian, *Researching Remedies in Intellectual Property Actions Involving Computer Technology: A Research Guide*, MICH. TELECOMM. & TECHN. L. REV. 65, 103-04 (2002).

344. *The Internet and Federal Courts: Issues and Obstacles: Oversight Hearing Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary*, 106th Cong. (2000) (statement of Mark A. Thurmon, on behalf of the American Intellectual Property Law Association), [http://www.aipla.org/Content/ContentGroups/Legislative\\_Action/106th\\_Congress/House\\_Of\\_Representatives/Statement\\_on\\_Oversight\\_Hearing.htm](http://www.aipla.org/Content/ContentGroups/Legislative_Action/106th_Congress/House_Of_Representatives/Statement_on_Oversight_Hearing.htm).

345. See, e.g., Jinku Hwang, *Is the ACPA a Safe Haven for Trademark Infringers? -- Rethinking the Unilateral Application of the Lanham Act*, 22 J. MARSHALL J. COMPUTER &

Protection Act may actually lead to increased forum shopping<sup>346</sup> or question its consistency with the current constitutional scheme.<sup>347</sup>

### **B. ACPA's Impact on Canadian Law**

Some commentators infer that, although it might sometimes collide with international legal hurdles, U.S. trademark law will be increasingly applied extraterritorially because of the proliferation of trademarks on the Internet.<sup>348</sup> U.S. anticybersquatting mechanisms should certainly follow suit. Although an American statute, ACPA's application extends far beyond its borders,<sup>349</sup>

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INFO. L. 655 (2004). It is interesting to note that, prior to the adoption of the Anticybersquatting Consumer Protection Act, some commentators argued that international law should regulate the Internet, given the limitations of national legislation. *See, e.g.,* David W. Maher, *Trademark Law on the Internet -- Will it Scale? The Challenge to Develop International Trademark Law*, 16 J. MARSHALL J. COMPUTER & INFO. L. 3, 18 (1997) ("The scalability of trademark law is still uncertain, but the Internet, and the proliferation of domain names, are making the limitations of national laws and the absence of an accepted body of international law unacceptable to Internet users as well as trademark owners.").

346. *See, e.g.,* Efroni, *supra* note 330.

347. *See, e.g.,* John Brogan, *Much Ado About Squatting: The Constitutionally Precarious Application of the Anticybersquatting Consumer Protection Act*, 88 IOWA L. REV. 163 (2002); Ned Snow, *The Constitutional Failing of the Anticybersquatting Act*, 41 WILLAMETTE L. REV. 1 (2005).

348. *See, e.g.,* Anna R. Popov, *Watering Down Steele v. Bulova Watch Co. to Reach E-Commerce Overseas: Analyzing the Lanham Act's Extraterritorial Reach Under International Law*, 77 S. CAL. L. REV. 705, 740-41 (2004) ("As the importance of trademarks on the Internet increases, it is expected that U.S. courts will have many opportunities to extend the Lanham Act extraterritorially. Although in some cases it may be perfectly justified, in others, the decision may conflict with international legal principles.").

349. For support of this proposition, see generally Xuan-Thao N. Nguyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C. L. REV. 483 (2003) (debating whether the extraterritorial reach and global effect of the Anticybersquatting Consumer Protection Act is permissible as law). For a thoughtful account on the extraterritorial application of U.S. law in the field of trademarks, see Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L. L. 505, 520, 526-31 (1997). It is interesting to note that some leading scholars argue that national courts should develop universal norms in order to facilitate the globalization of intellectual property law. *See, e.g.,* Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469 (2000); Helfer & Dinwoodie, *supra* note 324, at 150-51, 248-49. Others caution against the complete obliteration of the territoriality principle, and advocate the importance of domestic self-determination in implementing an international intellectual property jurisprudence. *See,*

encompassing any legitimate holder of a U.S. trademark. Companies wishing to expand their business operations often register their trademarks in major markets, such as those of the U.S. and the EU, a common scenario for Canadian businesses as well. The Anticybersquatting Consumer Protection Act contains *in rem* provisions,<sup>350</sup> thereby enabling trademark holders to entertain recourse in the U.S. against domain name infringement. In fact, the *Heathmount* decision applied this very portion of the statute to the Canadian owner of “technodome.com” and “destinationtechnodome.com.”<sup>351</sup> The Court held that sub-paragraph 1125(d)(2)(A)<sup>352</sup> of the Anticybersquatting Consumer Protection Act “permits the owner of a mark to file an *in rem* proceeding against the domain name itself, if the domain name ‘violates any right of the owner of a mark registered with the Patent and Trademark Office or protected under subsection[s] (a) and (c).’”<sup>353</sup> This legislative framework offers an interesting panoply of remedies to U.S. trademark holders, a feature that some scholars see as problematic.<sup>354</sup> Whenever confronted with an infringement, the victim may choose between ICANN’s procedure and the Anticybersquatting Consumer Protection Act in addition to more traditional domestic law avenues, such as passing off actions or judicial proceedings hinging on the likelihood of confusion. Although the Anticybersquatting Consumer Protection Act may provide solace or strategic benefits to Canadian companies holding U.S. trademarks, it also serves as a double-edged sword for unvigilant domain name registrars or companies purchasing domain names and engaging in online transactions.

## VI. CONCLUSION

Intellectual property remains a very rich, dynamic, and rapidly developing field of law. As shown throughout this paper, trademark jurisprudence is replete with analogies and parallels between the ‘terrestrial’ treatment of intellectual property and the larger reality of the Internet. As a corollary, those legal pronouncements that emanate from various authority levels and jurisdictions

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*e.g.*, Graeme W. Austin, *Valuing “Domestic Self-Determination” in International Intellectual Property Jurisprudence*, 77 CHI.-KENT L. REV. 1155 (2002).

350. For a thoughtful review of the history and underlying rationale of *in rem* jurisdiction as applied to Internet domain names, see Michael P. Allen, *In Rem Jurisdiction from Pennoyer to Shaffer to the Anticybersquatting Consumer Protection Act*, 11 GEO. MASON L. REV. 243 (2002).

351. *Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d 860 (E.D. Va. 2000).

352. Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d)(2)(A).

353. *Heathmount*, *supra* note 351, at 862 (quoting 1125(d)(2)(A)).

354. *See generally* Catherine T. Struve & R. Polk Wagner, *Realspace Sovereigns in Cyberspace: Problems with the Anticybersquatting Consumer Protection Act*, 17 BERKELEY TECH. L.J. 989 (2002).

often merge trademark concepts with Internet domain names. On several occasions, Canadian and foreign courts reiterated the inherent compatibility between the two, which entails that efficient regulation of the Internet may depend, to a large extent, on a symbiotic approach between traditional trademark law and new technologies. Cyberspace remains a propitious forum for companies to promote and disseminate their trademarks, but they must act quickly and diligently.<sup>355</sup> In light of this, the legal rules developed to govern trademark activity should also be transposed and integrated into the Internet in order to preclude web-based businesses from generating confusion among the general public vis-à-vis their wares or services. This argument becomes particularly compelling when considering that the online environment is ripe for abuse, extortion, and deception, especially when compared to retail, for example, where transactions are characterized by some transparency.

Following the same line of reasoning, a web-based company should not be afforded the possibility of hijacking a competitor's goodwill or to pass off its own merchandise and services as those of another. The rules regulating the tort of passing off should extend rather easily to cyberspace. The Internet provides an ideal platform for taking on deceitful commercial identities existing unbeknownst to web consumers and legitimate holders of usurped trademarks. Unfortunately, legal precedents on the issue originating in Canadian courts have been few and far between, and often fail to address substantive legal concepts underpinning domain name law.<sup>356</sup> Regardless of the shortage of Canadian case law, the track record of U.S. courts also fails to elucidate some of the more sophisticated and intricate domain name scenarios.<sup>357</sup> However, this area of intellectual property continues to

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355. This reality was foreshadowed before the implementation of ICANN. *See, e.g.,* Greguras, *supra* note 149, at 869:

Given the impending proliferation of domain names and the certain correspondent increase in domain name disputes, trademark owners and domain name holders must keep abreast of legal developments in cyberspace. Moreover, companies should register their names and key trademarks as domain names sooner rather than later, to minimize the obstacles to their cyberspace marketing plans.

356. *See* Freedman & Deane, *supra* note 59, at 364:

So far, only a few Canadian courts have considered domain name disputes. All but one of the decisions have involved interlocutory applications and did not require determinations on the merits. Those decisions, as well as the decisions of foreign courts, indicate that three concepts will likely be significant in Canadian domain name litigation: trade-mark status, trade-mark use, and confusion or misrepresentation.

357. A case in point is the possible inclusion of a trademark in the post-domain path of an Internet address. *See* Sara L. Keenan, *Interactive Products Corp. v. A2Z Mobile Office*

expand on a daily basis, and the upcoming years will be pivotal in laying out its philosophical and legal itinerary. Despite the orientation provided by courts or legislators, fundamental concepts of trademark law will withstand the test of time and remain an integral part of the equation, as they have been ingrained in the common law psyche for centuries.

The foregoing considerations also support the necessity of implementing a transnational domain name dispute settlement mechanism. Although highly superior to NSI, ICANN remains burdened by some notable shortcomings. The outstanding objective remains determining whether the negative outweighs the positive or vice-versa. On the one hand, ICANN's underlying purpose is noble and alleviates judicial congestion involving domain name litigation and reduces the costs associated with such proceedings. Furthermore, this structure allows specialized panels to be seized on intricate matters, which often surpass or extend beyond the expertise of traditional courts. On the other hand, this mechanism poses its own perils, such as substantial conflicts of laws and complex or elusive transboundary disputes, while purporting to attain time-efficient and cost-effective resolutions for all parties involved.

Finally, Canadian domain name law currently traverses a transitional phase, which might ultimately lead to a crossroads, as evidenced by some of the opinions canvassed in the paper. Therefore, Canadian intellectual property policy may align with recent U.S. developments, thereby also reorienting the Trademark Act within the furrow left by the Anticybersquatting Consumer Protection Act, which contains an exhaustive set of remedies. This reality may be attributable to the fact that Canada constitutes one of the U.S.' most important trade partners by a considerable margin. As a result, the U.S. may dictate Canadian Internet domain name policy within the next five to ten years.



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Solutions, Inc.: *The Sixth Circuit Failed to Conduct a Thorough Analysis in Determining Whether Using a Trademark in the Post-Domain Path of a URL Is Trademark Infringement*, 37 CREIGHTON L. REV. 967 (2004). Also consider the possibility of engendering trademark infringement through Internet search engines. See Heidi S. Padawer, *Google This: Search Engine Results Weave a Web for Trademark Infringement Actions on the Internet*, 81 WASH. U. L.Q. 1099 (2003). For a discussion of similar issues, see G. Peter Albert Jr. & Rita A. Abbati, *Metatags, Keywords, and Links: Recent Developments Addressing Trademark Threats in Cyberspace*, 40 SAN DIEGO L. REV. 341 (2003).