Implementing trademark law in domain name cases

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Abstract. The development of trademark regulations in Indonesia has analogous with trademark convention, namely: Paris Convention (1883), WIPO (1967), GATT (1994), WTO (1995), and TRIPS (1994). The convention has an impact on the trademark legal system of the participant countries. In the Internet era, the domain name is one of the major discussions related to trademark protection. The concept of trademark protection is closely related to consumers’ perceptions as the user based on perception theory. The perception concept on trademark certainly can be used to claim the domain name as a trademark. Referring to the form of violation from World Intellectual Property Organization (WIPO), at least seven types of violations can be used as an argument on domain name cases. However, in practice, they are dissent arguments when applying the trademark concept for the domain name because of the different type of registration. To describe the gap between the conceptual approach and practice, this paper tries to show a conceptual background related to trademark regulation. This paper aims to describe the holistic overview of trademark regulation and the concept of protection. This paper finds that there are several legal fields related to trademark law and type of violation. Those can be useful as a guide to solve domain name cases.

Keywords: trademark law, domain name cases

1. Introduction
The domain name is a new phenomenon of *sine qua non* from the cyber world [1]. The purposes of domain names are similar to telephone numbers, to identify the identity of the owners. Along with the development, domain names are often associated with the trademark. In terms of trademark regulation, many countries follow the World Intellectual Property Organization (WIPO) directive as an international governing body on Intellectual Property Right (IPR), in which a trademark is a part of IPR [2]. There are numbers of international convention related to trademark: Paris Conventions, Madrid Agreement on International Registration of Trademark, The Nice Agreement, Vienna Agreement Establishing an International of the Figurative Element of Mark, Madrid Protocol, Trademark Law Treaty, TRIPS to the Marrakech Convention which becomes the Marrakech Convention as the basis of the establishment of the World Trade Organization (WTO) interconnected to each other as a legal framework for IPR protection.

The use of the trademark was firstly known in mainland Europe around the middle ages and became globally widely known after the victory of the liberals in the industrial revolution. It encouraged increased production and world trade [3]. In its development, the trademark function is challenged to
follow technology utilization, and domain names are a result of ICT development [4]. The domain name in some countries is not regulated under trademark law. Therefore, the absence of explicit text of domain names in trademark law often creates disagreement in many legal scholars and practitioners because domain name violations can also be referred to as cybersquatting. Based on WIPO data, the global cybersquatting rate is 5,655 cases, an increase of 12% compared to the case in 2018 [5]. Majority cases of cybersquatting are on .com domain names, especially the famous company [6]. Domain name cases implicitly show that economy is one of the motives for cybersquatting.

Figure 1. Reflection of Trademark Law.

A juridical interpretation of trademark protection does not solely reflect on property law. However, it also displays consumer protection law and business competition law. In a technology context, it indicates a new field of law, namely, cyber law. The neighbouring law around trademark can be guidance to understand the purpose and the objective of trademark protection. Figure 1 shows the reflection of trademark law. In the history of trademark protection in Indonesia, Mustika Ratu’s case was a landmark case of the domain name in 1999 [7]. The final decision of Mustika Ratu’s case stated Mustika Ratu as the owner of the trademark. An interesting part about the legal debate on this case is a disagreement between the protection of domain names using the principle of first come first serve and constitutive registration principle. This difference boils down to a formal paradigm that focuses on administrative and material aspects to focus on the concept of legal protection. Therefore, in the next chapter, the material aspect of the trademark will be discussed.

2. Literature review

2.1. Trademark in economy theory

In the modern perspective, the trademark is recognized as an intangible asset that can transform a product without a face into a product with imaginary character, value, and quality. In this case, a composite theory of perception in a trademark can be divided within the spectrum of theories: economy, marketing, and legal theories. In the spectrum of economic theory, Schecter argues that the role of trademarks is a tool of quality assurance. It can be seen from identifying products that can provide guarantees as satisfying products for consumers [8]. Traditional quality is evaluated in terms of excellence (objective quality). Quality is increasingly measured against the value relative to the price (perceived quality) or value relative to consumer preferences (diverse features) [9]. The practice of quality assurance theory is used for the process of quality assessment or verification for a product before
or after publication [10]. Basically, from an economic perspective, a trademark provides a certain guarantee to the public that the goods are marked with nature, quality, and characteristics [11].

In marketing theory, a trademark can attract public perception of a product. Kotler says that a brand image is an image that arises in the public's minds towards a product. It has several functions. First, it strengthens the character of the product and the proposed value. Second, it conveys the character differently, so it is not confused with the character of competitors. Third, it provides emotional strength that is more than a mental image [12]. For the function, the brand image must be conveyed through every available means of communication and brand contact [13].

Tjiptono states that the brand image is a description of the association and consumer confidence in certain brands [14]. Then, Xian and Gou Lie argue that brand image consists of three supporting components: company image, consumer image, and product image [15]. Brand image is a perception of consumers to evaluate a product when consumers do not have enough good knowledge about a product. Consumers tend to choose well-known products that are used by more people than new products. This common-sense raises the relevance of the theory between quality assurance and brand image. The trademark provides quality assurance which the quality assurance is only felt when the brand image of the product already flows in people's knowledge.

2.2. **Legal protection on trademark**

The classical legal theory which argues that the law must be able to protect human rights. Legal protection is a narrow meaning of protection, in this case, only protection by law [16]. Setiono believes that legal protection is an act or an effort to protect the community from arbitrary actions by the authorities that are not in accordance with the rule of law. To realize order and peace in society, protection is needed to achieve balance condition between humans' rights, dignity, and public order [17]. Legal instrument is a tool to protect human dignity and status, as well as recognize human rights possessed by legal subjects based on legal provisions from arbitrariness or as a collection of regulations or rules that can protect one thing from other things [18].

According to Muchsin, legal protection is a matter that protects legal subjects through the applicable laws and regulations and is enforced with a sanction. Legal protection can be divided into two. First, preventive legal protection is provided by the government to prevent the occurrence of violations. It is contained in legislation to prevent a violation and provide guidelines or limitations in carrying out obligations. Second, repressive legal protection is the final protection in the form of sanctions such as fines, imprisonment, and additional punishment if a dispute has occurred, or a violation has been carried out [19]. In the protection of trademarks in Indonesia, the legal instrument is used to protect the registered trademark. Hence, within law perspectives, some argue that the black letter text of the regulation is needed to minimize multiple interpretations.

3. **The purposes of the establishment of trademark regulation**

Based on historical reviews, international conventions, and agreements, the protection of trademarks is formed to prevent unfair business competition. TRIPS regulation is important on industrial property rights, especially trademark that includes provisions from the Paris Convention. It aims to ensure actions and procedures for enforcing intellectual property rights for free trade. Therefore, many countries make changes to their domestic law to accommodate trademark regulation from the general provisions of the TRIPS.
Figure 2. Purpose of the Establishment of Regulations on the Trademark.

Indonesian regulations on a trademark can be seen as a supplement to support fair business competition law. But, it also can be seen as legal certainty towards trademarks protection. Referring to the consideration of Trademark Law No. 20/2016, the purpose of the establishment of this trademark law is to provide protection for consumers, improve government services for trademark protection, and provide legal certainty for doing business. Figure 2 shows the purpose of the establishment of regulations on the trademark.

3.1. Type of trademark violation
There are ten types of trademark violations models (see Figure 3). Those can be found in literature, practice, and WIPO guidance. Although all types of violations are not fully adopted on Indonesian trademark law, in general, the principle of violation is termed as “similarity principle” in trademark law. In essence, trademark violations sound quite familiar. However, in international doctrine, it extends the classification of violations against trademarks to ten types. Table 1 describes the ten types of trademark violation.
Table 1. The Description of Ten Types of Trademark Violation.

| Violation               | Description                                                                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| General Offense         | General violation is divided into two parameters of the violation. First, it is a primary violation of an identical use in connection with the goods and services of the registered mark. Second, it is a violation of the use of an identical or similar mark in the case of the same goods and services, but the mark is not registered. This type of violation can cause confusion. |
| Registration Violations | The registered owner of the trademark must be able to prove the registration, such as an authorized brand certificate. Classification of registration classes and national use by new trademark owners can file a registration violation suit. |
| Identical Mark          | "Identical" implies that the elements must be the same in material terms. But, in deciding whether it is identical or not, it must be based on the overall impression made by the trademark owner, including visual, aural, and conceptual similarities. Insignificant differences must be ignored in making comparisons. It makes the presumption of confusion in the use of trademarks in identical goods or services. It will certainly cause confusion. Therefore, the TRIPS agreement article 16 paragraph 1 states that the likelihood of confusion is to be presumed or which can be understood to cause confusion over the use of trademarks on identical goods or services, which will certainly cause confusion. |
| Similar goods or services | The use of identical marks can be considered a secondary violation if the goods or services used are similar to the registered trademark. There are two possibilities. It is the identical trademark, or it is similar that it confuses the consumer. |
| The relevance of 'confusion' | The element of confusion is caused by trademark similarity that has been registered by another person. |
| Dilution of well-known trademark | The protection of well-known registered trademarks has consequences. The use of trademarks without permission is a violation. It is (a) registered trademarks, (b) well-known in local jurisdictions, and (c) unpleasant signs of receiving unfair or detrimental benefits, that are unique or reputation registered trademark. It is commonly referred to as 'trademark dilution'. The first requirement for dilution cases is that the trademarks must be registered inside particular law jurisdiction. |
| Dissimilar goods and service | Violation of use of the trademark does not have to be related to goods or services that are the same or similar to the existing registered trademark. The purpose of the provision is to provide extensive protection for those trademarks having a reputation. Such protection is clearly intended to be more than for the available mark without reputation. |
| Passing off | It is a common form of unfair competition, both in civil law or customary law of jurisdiction, and also known in US legal system as "Unfair trade competition." Classic passing-off protects good intentions. Passing-off is the wrong competition in trade or business. |
| Extend passing off | It is to protect good intentions related to descriptive and geographical terms. It allows the merchants to prevent their rivals from incorrectly applying descriptive terms that the plaintiff applies correctly. Extended goodwill will require clear and identifiable characteristics associated with the product. Good intentions are shared by traders in the class. The extended extension does not protect the mark as the original badge or against dilution, but it ensures the correct application of the descriptive term. |
| Geographical indications and collective brands of geographical indications | It is the extended form of passing off, in a sense, has been absorbed by the terms of the TRIPS Agreement, which requires legislation to protect geographical indications. These legislative provisions can have an impact on the extended scope of the passing-off action. It is developed sequentially to protect these indications against misstatements relating to the origin and at least partial replacements. |

4. Trademark protection

4.1. Legal protection of trademark

Preventive protection of trademark rights should be able to respond broad concept of trademark, including domain names with several parameters. First, it is known and recognized by third parties. Second, it is widely advertised. Third, it applies in several countries where IPR protection applies. Fourth, it must show evidence of market share. Fifth, it must be unique and show a relationship with the company or its products. Sixth, it does not have the power of equality or equality in principle or as a whole with a registered mark in a country, the trademark (well-known mark), and geographical indications. Seventh, it must pay attention to the code of ethics of communicating through the Internet called netiquette.

Repressively the legal protection of trademarks should also resolve domain name disputes that have been carried out by WIPO and the Internet Corporation for Assigned Names and Numbers (ICANN). First, the party authorized to register can cancel the registration if the applicant cannot determine the status of the original domicile. Second, at the time of registration, the applicant is required to declare a dispute resolution through mediation or arbitration body. Third, a local court can also be appointed to resolve a domain name dispute. Fourth, it is through a forum provided by ICANN in the form of a cancellation, transfer of rights, or replacement of registration, as regulated Article 4 ICANN.
4.2. Difference and similarity between domain names

The cybersquatting, competing use, and other types of similar trademark violations regarding information and communication technology often create a certain disharmony. It is because the concept is not fully harmonized by international conventions, including in trademark law [20]. Domain name rights arise from contractual rights, while trademark rights arise from property rights. This difference creates a different characteristic of property rights that is inherent in trademark rights. The right in trademark gives the holder the right to modify, use, and have economic benefits. But apart from these positive rights, the main characteristic of property rights includes negative rights, namely the right to prevent others from taking certain actions to exploit the benefits of property rights [21].

Meanwhile, there is no unanimity among experts. However, based on the identification of the rights contained in the rights to property, the right to the domain name can be said not to be included in the property rights regime. It is because of the three characteristics of property rights: right to possess, right to use, and right to dispose of the property. The following rights are not owned by the domain name because the domain name is not an object of the lawful agreement. Conversely, the right to a domain name arises due to the agreement between the registrar and registrant. Therefore, it is appropriate to conclude that the rights to domain names are contractual [22]. Juridical implications that occur due to differences in the concept is that brand holders can take action against holders of domain names that violate their rights (right to exclude), but not vice versa. Domain name holders cannot take action, but get certain protection provided inside information and electronic transaction law, whereas in many countries, it is known as cyber law regulation.

The principle of trademark registration adopted by countries in the world is divided into two systems: registration based on actual use and registration (formal based). While the principle of domain name registration is first come first served, the conflicts occur due to these different types of registration. Conflicts between countries that carry out infringement actions by domain name holders who are subject to registration of trademarks are recognized by the state based on actual use. The purpose of registering each of these rights is also different from each other. The purpose of registering a trademark is to prevent infringement by unauthorized parties. In contrast, the purpose of registering a domain name is the commercial or non-commercial use of the Internet [23].

4.3. Equality in the right to domain name and trademark

ICANN explains that the Domain Name System (DNS) will help users to find the destination address on the Internet. Each computer has a unique address, such as a telephone number. It consists of a complex sequence of numbers called as Internet Protocol (IP) address. IP addresses are hard to remember, but with the help of DNS, it "translates" into letters ("domain names") [24].

Domain names are human-friendly computer addresses that are easy to remember or identify, such as www.wipo.int. IP numbers are unique basic numeric addresses, such as 192.91.247.53. The distributed database contains a list of domain names and IP numeric addresses that match and performs mapping domain names to their IP numeric addresses to direct requests to connect computers on the Internet. Until now, discussions about domains at international conventions or agreements on trademark are only found in WIPO. The rest of the domain names are still regulated in the international organization related to IT, such as ICANN.

With the increasing Internet users around the world, domain names become high-value commodities. The domain name industry is formed by activities in the form of managing domain name system servers, registering domain names, buying and selling domain names, and so on. To date, there are no adequate legal arrangements to regulate the domain name industry and protect the legal interests that arise in interactions between domain name industry players. Legal regulation of domain names until now still revolves around the sense of law (legal sense) because the domain name is computer-identification technology inside the Internet network and accidentally has instant similarity with trademark and business identity. However, in the midst of the developing society, it is the habit to associate domain names with material legal concepts regarding property and ownership. The
construction of ownership in the material legal regime is the most appropriate legal construction to provide adequate legal protection for individual control rights over domain names.

5. Conclusion and recommendation

Basically, domain names can be equated with trademarks because misuse of the domain name can make confusion to the customer. The basic argument is that the use of a domain name is used for economic purposes, the perception of the naming of particular brand identity in the domain name, and the confusion of consumers on the same brand name on the Internet domain name. The main problem of trademark infringement on domain names is the registration formalities that do not integrate trademark and domain name. As a result, concept gaps between trademark registration and domain name registration always cause problems. In line with Internet penetration, the use of domain name is increasingly followed by the number of Internet users. Therefore, domain names become new commodities in the IT area. The trademark registration should be matched with the domain name registration, including through domain name regulators such as ICANN, so it does not cause legal problems in the future.

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