

**THE LEGAL IMPLICATIONS OF THE
ORIGIN INDICATOR CONTAINED
IN COUNTRY CODE DOMAIN NAMES
IN RELATION TO TRADEMARKS**

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AFRIKAANSE OPSOMMING

Handelsmerke het verskeie funksies waarvan dié van 'n kenteken van oorsprong een is. Ander funksies is onder andere om te dien as 'n kenteken van kwaliteit of as advertensie of bemerkingsmeganisme. Wanneer 'n handelsmerk op die Internet gebruik word, is sodanige gebruik buite die geografiese area van Suid Afrika weens die eiesoortige aard van die Internet. Dit word dus moeiliker vir 'n kliënt om 'n spesifieke handelsmerk aan 'n spesifieke handelaar te koppel, veral as die handelsmerk gedeeltelik steun op die geografiese ligging van die handelsmerkeienaar om onderskeidend te wees.

Internethandel word al hoe meer belangrik vir die Suid Afrikaanse handelaar en daarom is dit belangrik dat die handelsmerke van Suid Afrikaanse handelaars teen onregmatige gebruik op die Internet beskerm word. Hierdie beskerming is veral belangrik vir Suid Afrikaanse handelaars omdat Suid Afrika se ekonomie steun op industrie soortgelyk aan die toerismebedryf wat primêr geken word aan die geografiese ligging van die handelaar en sy gepaardgaande dienste en goedere. Die geografiese aanknooppunte verhoed dat 'n koper die oorsprong van die Suid Afrikaanse handelaar en sy handelsmerk misken vir dié van 'n ander handelaar wat 'n soortgelyke handelsmerk of kenteken gebruik.

Die vraag is dus of 'n topvlakdomeinnaam ("TVD"), veral 'n landkode domeinnaam ("lkTVD") soos die .za topvlakdomein, wat gekoppel word aan die Suid Afrikaanse geografiese area, gebruik kan word om geografiese oorsprong aan te dui op die Internet? Veral wanneer dit gebruik word saam met 'n tweedevlak domein om sodoende inbreukmaking of onbillike gebruik van 'n soortgelyke merk op die .za domein deur 'n ander handelaar te verhoed.

Om die vraagstuk te beantwoord is eerstens gekyk of 'n lkTVD as deel van 'n handelsmerk geregistreer kan word in terme van die bepalings van die *Wet op Handelsmerke 194 van 1994* en of dit sodoende geografiese oorsprong van die handelaar en sy gepaardgaande dienste en goedere, kan aandui en onderskei.

Dit is bevind dat 'n domeinnaam wel as deel van 'n handelsmerk geregistreer kan word en dat dit in sulke omstandighede wel die oorsprong van die handelaar en sy gepaardgaande dienste of goedere, as dié van die spesifieke Suid Afrikaanse handelaar kan aandui. Die gevolgtrekking is gemaak omdat dit bevind is dat die IKTVD, wat geregistreer is as deel van die handelsmerk, wel deel sal vorm van die dominante indruk wat geskep word deur die handelsmerk. Sodoende sal gebruik van 'n soortgelyke merk op dieselfde IKTVD wel verwarrend en misleidend wees, veral as die inbreukmaker nie gewoonlik in Suid Afrika handel dryf nie.

Verder is bevind dat die vereiste dat die inbreukmakende merk in die loop van handel gebruik moet word wel vervul sal wees as 'n ander soortgelyke merk deur 'n ander handelaar op die IKTVD gebruik word om besigheid te lok. Die *Wet op Handelsmerke* vereis dus nie dat die inbreukmakende handelaar wel besigheid doen nie, maar slegs probeer om sodanige besigheid te lok. Dit is egter bevind dat waar die IKTVD nie deel vorm van die handelsmerk nie, sal die IKTVD nie gebruik kan word deur die Suid Afrikaanse handelsmerkeienaar wanneer hy hom beroep op die inbreukmakingsverbod in die *Wet op Handelsmerke*.

Handelsmerkeienaars wat nie die IKTVD as deel van die handelsmerk geregistreer het nie, kan hulle wel beroep op wetgewing wat die advertensiewaarde van die merk in samehangende gebruik met die IKTVD beskerm. Sodanige beskerming word gevind in beide die *Wet op Handelspraktyke 76 van 1976* en die *Wet op Verbruikersake (Onbillike sakepraktyke) 71 van 1988*. Dit is bevind dat beide hierdie wette gebruik kan word deur 'n Suid Afrikaanse handelsmerkeienaar of handelskentekeneienaar om onbillike gebruik van die .za TVD ten opsigte van verwarrende en misleidende domeinnaam te verhoed of te beëindig. Dit is bevind dat in sulke omstandighede die IKTVD wel bydra tot die advertensiewaarde van die merk soos gebruik op die Internet deur die inbreukmakende gebruiker.

Laastens is verwys na die *Wet op Elektroniese Kommunikasies en Transaksies 25 van 2002*. Die raad wat in terme van dié wet aangestel moet word en wat beheer sal uitoefen oor die .za domein is egter tot hede nie aangestel nie en dus vir tyd en wyl is die bepalings onder dié wet nog nie effektief afdwingbaar nie. Onbillike gebruik van 'n verwarrende en misleidende tweedevlak domeinnaam op die .za domein word ingevolge dié wet deur die *Wet op Verbruikersake* aangespreek en die *Wet op Elektroniese Kommunikasies en Transaksies* het dus nie sy eie bepalings vir die verhoed en aanspreek van sodanige onbillike gebruik nie. Dié wet maak wel voorsiening dat die Minister van Kommunikasie sekere beperkings kan plaas ten opsigte van wie 'n .za domein mag registreer. Sodoende kan verligting teen onbillike gebruik wel in die toekoms, aan Suid Afrikaanse handelaars wat die .za domein vir besigheid gebruik, verleen word.

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INTRODUCTION

In Shakespeare's *Romeo and Juliet* it is asked, "what is in a name?" Today in Cyberspace, this question relates to more than just family feuds, it is the centre of dispute for many commercial grievances. Distinguishing marks, in specific trademarks, used as domain names have become the centre of many a debate, as a philosophy has developed that the right mark at the right place in Cyberspace could lead to extraordinary financial reward.¹

A Background to the research

Why a domain name is such a valuable commodity is a question of supply and demand as only one unique domain name can be registered as a top-level domain, whereas there exists hundreds of enterprises in the international commercial sphere that use the same trade name or trademark.

In international commerce, trademarks have various functions that contribute to their usefulness, such as indicating quality and to serve as advertising and marketing tool.² Another important function of a trademark is to serve as a badge of origin.³ When a trademark is used on the Internet as a domain name then the mark is also used outside its normal geographical territory owing to the very nature of the Internet. Accordingly, the potential customers will not necessarily distinguish one trader's mark that is similar to or the same as that of another, but that is used in a different geographical territory, as the regular customers of such a trader knows the mark only within a specified territory. Therefore, without referencing the mark back to the territory, the mark will almost lose its

1 Jacoby-Bashan E 2000 *A Good Name is better than Gold* [Found on Internet] <http://www.globes.co.il/serveEN/globes/docView.asp?did=440758&fid=942> [Used on 14 October 2004]: "*Teten well remembers what happened with one generic name someone managed to register: business.com was sold for \$7.5 million. Other record-breakers were bingo.com and eflowers.com (a \$1 million name). The names yielded an incredible return toward the end of the 90s.*"

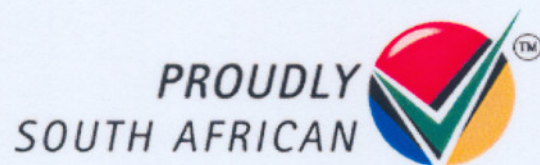
2 Hertzog DWR *Functional Theory in Trade Mark Law* [LLD Thesis Stellenbosch 1981] p1

3 *Beecham Group PLC and another v Triomed (Pty) Ltd* 2002 (4) All SA 193 (SCA) [198]

distinguishing characteristic on the Internet. Association of a mark with a geographical territory most probably not only contributes to the distinguishing value of a mark, but also enhances the selling power of the goods or services of the trader that such trademark is associated with as customers look for “badges of origin”.

Traders in South Africa believe that they need a campaign or mark to stimulate commitment to local goods and services.⁴ It is believed by the Director-General of the Department of Trade and Industry that a campaign to promote goods or services with a South African geographical origin will lead to an increase in demand for South African commercial origin goods or services, both domestically and abroad.⁵ Such a branding campaign was indeed launched in October 2001 in the form of the Proudly South African brand. The campaign has its own logo, which members of the organisation can use. The logo may only be used with permission from Proudly South African as unauthorised use is prohibited by statute.⁶ The co.za home site also contains the Proudly South African mark, which indicates an authentic South African service or trader that has complied with the stringent prescribed requirements of quality.⁷

Figure 1 – Proudly South African logo⁸



- 4 National Economic Development and Labour Council (NEDLAC) 2001 *92% of South Africans sampled believe that South Africa needs a campaign to stimulate commitment to local goods and services* [Found on Internet] <http://www.proudlysa.co.za/about/pr/2001/pr0220.html> [Used on 14 October 2004]
- 5 National Economic Development and Labour Council (NEDLAC) 2001 *Launch of Proudly South African* [Found on Internet] <http://www.proudlysa.co.za/about/pr/2001/pr1001.html> [Used on 14 October 2004]
- 6 S 15 *Merchandise Marks Act* 17 of 1941; The specific notice which makes it illegal to use the mark without permission was published in the *Government Gazette* on 26 April 2002
- 7 Watkins J "co.za Domain Joins Proudly South African Campaign" *SA Computer Magazine* Vol. 11 no. 3 March 2003 p10
- 8 Proudly South African Logo [Found on Internet] <http://www.proudlysa.co.za> [Used on 3 November 2004]

The question is whether geographical origin in an Internet trading context would be important. South Africa as a premier tourist destination markets many of its goods and services as tourist attractions and novelties. Tourism is viewed to be the future major economic driving force in the South African economy and today already generates more foreign currency than gold exports.⁹ Tourism is an industry that makes use of direct reference to geographical origin, as geographical origin is the unique attribute in which the consumer is interested.

Typically a local safari enterprise having a service mark would not want anyone else, inclusive of persons abroad, to use such mark as coupled with a South African Internet domain name suffix. Whether Internet commerce in South Africa is sufficient to justify it as a distribution point for tourism related goods and services, is debatable. However, previous estimates of business to consumer Internet commerce have been as much as R18, 9 billion¹⁰, even though it is uncertain what proportion is attributable to tourism or other geographical origin dependant businesses.

In the case of tourist related marks a foreign tourist would have to be physically present in South Africa to obtain some satisfaction that the geographical origin of the tourist related goods or services are South African. Such tourist consumer's physical presence minimises any chance of that consumer confusing the mark as relating to the goods or services of another trader, to be that of the South African trader. For example a tourist in East London, South Africa, will not easily confuse the registered trademark associated with a local trader's goods or services with that of a foreign trader in the east of London in the United Kingdom. Therefore the geographical connotation will help to distinguish the South African trader as the source of the goods or services, thus preventing confusion with the goods or services of the foreign trader who uses a similar mark.

9 SouthAfrica.info Reporter 2004 *Tourism glitters more than gold* [Found on Internet] http://www.southafrica.info/doing_business/economy/success/tourism-gold.htm [Used on 15 October 2004]

10 Macleod D "Cybertrade takes off" *Financial Mail* 3 September 1999 p109

It seems apparent that a need exists in South Africa to protect the commercial value of a trademark against use by others on the Internet as well as in trademark Internet usage as such, especially as regards the origin or source function and in relation to its direct connotation to the South African geographical territory. This need can be satisfied by attempting to utilise the current protection measures provided in the *Trade Marks Act*¹¹ to extend to Internet domain name nomenclature. In consequence of this the research will assess the registerability of a domain name with all its different components, namely the Second Level Domain (SLD), Uniform Resource Locator (URL) and the Top Level Domain (TLD) the meaning of which is discussed in sections 1.3 and 1.4 below, under the current *Trade Marks Act*¹² as a trademark. If this were the case, this would provide statutory protection of such mark against use in the course of trade by any similar mark used on the Internet or otherwise. While use of a deceptively or confusingly similar mark by another is purely a trademark protection matter the use by another of a similar mark for its advertising value also finds protection outside the Law of Trademarks.

B The research objective

The object of this research is to assess the legal remedies available to the rightful users of trademarks against domain name Internet use using South African TLD's, thus also implying an inherent geographical advertising value. Implicit in this object is the possibility to register a trademark in South Africa of which the South African country code domain forms part.

The research extends to the protection against trademark use, also in its advertising value context, both under trademark law and other statutes including

11 *Trade Marks Act* 194 of 1993

12 *Trade Marks Act* 194 of 1993

the *Consumer Affairs Act*¹³ and the *Trade Practices Act*¹⁴. In pursuing the argument, reference will also be made to domain name registration requirements under the *Electronic Communications and Transactions Act*¹⁵. The assessment of the situation of foreign traders, who have no commercial relationship with South Africa but have registered .za domain names forms part of the research objective due to its future value in protecting trademark holder's rights. However it is limited to commentary, as it does not relate directly to the primary research object.

C The research method

A dual approach will be applied commencing with an assessment of the registerability of domain name type trademarks and proceeding to the availability of legal remedies against Internet use type trademark infringement.

The first approach would constitute an investigative study to assess the registerability of a mark of which domain name nomenclature forms part. This will be followed by an investigation of infringement under the *Trade Marks Act*,¹⁶ in specific section 34(1)(a) and (b) while also bearing in mind the possibility of infringement by inferring geographical origin from a ccTLD, which consequently will distinguish the source of the goods or services as the South African trader, as opposed to other foreign or domestic traders.

In consequence of the above the situation where the ccTLD is not part of the registered trademark will be investigated as opposed to the situation where a ccTLD is registered as part of a trademark in terms of South African trademark law. In the latter instance the supporting object would be to determine whether in

13 *Consumer Affairs (Unfair Business Practices) Act* 71 of 1988

14 *Trade Practices Act* 76 of 1976

15 *Electronic Communications and Transactions Act* 25 of 2002

16 *Trade Marks Act* 194 of 1993

such circumstances the ccTLD would infer geographical origin or source for the purpose of determining infringing use.

The research also extends to an interpretative study of protection against infringement of the advertising value of a trademark under both the *Trade Marks Act*,¹⁷ and other statutes.¹⁸ In the process domain name registration under the *Electronic Communications and Transactions Act* (Hereafter the *ETC Act*)¹⁹, will also be assessed as regards the possibility of limiting the use of ccTLD to only persons associated with such country thereby to limit confusion and even misuse of a ccTLD.

17 *Trade Marks Act* 194 of 1993

18 *Trade Practices Act* 76 of 1976; *Consumer Affairs (Unfair Business Practices) Act* 71 of 1988

19 *Electronic Communications and Transactions Act* 25 of 2000

CHAPTER ONE

THE INTERNET AND DOMAIN NAMES

1. The Internet

It is important to understand the structure and use of domain names on the Internet to assess the research object.

1.1. *The Physical Internet*

The Internet is defined in the *Electronic Communications and Transactions Act (ETC Act)*²⁰ as:

The interconnected system of networks that connects computers around the world using the TCP/IP and includes future versions thereof

The Internet is therefore a network of multiple networks of personal computers, each being joined by a common denominator, namely the Transmission Control Protocol or Internet Protocol (TCP/IP). These protocols allow the computers on these networks that use these protocols to communicate with each other by transferring data. The smaller networks are supported by larger backbone networks, which carry the bulk of data transferred. Access providers are needed to connect to the Internet and they range from large organisations with their own geographically dispersed Points of Presence (POP)²¹ to small providers which provide only a few local telephone numbers and a single connection into other

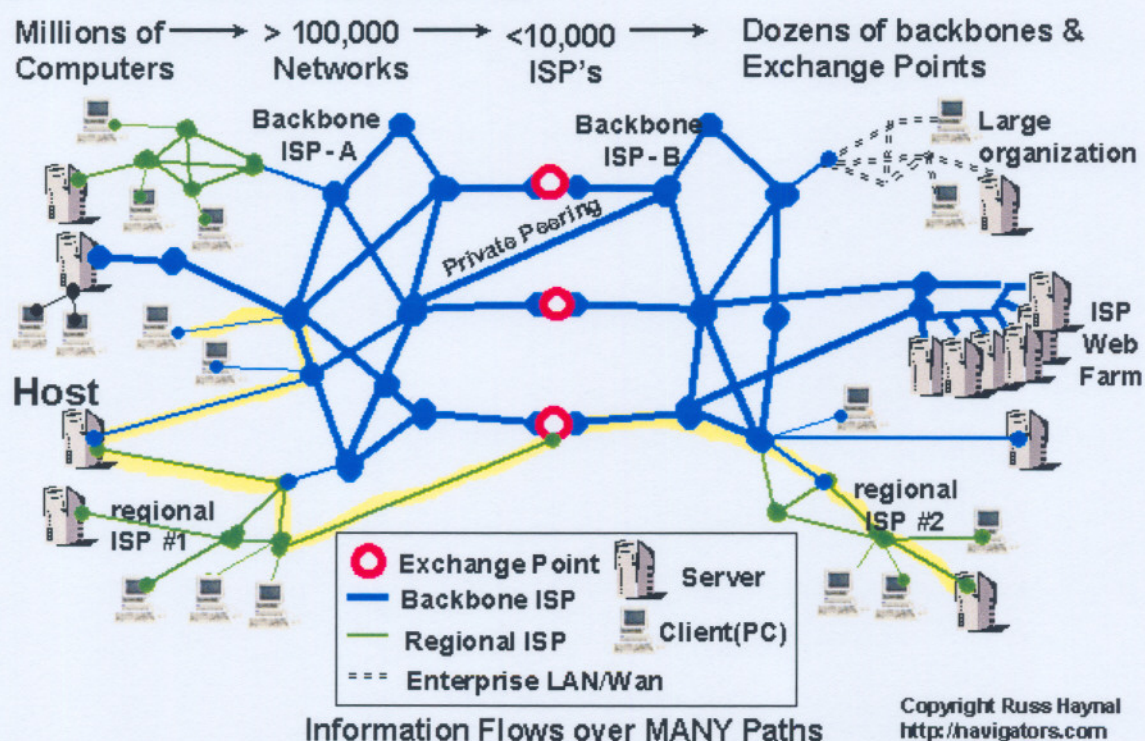
20 S 1 *Electronic Communications and Transactions Act* 25 of 2002

21 Thefreedictionary.com *Points of Presence* [Found on Internet] <http://encyclopedia.thefreedictionary.com/point%20of%20presence> [Used on 18 October 2004]: "A *point of presence* is an artificial demarcation or interface point between communications entities. A *point of presence* was where a long distance carrier could terminate services and provide connections into a local telephone network."

networks.²² In layman's terms these POP's are places where the submarine and other telecommunications cables that join different countries and continents, integrate into the normal telephone line network. Ownership of the POP's is therefore an integral part of any business providing Internet services.

Ownership of POP's in South Africa has mainly been by Telkom as it has the sole right of service delivery in South Africa as landline operator. Accordingly, all Internet service providers are forced to use Telkom's POP's. This situation is however bound to change with satellite networks, the introduction of a second national operator and the deregulation of certain parts of the telecommunications industry, including Value Added Network Services (VANS), from 1 February 2005.²³

Figure 2 - The Internet's physical layer²⁴



22 Buys R *Cyberlaw: The law of the Internet in South Africa* (Van Schaik 2000) p13
 23 Notice of deregulation published in *Government Gazette* 1924 of 2004 on 3 September 2004
 24 Haynal R *The Internets physical layer* [Found on Internet] <http://navigators.com/sessphys.html> [Used on 18 October 2004]

1.2. Services of the Internet

The Internet comprises of different components namely the World Wide Web, Internet e-mail, news groups, File Transfer Protocol (FTP) sites and even Internet real-time chat services. The Web is based on a set of protocols for exchanging content, which is collectively known as the Hypertext Transfer Protocol (HTTP). To structure content on the Web, use is made of an Internet Protocol (IP) address. This address contains a four to twelve digit number that identifies a specific computer on the Internet. An Internet Service Provider (ISP) can assign a single address to a user for continual use or a new address every time the user connects to the Web.

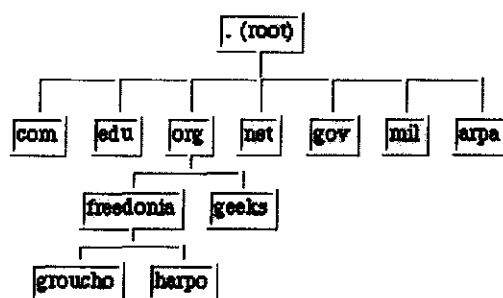
1.3. Domain Names

Domain names are the next level of Internet addresses as they create a single identity for a series of computers used by a company or organisation. The domain name system is implemented as a distributed database, existing in something called a domain name space. The key features of such an implementation are that it allows local control of domain names, and does not put too much load or responsibility on one, centralized authority.

The domain name space is organized hierarchically, with the root domain at the top, and the rest of the structure branching from this root domain.²⁵ While there may be many hosts or documents on a single host, each with a different IP address, they all share a common domain name such as puk.ac.za. Therefore a domain name is a unique number that identifies an Internet site and acts as easy-to-remember addresses for web sites.

25 *Domain Name Services* [Found on Internet]
<http://intranet.logiconline.org.ve/Techinfo/dns/chapt09.html> [Used on 9 November 2004]

Figure 3 - The Domain Space²⁶



The term domain name according to the United States *Trade Mark Act*²⁷ means any alphanumeric designation that is registered with or assigned by any domain name registrar, domain name registry or other domain name registration authority as part of an electronic address on the Internet. A domain name is similarly defined in the *ETC Act*²⁸ as:

An alphanumeric designation that is registered or assigned in respect of an electronic address or other resource on the Internet

The summarised requirements for a designation to be a domain name is:

- Alphanumeric designation
- Registered or assigned
- In respect of an electronic address

International jurists welcome more formal administration of the Internet, as it will inevitably lead to more legal certainty of especially the rights of trademark holders.²⁹ A domain name is part of a Uniform Resource Locator (URL), which is the address of a site or document on the Internet. In general, a domain name is comprised of a second level domain (SLD), a “dot”, and a top-level domain

26 *Domain Name Services* [Found on Internet]
<http://intranet.logiconline.org.ve/Techinfo/dns/chapt09.html> [Used on 9 November 2004]

27 S 45 *Trade Mark Act* of 1946 (15 U.S.C.)

28 *Electronic Communications and Transactions Act* 25 of 2002

29 International Association for the Protection of Intellectual Property (AIPPI) Meeting of the Executive Committee October 25-28 2003 p25

(TLD). The wording to the left of the “dot” is the SLD and the wording to the right of the “dot” is the TLD. Example: If the domain name is “XYZ.COM”, the term “XYZ” is a SLD and the term “COM” is a TLD. There exist two types of TLD’s namely generic and country code.

1.3.1. Generic top level domains

A public organisation, the Internet Assigned Numbers Authority (IANA), designates generic TLD’s that are to be used in the global Internet. There is therefore no government or statutory regulation in regard to the designation of generic TLD’s. What an organisation does for its primary business, or other activity, usually determines which generic TLD it could use. For example, the TLD “.com” is for use by commercial profit organisations. However, the administrator of the .com, .net, .org and .edu TLD’s does not verify the requests of persons seeking domain names to ensure that such persons are a type of organisation that should be using that specific TLD.

In contrast, .mil and .gov TLD applications are thoroughly scrutinised and verified to ensure that only the specified user community like the United States military are allowed in that domain space. The following is an example of some of the current generic TLD’s:

- .com - Commercial, for profit organisations
- .net - Network infrastructure machines and organisations
- .org - Miscellaneous, usually non-profit organisations and individuals

1.3.2. Country code top level domains (ccTLD)

Country code TLD’s are for use by each individual country. Each country to which a ccTLD has been assigned by the Internet Corporation for Assigned Names and Numbers (IANA) determines who may use their code. For example,

some countries require that users of their code must be citizens or have some association with that country³⁰, while other countries have no such requirements for use. The .za domain currently has no statutory or other prescriptions for use. The *ETC Act*³¹ defines a ccTLD as:

ccTLD means any country code domain at top level of the Internet's domain name system assigned according to the two-letter codes in the International Standard ISO 3166-1 (Codes for Representation of Names of Countries and their Subdivision)

The following are examples of some of the country code TLD's currently in use:

- .jp - for use by Japan
- .tv - for use by Tuvalu
- .uk - for use by the United Kingdom
- .za - for use by the Republic of South Africa

1.3.3. Country code domain regulation

The South African Telecommunications Regulating Authority³² (SATRA) contracted the country code top-level domain .za to UNINET for regulation. The Independent Communications Authority of South Africa³³ (ICASA) however has replaced SATRA. ICASA would in all probability also be an organ of state, similar to its predecessor³⁴ as both authorities have been created in lieu of the legislatures Constitutional obligation³⁵. The regulation of the .za domain is to be transferred to a section 21 company, the .ZA Domain Name Authority³⁶ that was incorporated on the 28 August 2003. This would in effect lead to the

30 International Association for the Protection of Intellectual Property (AIPPI) Meeting of the Executive Committee October 25-28 2003 p23: "In Switzerland, the Federal Office of Communications had considered regulating the administration of the .ch ccTLD applying principles of trade mark law to the registration procedure including public policy restrictions and use requirements, among others."

31 S 1 *Electronic Communications and Transactions Act* 25 of 2002

32 S 5 *Telecommunications Act* 103 of 1996

33 S 18 *Independent Communications Authority Act* 13 of 2000

34 *Nextcom (Pty) Ltd v Funde and Others* 2000 (4) SA 491 (T)

35 S 192 *Constitution of the Republic of South Africa* 108 of 1996

36 S 59 *Electronic Communications and Transactions Act* 25 of 2002

nationalisation of the .za domain. A board of members who are to be nominated by the public will control the company.³⁷

It would however seem that the regulation of the .za domain will remain with UNINET until such board has taken effective control as the official regulator according to IANA is still UNINET.³⁸ The question whether the Internet falls within the scope of the *Telecommunications Act*³⁹ was answered in the ICASA decision that the Internet is a Value Added Network Service (VANS) and not a Public Switched Telecommunications Service (PSTS) to which Telkom has exclusive rights.⁴⁰

The objects of the *ETC Act* includes the provision of an effective environment for the consumer and businesses using electronic transactions, to promote the needs of consumers using electronic transactions and to recognise the importance of the information economy for the South African economy.⁴¹ Any application or interpretation of the *ETC Act* would therefore have to take cognisance of these objectives.

1.3.4. *Who may use the .za domain?*

The use of the .za domain and its complimentary sub-domains is limited by the current administrators of those sub-domains to certain persons and organisations as provided below:⁴²

37 S 62(2)(b) *Electronic Communications and Transactions Act* 25 of 2002; The invitations for nominations was made in *Government Gazette* 2298 of 2003 on the 28 August 2003

38 IANA *Root Zone Whois Information* 2003 [Found on Internet] <http://www.iana.org/root-whois/za.htm> [Used on 18 October 2004]

39 *Telecommunications Act* 103 of 1996

40 ICASA *Findings and Conclusion on s27 Enquiry* [Found on Internet] http://www.icasa.org.za/Repository/resources/Events&%20Publications/Publications/Government%20Gazettes/Finding%20on%20VPN%20%20MDNS%202_.pdf [Used on 18 October 2004]

41 S 2 *Electronic Communications and Transactions Act* 25 of 2002

42 *Second-Level Sub-domains of .ZA* [Found on Internet] <http://www.internet.org.za/slds.html> [Used on 19 October 2004]

Figure 4 - Current sub-domains on the .za domain

Domains Open For New Registrations	
Sub-domain	Limited to
AC.ZA	Higher education and research institutions and related organisation
CITY.ZA	Official representatives of local government structures, municipalities, local business chambers and local tourism boards
CO.ZA	Unlimited
EDU.ZA	Formally registered further education and training institutions
GOV.ZA	Government departments or organisations
LAW.ZA	Practising Firms of Attorneys in good standing with their respective Law Society
MIL.ZA	Divisions or sections within the Department of Defence
NOM.ZA	Individuals (no registrations by corporate entities are accepted)
ORG.ZA	South African non-commercial organisations (in practice no registrations are rejected)
SCHOOL.ZA	Schools
Dormant domains	
Sub-domain	Limited to
ALT.ZA	Historical registrants
NET.ZA	Network infrastructure
NGO.ZA	Under discussion
TM.ZA	Trademark owners
WEB.ZA	Anyone who wants to put up a web server
Unresponsive domains	
Sub-domain	Limited to
BOURSE.ZA	JSE registered companies

It is clear from **figure 4** above that most of the sub-domains of the .za domain have some requirement, which relates back to some relationship with South Africa. It is however interesting that the .co.za, which represents 94%⁴³ of all .za registrations, has no limitations for use. The Board of the Regulations Authority under the *ETC Act* has promulgated no regulations for the use of the sub-domains and therefore regulation of use of the sub-domains is still done by the previously assigned administrators.

Another sub-domain, which would be welcomed, is the tm.za, which has limited use for trademark owners. It is however unclear if the sub-domain would be limited to South African registered trademarks or trademark holders in general. The latter scenario would create the same problem as stated in the problem statement in this dissertation that a foreign trader could use his foreign registered trademark, in an infringing manner, as a domain name in relation to a similar South African trademark. This sub-domain however remains dormant until the Board of the Regulating Authority under the *ETC Act* has been appointed.⁴⁴

1.4. ccTLD as a source indicator

In South Africa trademark protection is limited to the registered trademark and no regard is to be held for indicators besides the mark itself.⁴⁵ However due to the inherent prerequisite of use of a ccTLD when using a SLD on a domain registry, there might be some merit to an argument that geographical indicators provide a distinctive characteristic to a mark as relates to the commercial source.

43 *Table of sub-domains* [Found on Internet] http://www.internet.org.za/slds_table.jpg [Used on the 19 October 2004]

44 *.ZA Domain Space Suspension of Registering Second Level ZA Domains* [Found on Internet] <http://www2.frd.ac.za/uninet/zadomains.html> [Used on 21 October 2004]

45 *Cowbell AG v ICS Holdings Ltd* 2001 3 SA 941 (SCA) [950H]

Commentators on the study⁴⁶ conducted by the Standing Committee on the Law of Trade Marks, Industrial Designs and Geographical Indicators (hereafter SCT), meeting under the auspices of the World Intellectual Property Organisation (hereafter WIPO), made some of the first comments of the possible existence of the issue of source indicators and TLD's. One of the questions was how a relationship could be determined between a sign and a mark that is used on the Internet and a particular country or territory.⁴⁷ Some commentators suggested that the relationship between a mark on the Internet and a given territory should be established with regard to the territory from which the transmission was emitted or the territory in which it was received.⁴⁸

The report from the SCT stated that it seemed to be generally understood, as regards goods or services made available in physical form, that the mere use of a mark of distinction on the Internet, could not be considered sufficient for establishing a relationship between the mark and a given territory. In such cases additional factors should be considered.

The United States Patent and Trade Mark Office (hereafter USPTO) also dealt with this contentious issue and their approach has lead to much criticism from the legal community.⁴⁹ The USPTO has stated in their policy that a mark composed of a domain name is registrable as a trademark or service mark only if it functions as a source identifier. However, the policy went on to qualify this statement by stating that when a goods mark, service mark, collective mark or certification mark is composed, in whole or in part, of a domain name, neither the beginning of the URL (<http://www>) nor the TLD have any geographical source indicating significance. The USPTO justified this statement by analogising the TLD's to the "1-800" prefix of a toll free number. If the USPTO disallows any argument that a

46 Standing Committee on the Law of Trade Marks, Industrial Designs and Geographical Indicators Second session, part two 7 June 1999 ("SCT" hereafter)

47 SCT 2/10/ p. 3

48 SCT 2/10/ p. 4 paragraph 13

49 Akhtar S and Cumbow R 2000 *Why Domain Names are not generic* [Found on Internet] http://www.bc.edu/bc_org/avp/law/st_org/iptf/articles/content/2000110501.html#fn35 [Used on 21 October 2004]

TLD as part of a trademark has no source indicating qualities then it would certainly not entertain any argument that a TLD that is not part of a trademark has any source indicating qualities.

A supporting argument to that of the USPTO from other interested parties is that only SLD's can serve the same function as trademarks in indicating the commercial source or origin of particular products or services and in establishing goodwill for a commercial trader.⁵⁰

This view is however in conflict with the South African courts view⁵¹ that a trademark should be viewed in its entirety and therefore the TLD should be included when analysing the domain name for trademark purposes, as the addition of a TLD can turn a generic term (SLD) into a source indicator. Although the generic term itself is not distinctive, the TLD as geographical source indicator combines with a SLD to denote a single identifiable source to consumers. This argument and how it pertains specifically to trademarks will be explored more meticulously in the subsequent chapters.

50 AIPPI Internet Domain Names and Trade Marks [Found on Internet]
<http://www.ladas.com/Internet/DomainNamesRFC3.html> [Used on 13 October 2004]

51 *Bata Ltd v Face Fashions CC and another* 2001 (1) SA 845 (SCA) [851B]

CHAPTER TWO

DOMAIN NAMES AS TRADEMARKS

2.1. Registrability

2.1.1. Introduction

The question whether a domain name, inclusive of the URL and the ccTLD, could be registered under the South African *Trade Marks Act*⁵² will be addressed in this chapter. Such contrived trademarks will be referred to as “domain name” trademarks. The reason for assessing such is to serve as basis for assessing infringement of a registered trademark by someone by way of Internet use. The further aspect that will be considered in this chapter is whether a registered trademark inclusive of a ccTLD, can be regarded to also indicate geographical in addition to source origin.

2.1.2. ccTLD as registered Trademarks

The concept of registering a ccTLD or any other TLD as part of a trademark has generated some support between jurists and the Internet community.⁵³ The debate has, however, mainly focused on the registration of TLD's in conjunction with non-distinctive or generic words as SLD's. The USPTO has as discussed, refused such registrations as it views the URL and TLD as a non-distinguishing element.

52 *Trade Marks Act* 194 of 1993

53 Akhtar S and Cumbow R 2000 *Why Domain Names are not generic* [Found on Internet] http://www.bc.edu/bc_org/avp/law/st_org/iptf/articles/content/2000110501.html#fn35 [Used on 21 October 2004]

Distinctiveness as a requirement for registration is set out in section 9 of the *Trade Marks Act*⁵⁴. In addition to being distinctive, a proposed trademark must however, not be excluded by section 10 of the *Trade Marks Act*⁵⁵.

2.1.2.1. *Registration of a trademark*

The requirements for registration set out in section 9(1)⁵⁶ of the Act states:

In order to be registerable, a trademark shall be capable of distinguishing the goods or services of a person in respect of which they are registered or proposed to be registered from the goods and services of another person either generally or, where the trademark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.

A deeming provision is provided in subsection 2 that a mark will be considered to be capable of distinguishing if it is inherently capable of so distinguishing or is capable by reason of prior use.⁵⁷ In case law as reflected in *Bata Ltd v Face Fashions*⁵⁸ the court found that non-distinctive words when used together can become distinctive. In the *Bata* case the words “power” and “house” when combined were so found to sufficiently distinguish the respondents goods or services from that of the appellant. When a mark consists of two or more elements both must be taken into account in establishing its distinctiveness.⁵⁹ A mark like a SLD domain, used in conjunction with another mark like a TLD, even though both marks may, when viewed separately, be non-distinctive, can in combination be capable of distinguishing.

Bearing the above in mind the approach under South African case law is therefore different from the argument in the USPTO against the registration of a

54 S 9 *Trade Marks Act* 194 of 1993

55 S 10 *Trade Marks Act* 194 of 1993

56 S 9(1) *Trade Marks Act* 194 of 1993

57 *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) [649I-650J]

58 *Bata Ltd v Face Fashions CC and another* 2001 (1) SA 844 (SCA) [851B]

59 *Bata Ltd v Face Fashions CC and another* 2001 (1) SA 844 (SCA) [851C]

TLD. There is, however, currently no South African case law to eliminate all doubt whether a TLD in combination with a SLD is registerable. The court may even follow the foreign authority in only using the SLD for comparison purposes thus ignoring the TLD.⁶⁰ This is however doubtful in the light of the current Supreme Court approach.

Another contention that could be put forward by an applicant is that a TLD, especially a ccTLD, in conjunction with a non-distinctive SLD is inherently capable of distinguishing goods and services due to its inference to geographical origin. By reason of prior exclusive use of that domain, the mark, which such applicant intends to register, may be argued to have become capable of distinguishing. It would therefore seem that barring any exclusion under section 10, a domain name with both the SLD and the TLD would be registerable under the current South African trademark law.

2.1.2.2. *Unregistrable trademarks*

Section 10 of the *Trade Marks Act*⁶¹ contains a number of prohibitions against trademark registration. The most relevant as regards the current research would be subsections 2(a) and (b) which state respectively as follows:

A mark which -
2(a) is not capable of distinguishing within the meaning of section 9; or
2(b) Consists **exclusively** of a sign or an indication which may serve, **in trade**, to designate the kind, quality, quantity, intended purpose, value, **geographical origin** or other characteristic of the goods or services, or the mode or time of production of the goods or of the rendering of the services

60 Stecher M and Stallard H *Webadvertising: Unfair Competition and Trade Marks on the Internet* AIJA Law Library (Kluwer Law 1999) p16

61 S 10 *Trade Marks Acts* 194 of 1993

While a SLD used in conjunction with a TLD is registerable under section 9, the question is whether the geographical origin prohibition could disqualify such a combination.

It is apparent that the ccTLD can for all purposes serve as an indication of geographical origin. The question is whether the .za ccTLD as geographical indicator can prevent the registration of a domain, thus including its TLD. The answer has to be in the negative. The reason for this is that in addition to requiring that the mark be a geographical origin indicator used in trade, the mark must also exclusively consist of such a mark. A mark that is made up of a SLD and a TLD does not exclusively consist of a geographical indicator in the form of the .za ccTLD, but also consists of a SLD, which may even be non-distinctive.

It must, however, be borne in mind that even though a combination mark may be registrable, the TLD as one component will not be registrable on its own as envisaged in section 18.⁶² This is due to the fact that the .za ccTLD will fail the requirements for registration. It is thus only as a combination that the mark will succeed in meeting the requirements for registration when otherwise distinctive. Such a combination word mark, which consists of a SLD and a ccTLD, will be referred to for discussion purposes as a “domain name” trademark in this research matter.

A ccTLD that is appended to a registered trademark to form a new mark will, however, not satisfy the requirements set by section 10(3)⁶³ or section 10(14)⁶⁴ as constituting a mark that is able to distinguish goods or services. Therefore the marks @home and @home.co.za will remain deceptively and/or confusingly the same. Even if the goods or services are altogether different from that of a registered mark such combination application will not succeed when it is similar or identical to a registered mark that is well known in South Africa owing to being

62 S 18 *Trade Marks Act* 194 of 1993

63 S 10(3) *Trade Marks Act* 194 of 1993

64 S 10(14) *Trade Marks Act* 194 of 1993

inferred to take unfair advantage of the distinctive character of such registered mark.⁶⁵

2.2. Inferring source or geographical origin with a ccTLD

As said, one of the essential functions of a trademark is to serve a connection between the goods or services in conjunction with which it is used and its source.⁶⁶ In *Beecham v Triomed*⁶⁷ the court in fact quoted in a footnote the approach of the European Court of Justice⁶⁸ that the essential function of the trademark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling such person, without any possibility of confusion, to distinguish the product or service from others which indicate another origin. In *Cadbury (Pty) Ltd v Beacon Sweets and Chocolates (Pty) Ltd*⁶⁹ the court confirmed that the term “distinctiveness” as prescribed in the *Trade Marks Act*⁷⁰ is wide enough to embrace the traditional function of origin.

The question is whether a trademark including a TLD domain also infers geographical origin in addition to source origin as mentioned. The further question is whether the use of a similar mark in the course of trade will infringe such trademark where the registered mark has only been registered as a combination mark also involving a ccTLD while the ccTLD of the allegedly infringing mark is a necessary concomitant for the domain name holder to use such SLD on a ccTLD registry. In other words, the domain name holder would not be able to use his SLD on the country code registry without him

65 S 10(17) *Trade Marks Act* 194 of 1993

66 *Cowbell AG v ICS Holdings Ltd* 2001 3 SA 941 (SCA) [947G – 948D]; The function of a trade mark as a “badge of origin” was also confirmed in *Beecham Group PLC and another v Triomed (Pty) Ltd* 2002 4 SA 193 (SCA) [198]

67 *Beecham Group PLC and another v Triomed (Pty) Ltd* 2002 4 SA 193 (SCA)

68 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117 (ECJ) [par 28]

69 *Cadbury (Pty) Ltd v Beacon Sweets and Chocolates (Pty) Ltd and another* 1998 (1) SA 59 (T) [69]

70 *Trade Marks Act* 194 of 1993

simultaneously appending the ccTLD. This adjoining of the SLD and the ccTLD is due to the inherent nature of the Internet.

Whether this analogy of inherent concomitance could be interpreted to such extent that it would fall within contexts of the *Philips*⁷¹ judgement is doubtful to the extent that the ccTLD is not part of the registered trademark. The court in that instance stated that there is no class of marks having a distinctive character by their nature or by the use made of them that are not capable of distinguishing.

The confusion of the potential customers is created not by the SLD itself, but when the potential customers are deceived into thinking that the SLD is a mark associated with a South African trader's goods or services due to the ccTLD having a certain geographical indication, therefore inadvertently referring to the commercial origin.

It would however seem that the current legal precedent in South Africa regarding an investigation into the infringement of one mark by another would not allow such deduction. The Supreme Court of Appeal has on many occasions confirmed the principle that when two marks are placed side by side in the market place to determine infringement, no regard is to be had for extraneous factors.⁷²

Extraneous factors of origin might not according to legal precedent be inferred into a trademark, but section 34(1)(a)⁷³ requires for comparison purposes, the use of a same or similar mark used in the course of trade that causes the deception and confusion. Therefore the question is whether the use of a similar mark by the user on the Internet automatically conforms to the infringement requirement of use in the course of trade prescribed by trademark law.

71 *Philips Electronics NV v Remington Consumer Products Ltd* [1999] RPC 809 (CA) [Par 39]

72 *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA) [569E]; *Cowbell AG v ICS Holdings Ltd* 2001 3 SA 941 (SCA) [950H]

73 S 34(1)(a) *Trade Marks Act* 194 of 1993

In *Zenith Clothing v Carducci Clothing*⁷⁴ the court stated that an infringer could not escape by pointing out that something outside the actual mark distinguishes his goods or services from the registered mark. However it is uncertain whether the user of a mark could incur liability to the registered holder if the holder of the mark refers to something outside of the users mark which contributes to the confusion requirement.

A domain name used on the Internet in the course of trade could be such a descriptive mark and by its nature includes the URL and TLD. The URL and TLD might cause the infringing SLD as mark, to only be similar and not the same as the trademark. This however does not disqualify such separate indicators from being part of the comparison. It might be exactly the ccTLD as potential origin indicator that makes the SLD such a confusing or deceiving mark. It could be debated that without the ccTLD, the SLD might have less of an infringing effect or in fact none.

It is suggested that in assessing trademark infringement, where the infringing mark is a domain name, cognisance should be taken of the ccTLD of the domain name. International jurists support this view to some extent.⁷⁵ However, the relevance of such inclusion should be limited to the determination of whether the geographical source indicating qualities of a ccTLD contributes to the SLD having a more defined deception effect as relating to the commercial origin. The confusion element should relate to the commercial origin of the goods and services as related to that trademark and that the consumer generally associates the trademark within a certain geographical territory like South Africa.

74 *Zenith Clothing Industries (Pty) Ltd v Carducci Clothing Corporation (Pty) Ltd* 1981 (2) SA 62 (T) [66D]

75 International Association for the Protection of Intellectual Property (AIPPI) Meeting of the Executive Committee October 25-28 2003 p24: "AIPPI noted the contents of WIPO Doc. SCT 6/7 Prov. I of March, 30, 2001 and resolved that when assessing the infringement of intellectual property rights by the use of a sign on the Internet, national authorities should take into account whether the use of that sign has an actual or threatened commercial effect in the territory concerned."

It should also be borne in mind that, like trademarks, a regional authority usually administrates ccTLD's. The question is therefore whether domain names on ccTLD's should not be viewed in the same light as trademarks are viewed in the provisions of article 6 of the *Paris Convention*⁷⁶. In the United States it has been found by the courts that a domain name is property with a geographical existence in the territory where the registry is found.⁷⁷ Therefore a conflicting view has been shown by the United States courts to that of the jurists who argue that a domain name has no geographical presence.

76 *Paris Convention for the Protection of Industrial Property of 1883 (As amended)*

77 A Lothian 2002 *I'll see your domain name in (US) court!* [Found on Internet]
http://www.theregister.co.uk/2002/09/04/ill_see_your_domain_name [Used on 17 January 2005]

CHAPTER THREE

INFRINGEMENT OF A TRADEMARK BY CONFUSION OR DECEPTION

3. Infringement of a “domain name” trademark

3.1. Introduction

To protect a trademark from infringing use a trademark holder must prove such infringing use in the course of trade by the other mark user. The infringement of trade marks are divided into three categories, the first two are applicable to all trademarks and the third is only applicable to trade marks, which are well-known in the Republic of South Africa.

Section 34(1)(a)⁷⁸ states that a mark shall be infringed by:

The unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion

Section 34(1)(b) contains similar provisions to that of section 34(1)(a) but increases the scope of the goods or services that are used in relation to the mark to confusing or deceptively similar goods or services. Section 34(1)(c) is a statutory provision for infringement of a trade mark by way of dilution through tarnishment⁷⁹ and therefore relates to the advertising value of the trade mark and will be discussed in the subsequent chapter.

3.2. The “confusion or deception” requirement

One of the hurdles for a trademark holder in applying section 34(1)(a) and (b) in circumstances where the trademark is a domain name thus inclusive of the

78 S 34(1)(a) *Trade Marks Act 194 of 1993*

79 *Laugh it off Promotions CC v South African Breweries International (Finance) BV Case no. 242/2003* [Not yet reported as judgement on 16 September 2004 in Supreme Court of Appeal]

ccTLD, is the assessment of the element of deception or confusion. This element cannot relate to every segment of the population but only to persons who are interested in the goods or services to which the mark relates.⁸⁰ The essential question is the likelihood of deception or confusion in the use of the mark as relating to the goods or services.⁸¹ Where the mark is neither in the course of trade nor in relation to similar goods or services used, no infringement can be proved. Should these elements however exist, the process of comparing the marks for the purpose of confusion can be proceeded with.

The comparison process as relating to the assessment of the confusion or deception requirement amongst others involves a determination of the general impression or idea conveyed by a registered mark. Marks should therefore not be compared side by side,⁸² but must also be compared in relation to the spelling and the pronunciation, even allowing for imperfect usage.⁸³ Even a device has been considered capable of infringing a word mark that conveys a similar idea. In *Safari Surf Shop CC v Heavywater*⁸⁴ the court found that the device of a spider infringed the registered word mark "SPIDER". Even if a TLD is not considered a word it must still certainly be considered to be a device. In the case of an alleged infringement where the SLD of a domain name is similar to or the same as that of a domain name type registered mark, of which the SLD equivalent part is non-distinctive, the ccTLD could be the overriding factor why a consumer could be deceived or confused, in relation to the trademark and the goods or services with which it is associated and thus founding infringement.

As the ccTLD contributes to the dominant impression of a mark the use of a different TLD than that disclosed by the alleged infringer, and in particular where the goods or services associated therewith is not of a South African commercial

80 *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* 1997 (1) SA 1 (A)

81 *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* 1977 (3) SA 144 (T)

82 Webster G and Page N *South African Law of Trade Marks* 4th Edition (Butterworths 1997) p.7-8

83 *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA) [569]

84 *Safari Surf Shop v Heavywater* 1996 (4) SA 316 (D) [326]

source or origin, can change the dominant impression, even with similarities between the SLD's. The ccTLD is in circumstances where it has been registered as part of the trademark, part of the comparison test and would be taken into account for the purposes of determining the dominant impression.

The dominant impression of a "domain name" trademark would therefore consist of the words contained in the SLD and the apparent impression of geographical origin as created by the ccTLD. The consumer most probably has to be confused in relation to both these elements. The comparison cannot only be in relation to the SLD part of the trademark especially in the case where it is non-distinctive with the trademark as a whole being rendered distinctive by the ccTLD.

In conclusion, the ccTLD as part of the trademark, at least under certain circumstances, brings about an extension of the test beyond the SLD as forming part of a trademark. The importance of this is that the ccTLD and not just the SLD of the infringing domain must now be viewed to determine infringement of such trademark. The SLD should be viewed in conjunction with whatever attribute the ccTLD provides. It will mostly be an attribute of geographical origin due to the connection that the general public attaches to such indicator and the confusion caused should be viewed in light of the SLD and the confusion element.

3.3. *The "in the course of trade" requirement*

Another requirement to establish infringement is that the user has to use the similar mark "in the course of trade". Some jurists are of the opinion that the mere registration of a domain name without any use does not constitute use in the course of trade as such use is a question of fact and depends on the circumstances of each case.⁸⁵ In the United Kingdom the courts have found that when a person offers to merely sell a domain name that is confusingly similar to

85 Buys R *Cyberlaw: The law of the Internet in South Africa* (Van Schaik 2000) p73

the registered trademark, such use of the infringing mark constitutes use in the course of trade.⁸⁶ In South African case law the requirement has been stated by the Supreme Court of Appeal as being any use of a registered trademark in relation to goods or services where the goods or services are used as marketable commodities.⁸⁷ It would seem that the mere intent to promote a traders goods or services commercially would satisfy the requirement of “in the course of trade”.⁸⁸

Therefore it seems that the actual sale of products with a confusing similar mark to that of the registered trademark is not the requirement to satisfy the “in the course of trade” criterion. A deduction of intent to sell products within the protected geographical territory of a registered trademark would be more easily provable where the offending user has some business relationship to the territory of the registered trademark. The onus of proof on the trademark holder would be more onerous if the alleged infringing user is a foreign trader that, despite using a South African ccTLD, has no commercial relationship with the South African market. However, if it is clear that the intent of the use of the infringing mark is to solicit business for the infringing users goods or services in the same territory as the registered trademark, then such confusing mark will satisfy the requirements for the “in the course of trade” criterion.

86 *Buy's R Cyberlaw: The law of the Internet in South Africa* (Van Schaik 2000) p80
87 *Laugh it off Promotions CC v South African Breweries International (Finance) BV* Case no. 242/2003 [32][Not yet reported as judgement on 16 September 2004 in Supreme Court of Appeal]
88 *Laugh it off Promotions CC v South African Breweries International (Finance) BV* Case no. 242/2003 [37][Not yet reported as judgement on 16 September 2004 in Supreme Court of Appeal]

CHAPTER FOUR

INTERNET USE INFRINGEMENT OF THE ADVERTISING VALUE OF A TRADEMARK

4. Introduction

A trademark has many functions of which advertising is one.⁸⁹ However, in trademark law, this function will be judged only by reference to the mark itself. When the trademark is viewed outside the ambit of trademark law, extraneous factors that contribute to the advertising value of the mark, yet is not part of it, could possibly be taken into consideration as the mark and the extraneous factors form the advertisement communicated to the consumer. This advertising value is of great importance to traders and the South African legislature has given cognizance to this fact by making one of the functions of the .ZA Domain Authority to enhance the public's awareness on the economic and commercial benefits of domain name registration.⁹⁰

An instance of using a trademark as advertising medium is when a trademark is used as a SLD on a ccTLD registry but the ccTLD does not form part of the trademark. The consumer however views the whole domain name inclusive of the URL and the ccTLD and therefore such whole domain name should be considered when determining if the advertisement was misleading in any way. If the consumer is misled by the ccTLD as to the commercial origin of the goods and services or the territory to which that mark relates, the advertisement, as a whole, could be misleading. Commercial and geographical origin therefore forms part of the advertising value of a mark.

89 Hertzog D *Functional Theory in Trade Mark Law* (LLD Thesis Stellenbosch 1981) p1
90 S 65(2) *Electronic Communications and Transactions Act* 25 of 2002

Certain legislative measures have been taken through the years to make commerce more expedient and to protect South African traders from unscrupulous foreign or domestic commercial practices. Origin as relating to goods or services in an advertising milieu has played a specific role in some of this legislation. Such legislation's application with regard to Internet transactions is still open for debate and interpretation by the South African courts.

4.1. Dilution type infringement under trademark law

Where a trader has caused the likelihood of confusion or deception by trading in similar goods or services and under a mark, which is also similar to that of another trader's trademark, damages can be recovered by the trademark holder for the loss of custom resulting from brand confusion. The law of trademarks almost exclusively concerned itself with this type of damage, even though it was realised that traders could suffer other forms of loss other than of loss of sales.

The concept of "commercial magnetism" was introduced by the United States courts where it was found that where another person poaches upon such "commercial magnetism" of a trademark, the owner of the trademark could obtain legal redress.⁹¹

Unlike the subsections of section 34 discussed in chapter 3, section 34(1)(c)⁹² is not concerned with either origin or the likelihood of confusion or deception that the commercial origin creates. It protects the economic value of a trademark, more particularly its reputation and its advertising value or selling power.⁹³ In

91 Pattishall B "The Trade Mark Reporter" 67 1977 p618

92 S 34(1)(c) *Trade Marks Act* 194 of 1993: "*the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70 (2).*"

93 *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA) [568F-568G]

such circumstances the infringing user makes use of the selling power of the mark to advance the mark that is representative of his business.

The selling power of the infringed mark is thus tarnished as a consumer buys the infringing users goods or services due to his connotation to the other traders mark and such connotation could be good or bad. There exists no likelihood of confusion by the consumer in relation to the two different marks or the goods or services they represent. To establish infringement under section 34(1)(c), the owner of a trademark must establish:⁹⁴

- (a) the unauthorized use by the defendant of a mark
- (b) in the course of trade
- (c) in relation to any goods or services
- (d) the mark must be identical or similar to a registered trademark,
- (e) the trademark must be well known in the Republic, and
- (f) the use of the defendant's mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trademark.

It does not necessarily follow, however, that only the distinguishing function of trademarks is to be protected or that the distinguishing function is impinged or must necessarily be impinged in all instances for dilution to take place.⁹⁵ As regards infringement of a "domain name" trademark, the foreign domain name user of the infringing mark would have unauthorised use, in the course of trade, in relation to any goods or services as relates to a similar or same mark. Furthermore, as discussed, it is the ccTLD part of a "domain name" trademark that makes such a mark distinctive in certain circumstances and therefore the use of a domain name with a similar SLD on the same ccTLD is detrimental to the distinctive character of the "domain name" trademark. In addition it could be argued that unfair advantaged is taken of such a marks repute in South Africa if

94 *Laugh it off Promotions CC v South African Breweries International (Finance) BV* Case no. 242/2003 [20][Not yet reported as judgement on 16 September 2004 in Supreme Court of Appeal]

95 Gardiner JS *The legal nature of the right to a trade mark in South African law* (LLD thesis UNISA 1994) p636

there is seemingly no other reason for the infringing domain name user to use a .za ccTLD as opposed to all other generic TLD's.

One of the hurdles in the application of section 34(1)(c) is the requirement that a trademark has to be well known in the Republic of South Africa. The answer as to what constitutes a well known mark was dealt with in *McDonalds v Joburgers Drive-Inn*⁹⁶ where the court approached the problem by raising two questions namely whether the mark must be known to all sectors of the population and to what the degree of awareness must be, irrespective of the sector of the population.

Regarding the first question, the court stated that the legislature was aware of the fact that the South African population was very diverse when it passed the *Trade Marks Act*⁹⁷ and that if the protection is only to be granted to marks which are known to all segments of the population, then there would be very few marks which would pass the test. Accordingly the legislation would not achieve its desired purpose; moreover the court was of the opinion that there was no apparent reason to impose such a rigorous requirement. The court concluded that a mark is well known if it is well known to the persons interested in the goods or services to which the mark relates.

The court approached the second question by stating that the degree of awareness must be measured by whether sufficient persons know the mark well enough to entitle it to protection against deception or confusion. What constituted a sufficient number of persons was addressed by the court by sustaining the applicant's argument that the meaning had to be similar to the term "substantial number of people" as is generally interpreted in the law of passing off.

96 *McDonalds Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd* (1) SA (A) [20A-20E]

97 *Trade Marks Act* 194 of 1993

The court justified this approach by stating that it was clear that the legislature intended to give legislative force to article 6bis of the *Paris Convention*⁹⁸ and therefore it was natural to repeat the language of the convention and leave it to the courts to give practical effect to the vague expression.

While this research is not limited to such mark only, it would seem that few trademarks are well known in South Africa, especially in the tourism industry. However, if only the awareness of prospective tourists is the determining factor whether a mark used in such industry is well known, then it would not be such a daunting task to prove, especially as tourist, both foreign and domestic, usually have a good knowledge of the territory to which they intend to travel.

This requirement therefore seems less arduous than in the United States where the requirements set in the *Federal Trademark Dilution Act*⁹⁹ are that the mark must be famous. When a mark is famous became a contentious issue in the US courts as in certain instances the courts left doubt as to whether marks of a local as opposed to a widespread renown would qualify as having this distinctive quality.¹⁰⁰ This distinction is not a problem in the South African trademark law as the *Trade Marks Act*¹⁰¹ explicitly states that the mark must be well known in South Africa.

The *Federal Trademark and Dilution Act* however does contain practical guidelines to determine whether a mark is famous which could also be used to determine whether a mark is well known. In trying to establish this characteristic a court may have regard for various factors, namely:

98 *Paris Convention* of 1883 (As amended)

99 15 USC 1125(c) *Federal Trademark Dilution Act* of 1995: "The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection."

100 Martino T *Trade Mark Dilution* (1996 Oxford) p 51

101 *Trade Marks Act* 194 of 1993

- The degree of inherent or acquired distinctiveness of the mark;
- The duration and extent of use of the mark in connection with the goods or services with which the mark is used;
- The duration and extent of advertising and publicity of the mark;
- The geographical extent of the trading area in which the mark is used;
- The channels of trade for the goods or services with which the mark is used;
- The degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
- The nature and extent of use of the same or similar marks by third parties; and
- Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

The hurdle that a mark is to be well known is therefore seemingly not unassailable as geographical advertising in South Africa has reached a new scale and certain industries like tourism, market their goods and services as part and parcel of the local geographical territory. In the light of this, many unknown geographical related marks will in all probability attain the requirement of being well known and therefore being afforded protection in terms of section 34(1)(c).

A 'domain name' type trademark can consequently also be infringed under section 34(1)(c) by the use of an identical or substantially similar domain name on the Internet once proved that the registered mark is well known in South Africa, as discussed. The use in the course of trade will require the same proof as discussed in chapter 3. If a South African business person thus uses a domain name having the same or similar SDL to that of a registered mark with a .za ccTLD, while even involved in an unrelated field of business activity, infringement under the advertising value of the mark can still be proved as it is

likely that such Internet use would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trademark. The same argument applies to a foreign businessperson using a .za ccTLD though with the possible limitation in proving the "use in the course of trade" requirement.

4.2. Consumer Affairs (Harmful Business Practices) Act (Hereafter the CA Act)¹⁰²

The *Consumer Affairs Act's* objective is quite circumspect and encompasses the control and prohibition of certain business practices. The Committee can investigate any complaint or report regarding a harmful business practices or even a potential business practice. A complaint is not even a requirement for an investigation by the Committee, who can institute such investigation on their own accord. The Committee therefore performs its functions in the public interest. After a report by the Committee has been furnished to the Minister of Trade and Industry, which has found that a certain practice is or would be harmful and not in the public interest, the Minister may make certain declarations.¹⁰³ The Minister may declare that:

Any person who is or was a party to an agreement, arrangement, understanding or omission, or uses or has used any **advertising or type of advertising**, or applies or has applied a scheme, practice or method of trading, including **any method of marketing or distribution**, or commits or has committed an act, or brings or has brought about a situation, or has or had any interest in a business or type of business or derives or derived any income from a business or type of business, which in the opinion of the Minister is **connected with the said unfair business practice** and which may be specified in the notice:

102 *Consumer Affairs (Unfair Business Practices) Act 71 of 1988*

103 S 12 *Consumer Affairs (Unfair Business Practices) Act 71 of 1988*

- i) to terminate or to cease to be a party to that agreement, arrangement, understanding or omission;
- ii) **to refrain from using that advertising or type of advertising;**
- iii) to refrain from applying that scheme, practice or method of trading;
- iv) to cease to commit that act or to bring about that situation;
- v) to cease to have any interest in that business or type of business or to derive any income there from

The order, which the Minister can make under this Act, is quite extensive, as it not only allows the Minister to prevent an infringing party to stop such actions, but can also terminate such a person's relationship with third parties in order to achieve the objectives of the *CA Act*. Trading on the Internet is a method of trading and the display of a domain name on the Internet is certainly a form of advertising.

The question is whether the infringing use of a domain name, which would not constitute infringement of the trademark under trademark law as a result of the technical provisions, could be addressed under the *CA Act*.

The function of the Committee is to investigate and report to the Minister on current policy as relates to business practices and in particular, unfair business practices. The also Committee has the right to negotiate with a party who is viewed as pursuing unfair business practices with the view of coming to an arrangement, which in the view of the Committee will ensure the discontinuance of the unfair business practice.¹⁰⁴ Furthermore, the Committee can make recommendations to the Minister to give a notice in terms of section 12 to prevent a certain unfair business practice.

104 S 9 Consumer Affairs (Unfair Business Practices) Act 71 of 1988

An unfair business practice is defined as follows.¹⁰⁵

Means any business practice, which, directly or indirectly, has or is likely to have the effect of:

- a) harming the relations between businesses and consumers;
- b) unreasonably prejudicing any consumer;
- c) deceiving any consumer; or
- d) unfairly affecting any consumer

It is submitted that a practice by a foreign trader that sells goods or services from abroad to consumers on the Internet by using a domain name that has a .za ccTLD and there exists a South African trader which has a similar trademark to the foreign trader's SLD, would constitute an unfair business practice. It must be borne in mind that it is not the registration of the domain name that is deceitful, but the advertisement it provides to consumers in relation to the business of such trader and that such deceitful advertisement harms the relationship between consumers and businesses.

The foreign trader utilises the domain name as an advertising medium. In addition such person would utilise the source indicating capabilities of the .za domain. If the latter were not this person's intention, a generic domain would in all probability have been registered, which would have no indication of origin or any possibility of such indication of source.

An interested party would therefore have to prove to the satisfaction of the Committee that such use of a .za domain by a foreign trader not only deceives the consumer, but also harms the relations between the South African trader and its potential consumers. In addition, such interested party would have to prove to the satisfaction of the Committee that any order that prevents such harmful practice would be in the public interest.

105 S1 Consumer Affairs (Unfair Business Practices) Act 71 of 1988

It is submitted that the *CA Act* poses a lighter onus of proof for the trademark holder who has registered a trademark that encompasses the equivalent of a SLD and a ccTLD, as the source indicator is then inherent to the mark itself and does not have to be inferred, thus preventing any defensive argument in the line of the USPTO that the ccTLD has no source indicating qualities.

It is concluded that the *Consumer Affairs Act*¹⁰⁶ could be used to resolve trademark-infringing use on the Internet and would be the most efficient manner to resolve a problem as a result of the infringing use of a domain name. This is particularly so because of the wide arena that it covers regarding who is harmed or purposefully misled, as it includes any consumer and businesses. It is therefore not limited, like trademark law, to the customers who are likely to trade in the aggrieved traders goods or services.¹⁰⁷ However the problem does exist that the remedies under the *CA Act* is subjective and not objective.

Therefore it is still uncertain what the extent of the onus would be to persuade the Committee that a business practice is unfair, who in turn must persuade the Minister that such a practice is unfair and that an order in the public interest should be made to prevent such practice. This process would also be time-consuming in a situation where immediate relief is usually required or sought. The remedies provided under the *CA Act* would in all probability be a last resort after other formal avenues of relief like the *Trade Marks Act*¹⁰⁸ have been exhausted. However it does seem to provide relief in difficult areas of commerce that more formal legislation will be unable to address without amendment.

106 *Consumer Affairs (Unfair Business Practices) Act* 71 of 1988

107 *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* 1997 (1) SA 1 (A)

108 *Trade Marks Act* 194 of 1993

4.3. *Trade Practices Act (Hereafter the TP Act)*¹⁰⁹

The *Trade Practices Act* has similar provisions to that of the *Consumer Affairs Act*¹¹⁰. The stated object of the *TP Act* includes the prohibition of certain advertisements. It states as follows¹¹¹:

No person shall publish or display **any advertisement** which is false or misleading in material respects or cause such advertisement to be published or displayed

An advertisement is defined in the *TP Act* as any written, illustrated, visual or other descriptive material or oral statement, communication, representation or reference distributed to members of the public or brought to their notice in any manner whatsoever.¹¹² The intended purpose of the advertisement is also stated in section 1 as being to promote the sale of goods or services.

The definition of advertisement is quite circumspect. It could, however, be argued that a domain name is not an advertisement and that only the content on the webpage to which the domain name links, is an advertisement. A second hurdle in applying the *TP Act* to trademark-infringing use of domain names is that the argument that a ccTLD is a source indicator per se is still open for debate. A ccTLD forming part of a trademark may be a source indicator for trademark infringement purpose, but may not be a material misleading indicator for the purposes of the *TP Act*. Mala fides are not a requirement for the application of the *TP Act* as the requirement is not deceit, which has some element of intent, but falsehood or being misleading to a material extent. A court would therefore have to determine whether a consumer, which is misled that the origin of the goods or services on such domain is of a South African source, has in fact been materially misled as the true origin might be stated on the website alone.

109 *Trade Practices Act* 76 of 1976

110 *Consumer Affairs (Unfair Business Practices) Act* 71 of 1988

111 S 9(a) *Trade Practices Act* 76 of 1976

112 S 1 *Trade Practices Act* 76 of 1976

It is submitted that a strong argument does exist for the use of a ccTLD as a source indicator in situations where the domain name is used as an advertising medium. It is clear from trademark law that a mark can serve as an advertising medium and accordingly it would be preposterous to argue that the same word mark does not have an advertising value just by reason of being used on the Internet as a domain name.

It is concluded that a domain name could be an advertisement as envisaged in the *TP Act* and that a ccTLD as part of that advertisement could be misleading as to the origin of the goods or services provided by such trader. It is submitted that the origin of goods or services, especially in a South African milieu, is of material importance to the South African public, as the sale of goods or services from a South African source has many inherent economic benefits for the South African society in general.

Use of advertising value type infringement of a 'domain name' type trademark in response to use by another of a similar Internet type domain name will most probably only be considered where infringement cannot be proved under sections 34(1)(a) or (b) of the *Trade Marks Act* owing to the requirement of proof of being well know under section 34(1)(c) and also that such use must be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trademark.

CHAPTER FIVE

THE USE OF CCTLD'S AND THE *ELECTRONIC COMMUNICATIONS AND TRANSACTIONS ACT*¹¹³ (*ETC Act*)

5.1. Introduction

While this research focuses on trademark infringement in a variety of ways it is clear that the present system in registering domain names creates part of the problem in domain name use trademark infringement. This is the case because registration does not presently take into account the business relationship of an applicant. The *ETC Act* is thus briefly discussed below to assess its impact on such domain name type trademark infringement.

5.2. Use of domain names under the *ETC Act*

The *ETC Act* was implemented to enable and facilitate electronic communications and transactions in the public interest.¹¹⁴ The *ETC Act* does not directly make provision for the protection of trademarks on the .za domain, but does provide protection to consumers in chapter seven of the Act regarding any non-compliance with the *ETC Act*.¹¹⁵ Complaints would have to be directed at the Consumer Affairs Committee, which is appointed in accordance to the *Consumer Affairs Act*¹¹⁶.

It would seem that no immediate recourse is provided for traders regarding infringing use other than going through the prescribed alternative dispute resolution procedures.¹¹⁷ The *ETC Act* provides that the Domain Name Authority prescribe the requirements for registration of domain names. In addition the

113 *Electronic Communications and Transactions Act 25 of 2002*

114 S 2(1) *Electronic Communications and Transactions Act 25 of 2002*

115 S 49 *Electronic Communications and Transactions Act 25 of 2002*

116 S 2 *Consumer Affairs (Unfair Business Practices) Act 71 of 1988*

117 S 69 *Electronic Communications and Transactions Act 25 of 2002*

Authority, can with the approval of the Minister of Communications, make regulations regarding¹¹⁸:

The circumstances in which registrations may be assigned, registered, renewed, **refused, or revoked** by the registries with due regard to the express recognition of the **right of groups and members of groups within the Republic** to identify with, use or communicate cultural, linguistic, **geographical**, indigenous or any other expressions of heritage including any visual or audible elements or attributes thereof

The scope of this section will remain uncertain until the courts have clarified it, but it would seem that regulations could be a future remedy to protect the right of use of members of the Republic of South Africa of the domain name resource against all others. This section could seemingly even be used to enforce deregistration of an infringing domain name on the rights of a South African trader as it recognises the rights of certain traders of South Africa as regards their use of geographical heritage. Whether the term heritage includes source indicators is debatable but these rights could possibly include those of trademark holders. The Domain Name Authority is yet to take office and effectively perform its duties, but it is evident that it would have enough discretion and powers to prescribed use of the .za domain so that it is to the benefit of South African traders and consumers alike. However, until such date, immediate relief for infringing use of a .za domain name should be sought elsewhere.

It is submitted that especially the problems associated with foreign domain name usage of the .za ccTLD that has no trade relationship with South Africa in relation to trademark infringement will be effectively prevented if use of this ccTLD is reserved for persons involved in South African trade. Proof of the requirement of having to be "in the course of trade" will thus not be thwartable by simply alleging that no business relationship exists as the geographical connotation will play an important role.

118 S 68(1)(b) *Electronic Communications and Transactions Act 25 of 2002*

CONCLUSION

Commerce has greatly expanded on the Internet, which in itself holds new challenges and problems. In light of this fact it has become even more important for origin-based businesses to protect all economic and other factors that could promote their businesses. Likewise, these businesses will have to make a concerted effort to prevent other mala fide traders from diluting or impinging on their lucrative commercial origin indicators and marks through the use of both similar marks and geographical indicators on the Internet.

The Internet by nature presents opportunities to other traders to present their similar marks to the world without falling within the scope of traditional trademark protection under the *Trade Marks Act*¹¹⁹. In light of this, jurist will have to resort to more meticulous interpretation of trademark law to present trademark holders with remedies. Some of these remedies however, might have to be sought in legislation, which does not directly deal with trademarks, but with an associated advertising function of such a mark. In light of these alternative solutions, this research material tried to resolve some of the problems by investigating avenues both inside and outside of traditional trademark law.

Before the actual objects of the research were explored, the ancillary questions regarding registration requirements of domain names were discussed. This provided the background for the environment in which domain names are used and identified the unique characteristics of the Internet that affects the investigation into the infringement of trademarks by domain name users. The unique character of domains names were discussed and the use of ccTLD's on the Internet. This ancillary research served as the basis for the contention in the subsequent chapters that a ccTLD by its nature does have geographical indication characteristics for the purpose of determining infringing use.

119 *Trade Marks Act* 194 of 1993

This notion was explored even further with the extended discussion regarding the registration requirements for trademarks and whether ccTLD's could be registered as part of a trademark, either as a word or device. It was concluded that under the current South African trademark law a ccTLD would indeed be capable of registration as part of a trademark. In these circumstances it would also be possible for the ccTLD as part of the trademark to indicate geographical source as inadvertently pertains to the source of the goods and services. However certain limitations do exist regarding the registration of a ccTLD as part of a trademark, as the addition of a ccTLD to a current registered trademark, does not make the other mark distinctive from the original. It was concluded that such marks would be barred from registration if the applicant for the new "domain name" trademark and the holder of the original trademark were not the same.

The research also explored whether ccTLD's, when used with other generic or non-generic words to form a registered trademark, could serve as a geographical indicator as relates to the whole registered trademark. It was concluded that the ccTLD could have such a geographical indication function and that our courts support the view that a mark must be viewed in its entirety to determine infringement. This is a direct result of the manner of comparison that is used by the courts to determine infringement as the general idea conveyed by the infringing mark is compared to that of the registered trademark.

The ancillary research was necessitated by the nature of domain names and thus served as basis for the two main research areas regarding the infringement requirements of a trademark through deception or confusion under trademark law and infringement of the advertising value of the trademark under other legislation.

The first approach in addressing the question of infringing use of a domain name on a trade mark was to investigate the influence of the ccTLD as geographical origin indicator on the deception and confusion requirement for infringement stated in sections 34(1)(a) and (b) of the *Trade Marks Act*. It was found that the

essence of the test was to determine the likelihood of deception or confusion between the domain name used on the Internet and the trademark used within a geographical territory. Should the mark therefore not be used either in relation to similar goods or services or in the course of trade, such likelihood of confusion or deception was unlikely. It was concluded that the ccTLD contributed to the dominant impression of the infringing mark used on the Internet and thus enhanced the likelihood of confusion and deception of such infringing mark as relates to the registered trademark.

Another important requirement for the likelihood of deception or confusion to exist is that the infringing mark must be used in the course of trade. The position of some jurist that the mere registration of a domain does not constitute use in the course of trade was contrasted with the current legal position in South Africa. The position in South Africa is that the mere intent to promote a traders goods and services commercially, which could also be through the use of a domain name and its associated web page, would satisfy the in the course of trade requirement.

It was concluded that the actual sale of goods, through the use of an infringing mark, within the geographical territory within which the trademark enjoys protection, is not a requirement to satisfy the condition of "in the course of trade". Should the factual situation prove that the intent of the use of the domain name was to commercially promote the goods or services of the domain name holder within the geographical territory within which the trademark enjoys protection, such use would be in the course of trade.

The second approach to resolve the research object was to determine infringement of the advertising value of a trademark under various legislative provisions. Firstly it was investigated whether the use of a similar mark on a .za domain registry could in certain circumstances constitute infringement under section 34(1)(c) of the *Trade Marks Act*.

This section makes provision for infringement of a trademark in circumstances where the infringing mark exploits the distinctive nature of the registered mark. It was contended that in circumstances where the mark is distinctive due to its common origin or use within South Africa, it would be more indicative of tarnishment of the selling power of the mark if the infringing mark were used on the .za domain registry. It was concluded that in these circumstances infringement of the registered trade could be established. However, the application of section 34(1)(c) is limited to well known marks and accordingly this criteria was explored. It was concluded that well known according to the South African trademark law means that the persons who use such goods or services within South Africa as related to the registered mark, know the mark. The scope of application to South African trademarks of the term well known is thus quite extensive.

The *Consumers Affairs Act's* objective is to prevent unfair or harmful business practices. Such an unfair business practices has a very wide interpretation in the Act and includes any business practice that directly or indirectly, has or is likely to have an effect of harming the relations between business and the consumer or unreasonably prejudicing or deceiving the consumer. It was concluded in the research that a domain name could constitute an advertisement as defined and therefore does possess some advertising value.

It therefore could be contended that the advertising value of the .za ccTLD causes such a possibility of direct or indirect effect of confusion to the consumer or harming the relationship between the local trademark holder and its customers. Accordingly the conclusion was that the *Consumer Affairs Act* could be applied to protect trade mark holders rights in instances where a foreign trader uses such advertising function of a domain name in such a manner that not only confuses the customer, but harms the relationship or is likely to harm the relationship between the local trader and its customers.

The last statutory avenue investigated was the possible application of the *Trade Practices Act*. This Act has similar provisions to that of the *Consumer Affairs Act* as relates to advertising. However, this Act requires that the advertising must be misleading or false and its application is therefore not as wide as that of the *Consumer Affairs Act*. Proving that the domain name was false or misleading is therefore much more onerous a task than proving that the advertisement is harmful to a traders relationship with its customers. It was concluded that this Act would therefore only apply in circumstances where the foreign trader is intentionally trying to deceive customers to buy his goods by advertising such goods on the .za domain.

The final chapter commented on possible future solutions in the *Electronic Communications and Transactions Act*, which was specifically proclaimed to deal with problems relating to Internet usage. This was however a closed avenue as the Act does not contain any specific provisions regarding the protection of trademark holder's rights on the Internet. In fact, even the proposed regulatory authority in the Act has not become fully functional by the time of this dissertation. Therefore even if the Act contained any relief provisions, any relief sought would be suspended indefinitely until the Regulatory Authority had taken full control of its mandate.

A backdoor was however presented by the Act as it refers certain disputes regarding infringing usage of the Internet to the Consumer Affairs Board, which acts in terms of the *Consumer Affairs (Harmful Business Practices) Act*. However the scope of the powers of the authority created under this Act does have enough statutory power to make a difference in the future and therefore possible amendments to the requirements for Internet usage to benefit South African mark holders should not be seen as unrealistic.

The Internet and the different spheres of traditional law that it affects have created a huge opportunity for the further development of principles and approaches that many jurist thought were inflexible. The Internet creates intricate problems that are seemingly not bound by any border and makes the world a much smaller place to apply and interpret territorial legislation. It is imperative to international e-commerce that the legislative and the courts are mindful of this fact and that development of applicable law is accelerated.

The Internet has made the world a smaller place for jurist to apply legal principles. This is made quite clear by Bill Gates who states:

The Internet is becoming the town square for the global village of tomorrow¹²⁰

120 Bill Gates quotes [Found on the Internet] http://en.thinkexist.com/quotes/bill_gates/2.html [Used on the 18 November 2004]

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