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PARTNER

REPORT Q 143 IN THE NAME OF THE MEXICAN GROUP, 1999

INTRODUCTION

(a) The Groups are invited to comment on the above described endeavors:
to prevent legal domain name problems of stricter registration conditions (cfr. hereinabove 1.12):
to solve such problems outside the courts (cfr 1.13 a.f.); and to report on the endeavors and actual measures already taken in their own country or region, as well as to make their own suggestions of comparable measures or other solutions of the specific domain name problems.
As it is in the rest of the world, in Mexico, protection of domain names is a new subject that requires attention, as it has triggered legal questions of many sorts. As we would know and be aware, there are still no cases concerning or involving domain names that have been brought with the Mexican Industrial Property Institute (IMPI) or the Courts. In our concept, there is much to study and say in this regard, however, as we have read from some of the court decisions in the U.S. neither domain names nor any other internet issues would be so unusual or novel, or should be apart from the general principles and rules of trademark law.
In the U.S. case of Princeton Review v. Kaplan the Court distinguishes the following three points of analysis from the fact that a third party sought and obtained domain name registration for “kaplan.com”, without the authorization of Princeton Review, its real owner:

1. “Domain names are to Internet what addresses are to Postal Service. They’re more than that, really, since your domain name can tell the on-

line world something about who you are. Domain names are kind of like postal addresses, vanity license plates and bill boards, all rolled into one digital enchilada".

2. The ability of domain names to serve as trademarks by the fact that they are used for accessing to websites that offer and advertise the sale of products or services. Thus, if the domain name pertains to someone else distinct from the owner, it would likely represent a source of confusion among Internet users over the source of the information located at this address, which would necessarily translate into a real damage of the goodwill in that mark.

3. If the mark registered with the domain name register happens to be a well known one, it very well might represent a factor of bad intent.

In Mexico, there is no a central official or government agency that would keep a list or register of domain names for use in connection with the Internet. However, there is indeed a private organization named NIC MEXICO, related to a prestigious university in Monterrey, N.L., (it is called "Instituto Tecnológico de Estudios Superiores de Monterrey"), which maintains a register of mx., .edu.mx., .com.mx, .org.mx, .net.mx, and .gob.mx.

For qualifying to record with the register, NIC MEXICO requests that the server subject to the connection is located in Mexico. In addition, it requests the user to execute a service agreement, and that certain written policies are met. A sample of an English version of the filing procedure and costs is available at w.w.w.nic.mx. That website displays a Spanish version of the contract and related policies as well.

Of special interest the following provisions of both the policy and the agreement, can be enhanced:

1. Article 3.6 of the policy, wherein it is established that registering a domain name does not mean registering a trademark, and that NIC MEXICO is not responsible if trademarks are registered as domain names. It would be thus a

requirement that the applicant consults that is not violating a registered mark.
2. Clause 7.2 of the service agreement, which confirms the provisions of the policy.
3. Article 3.4 of the policy, which states that NIC MEXICO shall not allow registration of geographic names and indications, excepting for the date of domains under gob.mx.
4. Article 3.8 of the policy, wherein it is provided that in case that NIC MEXICO refuses an application of domain name, applicant shall be entitled to file a proposal before an appeal panel or committee. In addition, NIC MEXICO shall send to an ad hoc authorization committee, for its review, all those applications for domain name registrations that NIC MEXICO considers to be offensive or going against the principles of Internet.

From the foregoing, it can be appreciated that NC MEXICO has adopted the same passive attitudes of other regional or local registers, when involving registrations of domain names consisting of trademarks. NIC MEXICO does not consider itself an enforcer of rights, although it provides limited relief, as it was explained above.

Accordingly, it is clear that the performance of NIC MEXICO requires better guidelines and ruling. Among others, as a de facto authority, NIC MEXICO is at present imposing the rules of the game as its own will. Other laws as the law on Industrial Property (LIP) should probably be amended also, for expressly stating that a valid registered trademark can be employed for enforcing non-authorized used of that symbol as a domain name. The LIP provides this type of solution in case of trade names by stating the following:

“Article 90. Not registrable as trademarks are:

…

XVII. A trademark that is identical or confusingly similar to a trade name applied to a company or an industrial, commercial or service establishment, the primary activity of which is the production or sale of the products or the rendering of the services purported to be protected with the trademark, and provided that the trade name has been used prior to the date of filing of an application for a trademark registration or to the date of declared use thereof. The foregoing will not apply when the trademark application is filed by the holder of the trade name, if no other identical published trade name exists”.

“Article 91. A registered trademark or a confusingly similar trademark that has been previously registered may not be used nor may it form a part of the trade name, corporate or firm name of an establishment or corporate person, in the

following cases:
I. In the cases of establishments or corporate persons whose activity is the production, import or marketing of commodities or services equal or similar to those to which the registered trademark is applied, and
II. When there is no written consent of the holder of the trademark registration or of the person empowered to do so.
A violation of this precept will lead to the application of the sanctions referred to in this law, and a judicial claim may be filed to suppress use of the registered trademark or to the trademark confusingly similar to one previously registered, of the trade name, of the respective corporate or firm names and payment of harm and damages.
The provisions hereof will not apply when the trade names, corporate or firm name included the trademark prior to the date of filing or of the first declared use of the registered trademark.

TRADEMARK LAW

(b) Can a domain name be a suitable candidate for trademark protection, and if so, under which pendings? Please elaborate on the specific problems or peculiarities which may arise in that respect (cfr. 2.1-2.4).

This question cannot be answered so easily. In principle, we consider that it is possible that domain names perform as trademarks, as they are capable to distinguish products or services coming from the same source and pertaining to the holder of the domain name. As it is correctly mentioned in the questionnaire, domain names do not merely serve as the IP address of a particular server that is connected to the Internet. Of course, for qualifying for trademark protection, the domain name, or at least the second level portion thereof, need to meet the principles and general standards of Trademark Law, and be duly registered with IMPI.
Notwithstanding the feasibility that domain names can function as trademarks, in order to qualify for protection they would require that they are used in compliance with the terms that are set forth in article 130 of the LIP and 62 of the Regulations to the LIP, which state as follows:
Article 130. If a trademark is not used within three consecutive years on the products or services for which it was registered, its registration will lapse, unless the holder or user who has a registered license used it during three consecutive

immediately preceding years prior to the filing of an application for an administrative declaration of lapse, or unless circumstances arise beyond the will of the trademark holder that constitute an obstacle for its use, such as import restrictions or other governmental requirements applicable to the commodities or services to which the trademark is applied.
Article 62 of the Regulation to LIP.
For the purposes of Article 130 of this Law, among other cases, it will be understood that a trademark is in use, when the goods or services distinguished by the said trademark have been introduced into Mexican commerce or are available in the market in the country under the said trademark, in number and manner corresponding to the customary uses in commerce. I will be also understood that a trademark is in use when it is applied to goods to be exported.
As it can be appreciated, article 62 of the Regulations to the LIP understands the meaning of trademark use in a narrow form, as it requires that any mark is applied in connection with a product that is then put in commerce or a service that is rendered. The following would very likely not give room the interpretations in the direction that the mark is in use by the mere fact that the products or services are advertised, without then being subject to a subsequent commercial operation. Domain names work, in general as a source for locating websites that advertise products or services; this would bring complications in protecting them by trademark law, unless that by accessing the website, the user may actually buy the product or be rendered a service. In conclusion, the scope of article 62 of the Regulations to the LIP is not wide enough to protect advertising as a form of trademark use, if not supported with further sales or services.

(c) To what extent do the rules on absolute invalidity of trademarks also apply to do main names (cfr. 2.5)?

Domain names require to comply with the registrability standards in the Trademark Law if they are to be protected as trademarks. This would mean that invalidation rules should fully apply to domain names. Also, NIC MEXICO's registration efforts require to be better regulated. As mentioned above, the causes of invalidation of this type of registrations are very limited, and would thus require to be reviewed and amended.
Notwithstanding the foregoing, registration of domain names may sometimes conflict with the principles of trademark law. For example, under such principles, trademarks will be protected even if they are similar to others that

have been previously registered, as long as they are used in connection with different products or services. This rule may not apply to domain names, wherein a single registration may appear to cover the entire range of products and services, and nobody else would be entitled to obtain a domain name registration for the same or similar name, even if the junior applicant is dedicated to essentially different activities. The foregoing may very well develop into serious disputes and conflicts, which will require attention

(d) Can the prior use of a domain name which includes a trademark constitute sufficient use in order to qualify the subsequent filing by another party of said trademark as a filing in bad faith (cfr. 2.6 and 7)? If so, what are the requirements for such sufficient use?

This is related to the answer given in point (b) above. It is possible extending trademark protection to domain names, but they need to be used in conformance with what it is established in the LIP and Regulations, as in the contrary, any registration that is granted on a domain name may lapse for lack of use. Prior use is protected under Mexican Law, however, it requires also that the mark is applied to products or services that are sold in commerce.

(e) Can the use of a domain name as an IP-address of a server on which products and/or services are offered for which the domain name is registered as a trademark qualify as maintaining use of that trademark (cfr. 2.8 and 9)?

The same answer in point (d) above would be reproduced here

(f) Is the requirement that maintaining use must occur in the territory of the trademark automatically met as a consequence of the global nature of the Internet? If not, please describe which further requirement must be (cfr. 2.8)?

The answer in point (d) is applicable here also. Use of trademark in the territory of Mexico is an additional requirement in the law. This may not embrace the possibility that a trademark is used in Mexico by the fact that Internet users may have access to websites residing at servers located abroad. This would be questionable under Mexican Law as it would not be the user of the website who is doing the business by promoting, selling and/or rendering the products or services. On the other hand, we would not consider being a problem that the domain name, used as a mark, complies with territorial requirements, if the server is located in Mexico. Again, use of the mark has to occur in the territory where the mark has been registered, and the scope and extent of this rule is also strict.

(g) Can an Internet domain name infringe another party's rights to a trademark ? If so, under which conditions? Please elaborate on the scope of

protection of trademarks against domain names and deal in your answer also with famous and well-known trademarks (cfr. 2.10 and 11).

As mentioned above, it is in principle possible that domain names infringe third parties' legitimate rights to their trademarks. Additional arguments for the finding of infringement would exist if the trademark happens to be a well known one in the terms of article 90 (XV) of the LIP.

It would not be clear under the LIP, it if would be possible, it if would be possible to enforce trademarks rights when the domain name is used as a trademark and that this latter pertains to a third party having protection over the name, but in connection with essentially different products or services. We would tend to believe that under the speciality principle, there would not be an action possible, unless the case of a well known trademark, which of course, represents an exception to the general rule.

(h) What measures can be taken by the domain name holder in order to prevent that his use of the domain name constitutes infringement of a trademark in territories whether the domain name holder has no commercial interest? Please elaborate on the contents of e.g. disclaimers (cfr. 2.12).

Yes, in our opinion disclaimers should represent good and effective means for showing good faith in the adoption of domain names, in situations wherein conflicts may arise, specially referring to territorial disputes. The notice or disclaimer should work out fine, besides the fact that the domain name holder restrains itself from actually selling products or rendering services in the conflicting territory of conflict. If the foregoing is met, we believe that the domain name holder would have good arguments against infringement claims of trademark owners having rights in the territory of conflict. Concerning the access that users in the conflicting territory may have to the server belonging to the domain name holder, and located outside the conflicting jurisdiction, it should definitively not be considered as a cause of trademark infringement, as it would be the user and not the domain name holder who is accessing the server. Consequently, we agree with the fact that a notice or disclaimer would be of great assistance in avoiding conflicts.

(i) What is the answer to the question raised hereinbefore under 2.13 as to the use of a domain name on Internet for whatever product or service if that domain name is identical or similar to a third party's mark which has been registered for means of communication?

The problem would have to be solved on a case-by-case basis. In principle we would tend to believe that no infringement arguments would be available,

unless there is a base for the finding of likelihood of confusion. Finding infringement by the mere fact that Internet is a communication medium would be like saying that trade or service marks in any particular class would violate the rights of the holder of a registration in international class 35, if they advertise or promote the sale of their products or services. The examples used at point 2.13 of the questionnaire may not be good ones, as they refer to well known marks as LE MONDE and THE ECONOMIST. Under Mexican Law, there is no question that they would be protected, without even having to analyze the present question. We would rather use examples of less known marks in the communication services field, and would probably confirm the opinion that has been explained herein.

TRADE NAME LAW

(i) Can the registration and use of an Internet domain name be sufficient to create, and maintain, a trademark right to the second-level domain name included therein? Is, in view of the global nature of the Internet, any use of a domain name which includes the company name of the domain name holder sufficient? If not, which additional requirements need to be fulfilled (cfr. 3.2 and 3)?

No, under Mexican Law there are certain rules and formalities that have to be complied with in order to create rights over a trade name, and it would not be possible then to claim rights by simply using the domain name as the name of a company. For creating the rights it is needed that the applicant requests approval from the Ministry of Foreign Affairs, who conducts a search of references on trade names that have been previously approved. Then the company is set before a notary public, who firstly publicly attests on its incorporation, and then seeks recordal with the Register of Companies, under the name as approved by the government.

(k) To what extent do the rules on absolute invalidity of trade names also apply to do main names (cfr. 3.4)?

No specific trade name invalidation rules are contemplated in the Mexican Laws. It maybe possible to bring action before the Administrative Courts requesting the suppression or modification of trade names that are identical or similar and that identify companies engaged in same or similar activities. The legal grounds for such cause of actions would be found in the general principles

of law. If these actions would be available at all, it sure would be in cases where the Ministry of Foreign Affairs approves two or more similar or identical trade names, and in our opinion they may be extended to cases where NIC MEXICO grants registrations of domain names that have been previously approved and recorded with the authorities intervening in the corresponding of the companies. However, all the foregoing has never tested, and represents an opinion only.

(l) Does the global nature of the Internet imply that the normal criteria of infringement of a trade name apply to any use of an identical or similar domain name? Or must there be a specific relation (or some sort) between your Group's country or region and the use of the domain name (or the offerings which are made on the server of which the domain name is the address; cfr 3.5)?

There are no provisions under any of the Mexican Laws that deal with infringement of trade names.

(m) What measures can be taken by the domain name holder in order to prevent that his use of the domain infringes another party's trade name in territories where the domain name holder has no (significant) commercial interest? Again would the use of a disclaimer be effective? If so, please elaborate on the contents of such disclaimer (cfr. 3.6).

Disclaimers would be appropriate signs of good faith in the use of domain names. However, as mentioned, the Mexican Laws do not contemplate infringement provisions, as applied to trade names.

UNFAIR COMPETITION

(n) Can the registration and use of a domain name which is identical or similar to another party's trademark and/or trade name be successfully attacked on the basis of general rules of unfair competition or tort? If so, under which condition? If an element of bad faith is required, please elaborate on the nature thereof and provide examples. Please discuss the legal possibilities to deal with the practice generally referred to as "domain name grabbing" (cfr. 4.1 and 2)?

The rules of unfair competition could possible give standing to actions taken against non-authorized uses and registration of domain names consisting of trademarks belonging to third parties. In this regard, article 213 (IX) of the LIP

establishes the following:

First of all we would quote the unfair competition provision that is established at the LIP:

"Article 213. The following constitute administrative infringements:

"IX. To perform, during the exercise of industrial or commercial activities, acts which confuse or lead the public to confusion, error or deceit, by making it believe or presume, without foundation:

a) The existence of a relationship or association between one establishment and that of a third party;

b) That products are manufactured under specifications, licenses or the authorization of a third party;

c) That services are provided or products are sold under the authorization, licenses or specification of a third party;

d) That the product in question originates in a territory, region or locality other than the true place of origin in such manner as to induce the public to error as to the geographic origin of the product".

The standing of such an action would be that, within a particular industry or market, a competitor performs acts that confuse or lead the public to confusion, error or deceit, that there is association between its place of business, products or services, and that of the competitor whose rights are being affected.

As it can be appreciated, the above referenced provision is broad enough to comprise as an infringement the non-authorized use of a domain name as a trademark, and it could even extend to any form that can be imagined by which the consumer public falls into confusion. For that end, the trademark or distinctive symbol may not necessarily be in use in terms of article 62 of the Regulations to the LIP. It may also be possible to consider an unregistered symbol as the standing for this action, as long as it is capable to function as a source indicator. Under the foregoing, it may be possible to find infringement on a trademark that is being employed as a domain name for advertising, promoting or offering for sale products or services, that are same or similar as to those produced, sold or rendered by the trademark owner.

SANCTIONS

(o) Which sanctions can a court order against the holder of a domain name which infringes the trademark or trade name rights of another party or which

is otherwise unlawful vis-á-vis party? Please indicate whether the court has the power to directly order the transfer of such domain name from the infringing party to the trademark/trade name owner (cfr. 5.1 and 2).
They would be administrative, basically, although the could sometime be criminal (prison) and civil (declaration of damages) as well. The fundamental administrative sanction would be imposed by IMPI and is as follows:
In addition, IMPI is empowered to order the ceasing (preliminary and permanent) on the use of a particular mark, however, we would doubt it from the scope of such a provision IMPI would have the extra power to directly order the transfer of a domain name from the infringing party to the trademark/trade name owner. For that be likely to happen, IMPI would require express powers conferred by the LIP, and the statute is silent on that regard.

INTERNATIONAL PRIVATE LAW

(p) Which rules of the international private law of your Group's country or region apply in order to determine the applicable law in a dispute regarding the infringement of a trademark of trade name by an Internet domain name (cfr. 6.1 and 2).
It is clear that the territorial aspect of the domain name problem has a major resemblance and importance, as it is sometimes hard to know where rights are being infringed and accordingly, which law should be applied and which particular Court should exercise the venue over the infringement.
In Mexico, article 121 of the Federal Constitution establishes that resolutions declared in a particular State dealing with personal rights shall be enforced at other different States when the person against whom the resolution was pronounced has voluntarily, or by virtue of his domicile, submitted to the venue of the Court that resolved. Personal notification has to be served in every single of these cases. The principle of the Mexican Constitution can be applied internationally.
The question here would be how to apply the foregoing principle to domain names. Giving answer to this question would definitively require a deep study. However, if something has to be said here, we would consider that in principle, if the owner of a server located in Mexico, has registered its.mx domain name with NIC MEXICO, and allegedly starts infringing trademark rights, it should have to be sued under the laws and fora of that country as the server is located there.

In our opinion this would happen if the alleged infringer would be found to have infringed trademark rights by transmitting the website to a user located abroad, who had access by employing the domain name.

(q) Which international private law rules apply in order to determine which court is competent to deal with the above mentioned dispute (cfr. 6.3)?

This question was answered before.

SUMMARY

MEXICO IS NOT ABSENT FROM THE GLOBALIZATION PROCESS, WHICH HAS HAD A GREAT IMPACT IN THE COMMUNICATION FIELD. THE WORLD WIDE WEB IS A GOOD EXAMPLE OF HOW INFORMATION CAN NOW CROSS BORDERS WITHOUT LIMITATIONS. IN THIS NEW ERA SERVERS FUNCTION AS RECIPIENTS OR CORRESPONDENCE, AND DOMAIN NAME AS THEIR ADDRESSES, AS IF WE WERE TALKING ABOUT THE STREET NAME OF A PARTICULAR HOUSE, OFFICE OR BUILDING. DOMAIN NAMES HAVE THEIR OWN PARTICULARITIES, ALTHOUGH THEY SHARE CHARACTERISTICS WITH OTHER FORMS FOR IDENTIFYING LOCATIONS SUCH AS TELEPHONE NUMBERS. DOMAIN NAMES CAN SERVE AS TRADEMARKS BY THE FACT THAT THEY ARE USED FOR ACCESSING TO WEBSITES THAT OFFER AND ADVERTISE THE SALE OF PRODUCTS OR SERVICES. THIS MAY BE ACCEPTABLE UNDER MEXICAN LAW, HOWEVER, AT THE SAME TIME IT WOULD HAVE TO BE TAKEN INTO ACCOUNT THAT FOR QUALIFYING FOR TRADEMARK PROTECTION, THE DOMAIN NAME NEEDS TO BE USED IN CONNECTION WITH THE SALE OF PRODUCTS OR THE RENDERING OF SERVICES. IN ANY EVENT, IF DOMAIN NAMES ARE TO CARRY OUT TRADEMARK FUNCTIONS THEY NEED TO COMPLY WITH TRADEMARK LAW PRINCIPLES.

NIC MEXICO IS A PRIVATE ENTITY IN CHARGE OF THE REGISTER OF.MX DOMAIN NAMES, AND HAS FOLLOWED CERTAIN POLICIES, WHICH AS FAR AS TRADEMARKS IS CONCERNED, IT HAS ADOPTED A PASSIVE ATTITUDE AS OTHER REGISTERS IN THE WORLD. IT IS THUS DESIRABLE THAT RULES BETTER PROTECT REGISTRATION OF DOMAIN NAMES.

UNFAIR COMPETITION PROVISIONS MAY REPRESENT ADEQUATE LEGAL TOOLS TO ENFORCE THE NON-AUTHORIZED USE OF DOMAIN NAMES AS TRADEMARKS, AS IT IS A BROADER CONCEPT THAT DOES NOT NECESSARILY REQUIRE THE DOMAIN NAME TO BE USED IN CONNECTION WITH THE SELLING OF PRODUCTS OR SERVICES.

THE TERRITORIAL ASPECT OF DOMAIN NAME PROTECTION BEARS MENTION AS IT IS HARD TO KNOW WHERE RIGHTS ARE BEING INFRINGED AND ACCORDINGLY, WHICH LAWS SHALL APPLY. HOWEVER, WE WOULD TEND TO BELIEVE IN PRINCIPLE, THAT AS DEFENDANT WOULD BE THE OWNER OF THE SERVER, IT SHOULD BE THE LAWS AND FORUM OF THE PLACE WHERE THIS IS LOCATED THAT WOULD BE APPLICABLE.