THE TRADEMARK LEGAL IMPLICATIONS OF ORIGIN INDICATORS FOR COUNTRY-CODE DOMAIN NAMES: A CASE OF SOUTH AFRICA

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ABSTRACT

The use of Country-Code Top Level domain names has gained prevalence as countries and online users seek to increase and improve their online presence and visibility. A ccTLD is a domain extension that indicates the geographic location (origin indicator) of a website by using a two-letter code representing a specific country. The ccTLD for South Africa is .za, and signals to users that search engines that a site is of South African origin and that it is targeted towards the South African region. Thus, .za is an online identifier and is part of the user's online identity and presence. TLDs are a significant part of a business's identity and brand. However, the use of TLDs as geographic indicators/origin indicators raises major legal implications, particularly regarding trademark infringement and protection.

This paper will discuss the trademark legal implications of origin indicators for Country- Code Domain names specifically in the case of South Africa.

Keywords: *ccTLDS, TLDs, Trademarks, Origin Indicators, Geographic Indicator*

1. INTRODUCTION

Trademarks do not exclusively distinguish products within the legal and business systems; they do so just as significantly with consumers. They identify and protect words and design elements that identify a product or source of a service, owner, or developer[1]. This is an era where people are connected through the internet, doing business and buying goods and services online. This makes online presence and identity paramount to the success of a business. Businesses acquire domain names and create websites to increase reach and easy interaction with consumers.

To achieve this, registering a domain name as a trade mark could make more sense to business owners. This paper will explore the trade mark legal implications of origin indicators for Country-Code Domain Names in the case of South Africa. It will look at the requirements of a trade mark and whether an origin indicator can be a trademark, the legal disputes, and legal remedies available for those whose trademarks have been infringed.

[1] https://www.investopedia.com/terms/t/trademarks.asp

2. THE IMPORTANCE OF A TRADEMARK

A trademark is an intellectual property mark that assigns a unique identifier to the goods and services that the maker and origin buyers can ascertain. A trademark affords its owner benefits and protection that ensure the success and growth of its business. Several advantages emanate from owning a trademark and are as follows:

Brand recognition and differentiation: Trademarks are key to creating recognisable brands that can be differentiated in a competitive business environment. Establishing a unique brand image makes it easy for consumers to identify and remember a specific business, thereby setting it apart from the rest[2].

Building trust and reputation: Trust is a significant component in establishing brand and business success, as consumers continue patronising brands they trust and can rely on. When consumers see a trademark they recognise due to prior use, they are likely to gravitate towards that product because of the trust and reputation associated with the particular brand.

Legal Protection and Trademark rights: A trademark enjoys protection when it is registered. Registering a trademark provides businesses with legal recourse against infringers, protecting their intellectual property rights and safeguarding their brand integrity[3].

Business valuation and Asset creation: A registered trademark can become a valuable financial asset for the business.

3. TRADEMARK VS DOMAIN NAME

Domain names and trademarks differ in two ways: ownership and creation of rights. Domain names are human-friendly internet address forms commonly used in websites. In other words, a domain name is a name version of an IP address, which would otherwise be in the form of numbers. To have a domain name, one must purchase it from the registrar to become a registrant. Purchasing a domain name does not equate to ownership. This point is made clear the co.za Published Policies, which states that:

"Registering a domain name is akin to obtaining a licence. As long as the domain name is kept current, the registrant can continue to use that domain name. Domain names are not regarded as property and can therefore not be "owned" by any party"[4]. Purchasing a domain name does not therefore create ownership and real rights; it only creates the right to use.

A trademark is a distinctive sign used to distinguish goods or services in the marketplace. The registration of a trademark creates a real right, including the right to take legal action against infringement.

4. REGISTRATION OF A ccTLD AS A TRADEMARK UNDER THE TRADEMARKS ACT

Section 9 of the Trademarks Act[5] sets out conditions under which a Trademark can be registrable as follows:

9(1) "In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is

[2] https://www.cipc.co.za-ARTICLE-THE-IMPORTANCE-OF-TRADE-MARK-PDF

[3] https://www.legalese.co.za/unlock-the-power-of-your-brand-the-importance-of-trademark-registration/

[4] https://www.registry.net.za/Coza_Published_Policies_and_Procedures

[5] Trade Marks Act, 194 of 1993

registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations"[6].

9(2) "A mark shall be considered to be capable of distinguishing within the meaning of subsection (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable by reason of prior use therof"[7].

Section 10 of the Trade Marks Act lists marks that are unregistrable trademarks under the Act. This are:

10 (1) "A mark which does not constitute a trademark;

10 (2) "A mark which-

(a) "is not capable of distinguishing within the meaning of section 9; or

(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 characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services"[8]

In light of the above, the pertinent question would then be: is a Top-Level Domain (TLD) on its own capable of distinguishing the goods or services of one person from those of another? The answer is negative because it is too generic and does not provide enough specific information about the business or its offerings. In section 10 of the Trade Marks Act, it is listed as a sign not capable of distinguishing within the meaning of section 9, as it only indicates the geographical origin of the goods or services.

5. REGISTRATION OF ccTLDs WITH THE USE OF SLDs

It could be argued that to fulfil the requirement of Section 9 of the Trade Marks Act, the ccTLD must be combined with a Second Level Domain(SLD) in support of the intention of the Trade Marks Act in *Bata Ltd v Face Fashions*[9], which states that non-distinctive words, when used together, can become distinctive. That is to say, if an SLD providing the uniqueness and descriptiveness needed to distinguish the goods or services is combined with a ccTLD, it will be registered as a trademark and sufficiently distinctive.

However, the above proposition remains inconclusive as a geographic indicator ought to consist exclusively as a mark registerable per section 18 of the Trademarks Act. Therefore, combining a ccTLD and an SLD deviates from the exclusivity of a ccTLD as a mark being distinctive and registerable.

6. LEGAL CONFLICTS

Various legal conflicts are presented when origin indicators are used as part of a trademark in the marketplace and the internet. These legal conflicts result in trade mark infringements. The Trade Marks Act in Section 34 states acts that are deemed as infringement of a trade mark.

34 (1) "The rights acquired by registration of a trade mark of a trade mark shall be infringed by-

[6] Ibid
[7] Ibid
[8] Ibid
[9] 2001 (1) SA 844 (SCA).

(a) 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;

(b) The unauthorised use of a mark which is identical or similar to the trademark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered that in such use, there exists the likelihood of deception or confusion

(c) The unauthorised use in the course of trade in relation to any goods or services of a trade mark registered, if such trade mark which is identical or similar to a trade mark registered, if such trade mark which is well known in the Republic and the use of the said mark would be likely to take advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception"[10].

The implications of the above prescripts are best understood in considering the impact on businesses with a vested interest in the goods and services to which a mark relates. This is particularly relevant where the mark would likely create confusion or deception in the similarity of the goods or services to which the mark relates, thereby creating the likelihood of a trademark infringement.

The type of trademark infringement that results in confusion and deception would be dilution. There are different forms of dilution, and they are listed as follows:

Blurring: This is the most common type of dilution. It occurs when an illegal use of a well-known trademark weakens or impairs the distinctiveness of that mark, therefore creating confusion to the consumers[11].

Tarnishing: Tarnishing happens when the illegal use of a well-known mark is offensive or unflattering, thereby ruining the reputation of the well-known brand[12].

Free riding: illegal use of a well-known trademark on unrelated goods or services, for the purpose of leveraging the positive association with the well-known brand's legitimate goods or service[13].

Cybersquatting: this is the illegal use or registration of a domain name to benefit from a trademark, corporate name, or personal name of an individual.[14]. It, therefore, is in the best interest of new business owners to register a domain name that corresponds with their trademark as soon as possible. This is because private entities register domain names on a first-come-first-serve basis, and currently, there is nothing that stops them from registering confusingly similar names or names that conflict with trademark laws. However, there is legal recourse to have the names transferred where such registrations have taken place.

In the context of any of the above scenarios, even when the SLD of an allegedly infringing domain name mirrors or closely resembles the non-distinctive SLD portion of a registered trademark

[10] Trade Marks Act 194 of 1993

[11] https://www.inta.org/fact-sheets/trademark-dilution-intende-for-a-non-legal-audience/

[12] Ibid

[13] Ibid

[14] https://www.svw.co.za/trademark-domain-names/

domain name, the presence of the same or a similar ccTLD could be the decisive element leading to consumer deception or confusion regarding the trademark's origin and the related goods or services, thereby constituting infringement.

7. LEGAL RECOURSE FOR TRADEMARK INFRINGEMENT

There are various avenues that can be explored to get recourse for trademark infringement. They include:

Protection of well-known Trademarks

Section 35 of the Trademarks Act provides for protection of well-known marks under the Paris Convention:

35 (1) "References in this Act to a trademark which is entitled to protection under the Paris Convention as a well-known trademark, are to a mark which is well-known to the Republic as being the mark of-

(a) A person who is a national of a convention country; or

(b) A person who is domiciled in or has a real and effective industrial or commercial establishment in a convention country, whether or not such person carries on business, or has any goodwill in the Republic"[15].

Alternative Dispute Resolution

Section 69 of the ECT Act[16] makes provision for Alternative Dispute Resolution in the case of Domain Name infringement and abuse.

Legal Proceedings

Section 90 of the ECT Act defines the South African Courts' jurisdiction and under what circumstances they can be approached for recourse[17].

Section 53 of the Trade Marks Act allows aggrieved parties to approach the courts for recourse and appeals[18].

Penalties

Section 89 of the Trade Marks Act provides the imposition of penalties for persons convicted of offences in terms of the Act. These include a fine or imprisonment for a period not exceeding 12 months[19].

8. CONCLUSION AND RECOMMENDATION

In the context of South Africa, while there is legislation that speaks to the subject matter, the jurisprudence remains inconclusive. It is therefore imperative to consider the following as recommendations:

Proactive Monitoring of Domain Names: Implement a strategy for actively monitoring domain name registrations, particularly within the ".za" namespace, that incorporate your trademarks or protected Geographic Indicators.

Educate Consumers: Raise consumer awareness about your trademarks and the genuine origin of your goods or services to help them distinguish authentic offerings from potentially infringing websites.

Registering Trademarks with Geographical Elements: When registering trademarks, consider including geographical elements

[15] Trade Marks Act 194 of 1993
[16] Electronic Communications and Transactions Act, 2002
[17] Ibid
[18] Trade Marks Act 194 of 1993
[19] Electronic Communications and Transactions Act, 2002

that are genuinely associated with your goods or services, as this can strengthen your rights against confusingly similar domain names.

Collaboration with Intellectual Property Organizations: Foster closer collaboration with organizations like the Companies and Intellectual Property Commission (CIPC) and associations representing trademark and GI holders to share information and best practice.