The Registration and Use of Generic Terms as Domains

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A. Outline of the Lecture

I. Introduction

- Structure and function of the Zentrale zur Bekämpfung unlauteren Wettbewerbs e.V. (Center for Combatting Unfair Competition)
- May 2000: new administrative department (VI) for Internet, New Economy and International Relations

II. Problem

- Registration of domain names has become a big legal issue
- Many legal provisions applicable; Trade Mark Law, laws regulating rights of personality, Unfair Competition Law
- Many different problems; registration of company names by competitors with and without use of the domain, registration of town and city names, domain grabbing, registration of company names by natural persons of the same name
- Lecture restricted to one special issue, the registration and use of generic domain names
  - No trademark protection: art. 3 lit. b) and d) of the Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks
  - Center’s right of action results from § 13 Act against Unfair Competition and §§ 13 and 20 Unfair Contract Terms Act
  - Therefore legal evaluation furthermore narrowed down to Unfair Competition Law

III. Legal Evaluation: Germany

- Legal basis for evaluation: sec. 1 and 3 German Act against Unfair Competition (text and English translation see below)
- Sec. 1 Act against Unfair Competition
  - Is the process of registering domain names already a commercial activity for competitive purposes? Yes: decision “cyberspace.de”. Need for further distinction (no commercial activity in case a private website is operated under the registered domain name)
  - Does the registration of generic or descriptive domain names contradict public morals?
Competitive advantage by breach of law (Vorsprung durch Rechtsbruch)

- Application of Sec. 8 German Trademark Act mutatis mutandis?
- No: decisions “mitwohnzentrale.de” LG, “wirtschaft-online.de”, “sat-shop.com”
- Arguments: evaluation procedure by the patent and trademark office for trade marks and decision of the legislator not to regulate domain names in German Trademark Act

Anti-competitive impediment of sales (wettbewerbswidrige Absatzbehinderung)

- Yes: decision “mitwohnzentrale.de”
- Counter arguments: it has not been established that the Internet user mainly relies on domain names for finding a service (many different sites behind generic domain names, use of search engines). Practical problems: what happens to well-known services under generic domain names (bucher.de)?
- “Mitwohnzentrale.de” might have to be distinguished as there is no alternative name for this kind of soliciting agencies in the German language
- Exception: domain grabbing in order to prevent registration and use by competitors

Conclusion Sec. 1 Act against Unfair Competition: until the appeal has been decided by the High Court no contradiction of public morals by the registration and use of descriptive or generic domain names

Sec. 3 Act against Unfair Competition

- Can registration and use of a domain constitute a fraudulent representation regarding commercial circumstances?
- Registration w/o use: no, because no service or good is offered on the website which could be fraudulently represented
- Use: yes, if the Internet user can reasonable expect a certain service or at least a certain type of service
- Decisions: “amtsgerichte.de”, “rechtsanwaelte-koeln.de”, “bahnhof.de”
- Application on the case “mitwohnzentrale.de”? No, because the Internet user does not expect a comprehensive list of soliciting agencies (only at least one)
- Conclusion Sec. 3 Act against Unfair Competition: infringement has to be determined on a case by case basis by looking at the services offered on the website
General conclusion: there is no infringement of German unfair competition law when registering and using generic or descriptive domain names with the following two exceptions:

- Registration of a generic domain without using it by a competitor in order to prevent the competitor from using said domain
- Use of a generic domain if it constitutes a fraudulent misrepresentation of the goods or services offered on the individual website in order to lure customers to one’s website

Policy of the Center for Combatting Unfair Competition

IV. Comparison: French Unfair Competition Law

- Legal basis for evaluation: no statutes covering especially unfair competition law; Art. 1382 Code Civil, Art. L 111-1 Code de la Consommation
- Art. 1382 Code Civil: 4 groups of infringement: confusion entre les entreprises, dénigrement, désorganisation du marché, désorganisation de l’entreprise rivale do not seem to fit
- Art L 111-1 Code de la Consommation: applicable only to advertisements? Does not cover the registration and use of domain names, but could be applicable if the generic domain (as title of the advertisement on a website) is misleading
- Very broad provisions. Will probably be interpreted more liberal than sec. 1 and 3 German Act against Unfair Competition
- Conclusion: with the exception of misleading generic domain names which lead to websites containing advertisement no infringement of Unfair Competition Law by registration and use of generic domain names

V. Comparison: British Unfair Competition Law

- Sec. 2 Fair Trading Act: very broad provision. Furthermore, only the Director General of Fair Trading is legitimated to control the commercial activities
- Trade Descriptions Act 1968: “trade description” exhaustively defined in sec. 2. Definition does not include origin or nature of a good or service but only qualities of a good or service such as price, quantity, method of manufacture, composition etc.
- Sec. 20 (1) Consumer Protection Act of 1983: covers only misleading information as regards the price at which any goods, services, accommodations or facilities are available

- British Codes of Advertising and Sales Promotion of 1995: applicable only to media as specified in § 1.1 such as advertisements, cinema and video commercials, sales promotions and mailing lists

- Conclusion: no provision applicable on generic domain names. Registration and use of generic domain names seems to be legal (which seems to apply even to misleading domain names)

VI. Comparison: WIPO

- Legal basis for evaluation: sec. 4 ICANN Uniform Domain Name Dispute Resolution Policy

- Only confusion of trademarks or service marks and domain names subject to Domain Name Dispute Resolution Process

- Two possible conflicts:

  - Complainant conducts its business under a trademark which is a homophone of a generic term. Cases No. D2000-0624 Do The Hustle, LLC v. Tropic Web

  - Trend: no protection of generic terms even if they have been registered as trademarks (sole exception panel decision “lemeridien.com”)

VII. Final Conclusions

In Germany, France, the United Kingdom and on the basis of the ICANN Uniform Domain Name Dispute Resolution Policy there seem to be no legal grounds to pursue the registration of generic or descriptive domain names in general.

In case of a misrepresentation of the good or service offered on the website by the use of a misleading domain name, however, at least in France and Germany the application of unfair competition law (art. L 111-1 French Code de la Consommation, sec. 3 German Act against Unfair Competition) may be considered.
B. Selected Relevant Provisions

Europe:

Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks

Art. 3 - The following shall not be registered or if registered shall be liable to be declared invalid: ...
   b) trade marks which are devoid of any distinctive character
   d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade

France:

Code Civil

Art. 1382 – Tout fait quelconque de l’homme, qui cause à autrui un dommage, oblige celui par la faute duquel il est arrivé, à le réparer

(Anybody, who inflicts damages to another person, is obliged to compensate these damages)

Code de la Consommation

Art. L 111-1 – Tout professionnel vendeur de biens ou prestataire de services doit, avant la conclusion du contrat, mettre le consommateur en mesure de connaître les caractéristiques essentielles du bien ou du service

(Everybody who sells goods or offers services on a professional basis must provide the consumer with information about the essential characteristics of the respective good or service)

Germany:

Act against Unfair Competition

Sec. 1 – Wer im geschäftlichen Verkehr zu Zwecken des Wettbewerbs Handlungen vornimmt, die gegen die guten Sitten verstoßen, kann auf Unterlassung und Schadensersatz in Anspruch genommen werden

(People acting against public morals while carrying on commercial activities for competitive purposes, may be held liable for forbearance and damages)

Sec. 3 – Wer im geschäftlichen Verkehr zu Zwecken des Wettbewerbs über geschäftliche Verhältnisse, insbesondere über die Beschaffenheit, den Ursprung, die Herstellungsort oder die Preisbemessung ... irreführende Angaben macht, kann auf Unterlassung der Angaben in Anspruch genommen werden
(Persons making fraudulent representations regarding commercial circumstances, particularly circumstances regarding nature or quality, origin, production method or the price of goods or services …, while carrying on commercial activities for competitive purposes, may be held liable for forbearance of such representations)

**United Kingdom:**

**Fair Trading Act**

Sec. 2 (1) (a) ..., it shall be the duty of the Director (General of Fair Trading) ... (a) to keep under review the carrying on of commercial activities in the UK ... which may adversely affect the economic interest of consumers in the UK.

**Trade Descriptions Act of 1968**

Sec. 1 (1) Any person who, in the course of a trade or business – (a) applies a false trade description to any goods: or (b) supplies or offers to supply any goods to which a false trade description is applied, shall, subject to the provisions of this Act, be guilty of an offence.

**ICANN:**

**Uniform Domain Name Dispute Resolution Policy**

Sec. 4 ... a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

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

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

(iii) your domain name has been registered and is being used in bad faith.
C. Selected German Cases Concerning Generic Domain Names

1. “wirtschaft-online.de”
   

2. “sat-shop.com”
   

3. “bahnhof.de” (bahnhof = train station)
   

4. “mitwohnzentrale.de”
   

5. “rechtsanwaelte-koeln.de” (rechtsanwälte-köln = solicitors-cologne)
   

6. “amtsgerichte.de” (amtsgerichte = local courts, in the UK the equivalent to magistrate’s courts)
   

7. “cyberspace.de”
   

8. “mitwohnzentrale.de”
   
D. Selected German Literature Covering Generic Domain Names

5. Renck, WRP 2000, p. 264 et seq.
E. Selected Recent Cases under the ICANN UDRP (abridged)


March 24, 2000

The domain name at issue is allocation.com. The Registrar is Network Solutions, Inc. 505 Huntmar Park Drive, Hundon, Virginia 20170 - 5139, United States of America.

The question to be answered is whether the offering for sale of the domain name allocation.com as such can be considered use of the domain name in connection with a bona fide offering of goods or services in accordance with Article 4c (i) on which ground Respondent would have a legitimate interest in this domain name.

Respondent has registered over 400 domain names, all of which contain or are composed of common words or short phrases from the English language or misspellings of such words. In trademark terms, many of these domain names would be considered descriptive of certain goods or services, or generic. Registration of descriptive or generic terms as a domain name is possible under the .com TLD. As the commercial value of such domain names has increased, brokers like Respondent have seized the opportunity to sell such domain names to the highest bidder. In principle, such a practice may constitute use of the domain name in connection with a bona fide offering of goods or services (i.e. the sale of the domain name itself).

The difficulty lies in the fact that the domain name allocation.com, although descriptive or generic in relation to certain services or goods, may be a valid trademark for others. This difficulty is expounded by the fact that, while “Allocation” may be considered a common word in English speaking countries, this may not be the case in other countries, such as Germany.

Therefore, although the registration and offering for sale of allocation.com as a domain name may constitute a legitimate interest of Respondent in the domain name, this is different if it were shown that allocation.com has been chosen with the intent to profit from or otherwise abuse Complainant’s trademark rights.


June 26, 2000

The disputed domain names are <interactivetelevision.com> and <interactivetv.com>.

In this proceeding, Complainant has failed to establish the first element necessary to prove that Respondent has engaged in abusive domain name registration. The Panel determines that Complainant has not established trademark or service mark rights in the term “interactive television.” In light of this determination, the Panel need not consider whether the disputed
domain names are identical or confusingly similar to Complainant’s alleged mark. Nor need the Panel consider whether Respondent has rights or legitimate interests in those domain names, nor whether Respondent’s registration and use of the disputed domain name was in bad faith.

A term is generic when its principal significance to the public is to indicate the product or service itself, rather than its source. Feathercombs, Inc. v. Sole Products Corp., 306 F.2d 251 (2d Cir. 1962). A generic term is not entitled to exclusive protection. Kellog Co. v. National Biscuit Co., 305 U.S. 111 (1938); Miller Brewing Co. v. G. Heilemann Brewing Co., 561 F.2d 75 (7th Cir. 1977). A registered trademark will be deemed abandoned if it becomes generic, even if the registration has become incontestable. 15 U.S.C. 1064(3), 1065.

3. SOCIETE DES HOTELS MERIDIEN SA v. UNITED STATES OF MORONICA: Case No. D2000-0405

June 27, 2000

The domain name at issue (the Domain Name) is “lemeridien.com”. The registrar of the Domain Name is Register.com, New York, New York

Trademarks which possess some inherent distinctiveness are those which are invented, arbitrary or coined. Acquired distinctiveness, on the other hand, applies to trademarks which are not inherently distinctive, which may be suggestive or descriptive but have gained a certain distinctiveness through use. A trade-mark which is not inherently distinctive but which has acquired distinctiveness through use is generally a trade-mark which has benefited from broad exposure over an amount of time. Acquired distinctiveness is evidence of a trademark’s strength in the market place and for that reason a wider ambit of protection is often called for.

Therefore, the Panel disagrees with the Respondent’s statement that given its generic nature the trademark LE MERIDIEN is necessarily of weak distinctiveness. As a result, the Panel disagrees with the Respondent’s statement to the effect that a monopoly can never be claimed for the use of a generic term.


July 3, 2000

The domain name at issue is <marketingmix.com>, which domain name is registered with Network Solutions, Inc. (“NSI”), Herndon, Virginia, United States of America.

This leads to the pivotal question that will decide the present dispute: Is respondent’s admitted use of the domain name <marketingmix.com> to direct internet users who seek that address to
its own <getcreative.com> web site evidence of bad faith registration and use of the mark? Respondent explains that this use of domain name <marketingmix.com> and other domain names that relate to its services is a vital part of its strategy and that it has never once sold any of the more than a hundred domain names it uses as links in this fashion. Id., para. 13(c). Respondent apparently has accumulated more than one hundred domain names its uses or will use as links to its <getcreative.com> web site. In each case, respondent believes it has used purely generic names and is not violating the rights of trademark owners. While use of truly generic terms in domain name links, such as “salesmeeting.com,” does not seem objectionable, here we are presented with the admitted use of the <marketingmix.com> which is identical to a registered trademark.

The Panel believes that it is reasonable to expect respondent to conduct a minimal trademark search to verify that what it considers to be generic is not in fact a registered trademark. Here, <marketingmix.com> domain name is in identical to the trademark of a local competitor of respondent, which highlights the need for respondent to have acted with prudence. Further, although the details are disputed, it is clear that respondent and complainant are aware of each other and that complainant has advised respondent of the MARKETINGMIX service mark registration. Although respondent alleges that it is making a bona fide offering of services in connection with its use of the name (Response para. 2A), it fails to provide any evidence of such use. Conversely, it alleges that the same use is a “fair use,” and not made with the intent of commercial gain (para 2B.) But the admitted use of the domain name <marketingmix.com> as a link to its web site is not a fair use and certainly appears to be made for commercial gain. Under all of the circumstances, the Panel concludes that respondent has registered and used the <marketingmix.com> domain name in bad faith within the meaning of paragraph 4 of the Policy.


July 28, 2000

The domain name at issue is www-shopping.com. The domain name is registered with Network Solutions, Inc. (“NSI”).

There can be no question but that “shopping” is a generic term for the services offered at Complainant’s website. The definitions of the word “shopping” include: 1. “To visit stores in search of merchandise or bargains” and, 2. “To look for something with the intention of buying it.” (American Heritage Dictionary of the English Language (3rd ed. 1996)). By its own description, Complainant uses shopping.com to “provide[] customers with the information necessary to make personalized buying decisions and give[] retailers the ability to reach a large customer base through its website” (Complaint . 13). Moreover, the term “shopping” refers to a particular activity that cannot easily be described with a different word.

Similarly generic is the designation “.com.” As the Trademark Office noted in its first office action against the application to register shopping.com, .com merely “denot[es] that the applicant is a commercial on line entity” and thus “has no trademark significance.” Adding the designation “.com” to a generic word may indicate a site where those generic goods or services can be obtained, but it does not transform the generic word into a protectible mark.
In its response to the Trademark Office’s office action, Complainant asserted that it has invested more than $8 million in advertising and marketing for its shopping.com designation and website. Although impressive, these efforts to establish secondary meaning fail as a matter of law because generic terms can never function as trademarks, and no amount of secondary meaning can convert a generic term into a trademark.

For these reasons, the Panel concludes that Complainant has failed to establish rights in the service mark “shopping.com” for the purposes of satisfying Paragraph 4(a)(i) of the Policy. The Panel therefore rejects its claim of abusive domain name registration against Respondent.


August 21, 2000

The domain names at issue are <pollyester.com> and <pollyesters.com>, which domain names are registered with Network Solutions, Inc., based in Herndon, Virginia, United States of America.

Complainant registered the service mark “POLLY ESTHER’S” in connection with bars and restaurants and the trademark “POLLY ESTHERS” in connection with T-shirts and baseball caps with the United States Patent Office (“USPTO”). The first use of the service mark was shown as October, 1991. The first registration date was November 17, 1992.

4.2 Complainant has used the mark in connection with 1970’s theme bars and dance clubs in various cities in the United States and Canada, including in Boca Raton, Florida.

4.3 Complainant has registered the domain name <pollyesthers.com> that resolves to a web site, which promotes and markets Complainant’s services and merchandise.


4.9 Respondent contends that the trademark is weak since a phonetically identical word, “polyester,” is generic, and the words “Polly” and “Esther” are common first names.

4.10 Respondent admits that the names at issue are phonetically identical and confusingly similar.

4.11 Other variations of “pollyesther(s)” have been registered in various domains.

4.12 The name “Polly Ester” has been in common use in the Newman family for over 25 years. It is a pet name for Christine Newman, bestowed on her by her father, owing to Christine’s fondness for polyester bell-bottom pants. Although Christine’s father has passed away, a Virginia Newman Rickman and Joseph Roy Newman, Jr. could (but did not) testify to this.
In this case, the Panel finds that where (1) the trademark and service marks asserted by the complainant are weak and where they are homophones of a generic term, (2) the domain names registered by the respondent are generic or descriptive terms, rather than obvious trademarks or service marks, (3) Respondent is already making use of some of the domain names it registered, (4) Complainant did not allege and Respondent denied that Respondent had ever offered for sale the domain name at issue for to respondent or anyone else, or that Respondent had ever offered for sale any of the domain names it had registered, the Complainant has failed to prove that Respondent's inaction constitutes bad faith registration and use of the domain names at issue.

7. France Telecom v. Domain: Case N° D2000-0490

August 21, 2000

The domain names in issue here is: LESPAGESJAUNES.COM

1. Bad faith Registration

The Panel finds that the verbal element Pages jaunes is clearly descriptive of a sort of directories which is well known under this very name in French, as “Yellow Pages” in English, “Amarillas Páginas” in Spanish, etc. The Panel does not have to pass a judgment on the validity of trademarks that are registered under French law, but it should take into account the likelihood of them being found to be invalid in order to assess the good faith or bad faith of the Respondent.

In this regard, the Panel has to consider the need of the public to connect to web sites that offer directory services under the most common denomination for such services. The sheer fact that all over Europe, as well as in the U.S., Australia, Canada, India, Russia and other countries, business directories are known under the name Yellow Pages precludes the Complainant’s claim to exclusivity, based on its trademarks, or a trade name or any other intangible asset. Some descriptive terms have to remain in the public domain in order for the information society to run smoothly.

Now, this might lead to deny to the Respondent the exclusive use of its registered domain name. However, the present dispute is not between the Respondent and a third party, which the Respondent would charge with cybersquatting, but between the Complainant, which asserts an exclusivity on domain names consisting of pagesjaunes/…, and the Respondent. We conclude that the public interest is best served if the net users can access to business directories through more than one company and site. Further, we find that through the vast array of web sites which Complainant directly or indirectly controls, the Complainant can propose its services and derives enough income from advertising, so that its own interests are not imperiled by the coexistence with the Respondent’s domain name.

These findings also mean that the Respondent could not have acted in bad faith when acquiring the first registration on the domain name in issue.
2. Bad Faith Use

No finding of use in bad faith can be made against the Respondent. The Respondent did not try to sell or otherwise apply pressures for obtaining advantages in connection with the release of the domain name. The Respondent does not appear to collect well-known domain names that were left unoccupied by the companies most legitimately entitled to them.

For the reasons set above, the request to transfer or to delete the domain name shall be denied.

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