



**International Trademark Association**  
*Representing the Trademark Community since 1878*

Mr Giuseppe Abbamonte  
Head of Unit  
Unfair Commercial Practices  
DG SANCO  
European Commission

Dear Mr Abbamonte,

Further to our meeting in December, we are happy to provide you with comments prepared by INTA's Internet Committee on the interplay between the trademarks, the Internet and the protection of European consumers.

INTA's Internet Committee is a group of over one hundred trademark attorneys and professionals charged with evaluating treaties, laws, regulations and procedures relating to domain name assignment and use of trademarks on the Internet.

### ***Trademarks & The Domain Name System (DNS)***

Trademarks are a subtle yet fundamental element of our daily lives in the identification of products in the marketplace. They are a basic mode of communication and a means for a company to convey a message of quality, consistency, safety, and predictability to the consumer in an easy-to-understand form.

Trademarks play an important role in building consumer confidence in a product as consumers benefit by easily being able to recognize and select products or services.

For these reasons, trademark owners are eager to protect their products' names and distinguishing features in the brick and mortar world as well as in cyberspace. There is no denying that a trademark is a tremendously valuable asset to a company, the public, and the global economy.

Commercial activity on the Internet is increasing at a phenomenal rate. Trademarks have been an integral part of this marketplace growth. Due to the immense and perhaps limitless size of the Internet, consumers and the general public need an assurance that they have reached their intended destination in cyberspace. That crucial assurance can be provided by a trademark. Trademarks, when used in the form of domain names, are the street signs on the "information superhighway."

The Internet is a planetary communication system that allows users to interact in real time. This technology brings great value to the public but carries along with it accompanying risks, of which consumers are increasingly aware.

In 2006, "Get Safe Online" (the UK's national Internet security awareness campaign) conducted a survey on consumer attitudes towards the Internet and related security concerns. The study found that:

- UK respondents felt more at risk from Internet crime than from being burgled:
- fear of such crime prevented many consumers from using the Internet: *"24% percent of respondents have been deterred from internet banking, more than a fifth (21%) won't do their financial management online, 18% won't shop online and one in six (17%) has been put off using the Internet all together, as a result of concerns about online crime".*<sup>1</sup>

Trademark rights are founded on consumer protection—preventing instances in which potential consumers are likely to be confused by an imitation of branded products or services.

Where a trademark is unlawfully used as a domain name, consumers may be misled about the source of the product or service offered on the Internet.

### ***Cybersquatting***

"Cybersquatting" is generally referred as the registration and trafficking of Internet domain names with the bad-faith intent to benefit from another's trademark.

Today, a growing number of trademarks, famous or not, is still subject to cybersquatting. Cybersquatting takes place for a number of reasons, including the following:

- To extract payment from the rightful owner of the mark or to offer the domain name for sale publicly to third parties
- To use famous and well-known marks as domain names for sites including harmful content such as pornographic ones or otherwise capitalize on customer confusion.
- To engage in consumer fraud, including counterfeiting activities

Cybersquatters continue to damage the growth of electronic commerce, cause consumer fraud and confusion as to the true source of products and services, and deprive legitimate trademark owners of revenues and consumer goodwill.

Many European companies and other entities doing business in Europe - a number of whom own trademarks registered with a European trademark office - are faced with

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<sup>1</sup> [www.getsafeonline.org/media/GSO\\_Cyber\\_Report\\_2006.pdf](http://www.getsafeonline.org/media/GSO_Cyber_Report_2006.pdf). "Get Safe Online" is a joint initiative between HM Government, the Serious Organised Crime Agency (SOCA), BT, eBay.co.uk, HSBC, Microsoft and SecureTrading.

substantial costs in combating cybersquatting in Europe. To these trademark owners, a more constraining instrument to reinforce protection of names and trademarks would be most welcome.

In Europe, the problem of cybersquatting is particularly prevalent in, but not limited to, the generally autonomous nature country code top-level domains (ccTLDs), including Austria, Denmark, Germany, the Netherlands and the UK. It is our understanding that the approach taken by the EU and Member States on cybersquatting has been more general targeting cyber crime as a whole. While we welcome initiatives such as the Framework Decision on attacks against information systems and the initiative combating fraud and counterfeiting of non-cash means of payments, we take the view that the problems presented by cybersquatting to trademark owners and consumers need to be appropriately addressed. European courts have typically utilized traditional concepts in trademark law, marketing practices laws, or even "common legal principles" to provide trademark owners with remedies for harm caused by piracy on the Internet.

Cybersquatting damages the interests of European trademark owners and the European consumers who purchase goods and services via the Internet. Moreover, trademark piracy in cyberspace results in consumer fraud and confusion and is detrimental to brand equity during this critical transition to the Internal Market that is now heavily influenced by electronic commerce.

### ***Risks Facing Consumers Are Increasing***

A main threat to consumer trust when conducting business online is the increasing sales of counterfeit goods on the Internet. More than ever before, there is a pressing need for harmonized consumer protection against counterfeiting in the Internal Market, whether offline or online. We believe that only through the authorized distribution networks will consumers be assured of reliability and safety.

The World Intellectual Property Organization (WIPO), which handles arbitration for more than half of the world's cybersquatting disputes each year, registered 1,823 complaints in 2006 alleging abusive registrations of trademarks as Internet domain names, up 25 percent from in 2005<sup>2</sup>.

Though the geographical spread of named parties to WIPO Uniform Domain Name Dispute Resolution Policy (UDRP) cases (regarding generic top-level domains and ccTLDs) reached 137 countries at the end of December 2006, the most frequently named party country both for complainants and for respondents continued to be the United States of America (USA). The most frequently named complainant countries in gTLD cases after the USA were France, the United Kingdom, Germany, Spain, Switzerland, Italy and the Netherlands, along with Canada and Australia. The most-named respondent countries after the USA included the UK, Spain, France, and Italy along with China, Republic of Korea, Canada, Australia, and Russia.

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<sup>2</sup> Based on WIPO Press Release no. 479 of 12 March 2007

Of additional concern to trademark owners and consumers are the growing number of professional domain name dealers who use computer software to automatically register expired domain names or that engage in 'domain name tasting', a practice defined as: the temporary registration of Internet domain names (usually in mass quantities) with the specific intent of testing their profitability over a five day 'grace period' and then deleting the domain names that do not generate sufficient web traffic to justify its registration. INTA's Internet Committee has encouraged the Internet Corporation for Assigned Names and Numbers (ICANN) to modify its registration policies to abolish domain name tasting, which INTA believes destabilizes the domain name system, causes consumers' confusion and erodes the public's confidence in online commerce.

### ***Phishing***

Phishing is defined as a form of online identity theft that employs both social engineering and technical subterfuge to steal consumers' personal identity data and financial account credentials<sup>3</sup>. Social-engineering schemes use 'spoofed' e-mails to lead consumers to counterfeit websites designed to trick recipients into divulging personal or confidential data such as account usernames and passwords.

Through the goodwill of the established trademarks of banks, e-retailers and credit card companies, phishers often convince recipients to respond. Technical subterfuge schemes plant crimeware onto PCs to steal credentials directly, often using key logging systems to intercept consumers online account user names and passwords, and to corrupt local and remote navigational infrastructures to misdirect consumers to counterfeit websites and to authentic websites through phisher-controlled proxies that can be used to monitor and intercept consumers' keystrokes.

A pan-industrial law enforcement association, the Anti-Phishing Working Group (APWG), reported that the number of unique phishing Web sites it detected rose to 55,643 in April 2007, a large increase of close to 35,000 from March 2007. Targets included many non-financial organizations, including social networking Web sites, voice-over-Internet Protocol (VoIP) providers, and numerous large Web-based email providers. Financial services continue to be the most targeted industry sector at 92.5% and a large number of European banks were targeted in April, with seven of the top twenty targeted in that month belonging to European banks<sup>4</sup>.

The APWG noted a substantial uptake in the number of Middle East and European financial services companies being targeted, some new to the APWG's report log, in addition to large US-based banking institutions and credit unions.

### ***Trademark Protection is Consumer Protection***

INTA's objectives in the debate over the future of the DNS are quite simple. First, we have sought to demonstrate that domain names can and often do function as

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<sup>3</sup> [www.antiphishing.org/reports/apwg\\_report\\_nov\\_2007.pdf](http://www.antiphishing.org/reports/apwg_report_nov_2007.pdf)

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trademarks, and that trademarks must be afforded the same protection in cyberspace as they have in all other media. Second, to accomplish this protection, INTA has consistently sought the following:

1. establishment of specific minimum standards for domain name registration
2. a publicly accessible domain name database, which contains up-to-date and accurate contact information (Whois database)
3. a voice for trademark owners in the formulation of domain name policy

With the growth of the use of the Internet, the Whois database has become an important, if not the most important, source of information for contacting the person or persons responsible for administering domain names (including domain name holders) to resolve issues over control, ownership, or use of the domain name.

Both the private sector and government agencies use Whois daily. Consumers use Whois to verify the identity and trustworthiness of parties they deal with on the Internet. Trademark owners and consumer protection authorities use Whois when working to prevent schemes to confuse and defraud consumers.

Law enforcement uses Whois to investigate terrorism and violations of law and, along with trademark owners, to take down fraudulent websites. The public interest weighs strongly in favor of preserving access—not only to law enforcement, but also to consumers and to all those who have a role in preventing fraud and abuse on the Internet.

We understand that any EU initiative on the fight and prosecution of cyber crime has to be defined and implemented fully respecting fundamental rights, in particular those of freedom of expression and respect for the protection of personal data. However, we take the view that limitations on access to information may serve to encourage abuse of intellectual property, frustrate the effective enforcement of legitimate intellectual property rights and, inevitably, increase the cost to the public of doing business on the Internet.

Further initiatives to reinforce protection of trademarks and consumers in cyberspace will signal that activities that include the pilfering of trademarks in cyberspace will not be tolerated. Due to the fast pace of developments concerning the Internet, what is needed are instruments which can be quickly established and which can be effective as soon as possible.

We are well aware of the existing difficulties to harmonize Member States' legislation in the area of cyber crime. However, we would encourage the Commission to take all possible measures in order to adequately address the cost of and dangers posed by fraudulent online activity.

Governments, private industry and consumers must work together and seize every opportunity to enhance existing laws while at the same time devise new tools, whether

at a regulatory or self-regulatory level, to stop thieves and pirates who prey on consumers' trust in trademarks as reliable indicators of source, quality, image, and reputation. Dishonest and unfair use of trademarks will only result in a loss of confidence among consumers in the Single Market and therefore jeopardize the business-consumer relationship.

### ***Coherence of DG SANCO policies and a comprehensive IPR strategy***

INTA recently responded to the "Future Challenges" consultation paper published by DG SANCO last fall<sup>5</sup>. To summarize our submission, we welcomed DG SANCO's interest in becoming involved in IPRs, an area which has not been its remit but which contributes to one of its key objectives: "*making Europe's citizens healthier, safer and more confident*". Certainly, synergy exists between DG SANCO's mission and the enforcement of IPRs, as both aim at ensuring:

- Consumer health and safety
- Fight against the counterfeiting goods and services, including medicines
- Consumer education and confidence in products and services, to ensure that consumers are not misled
- Consumer trust and confidence in the Internet

INTA welcomed last December's Council invitation for the Commission to present a comprehensive intellectual property rights strategy, which will allow for an effective IPR framework to ensure synergy with other European policies in the global fight against counterfeiting. We feel that the protection and enforcement of intellectual property rights should be a key priority for the EU; it is our view that the effectiveness and success of the EU's forthcoming IPR strategy will partly depend on the European Commission's ability to integrate IPRs into all of the relevant policy areas (from consumer protection to the development of e-commerce) and to take into consideration the range of policy instruments which may be needed to ensure such integration.

To make the best use of the available resources, we support the enhanced cooperation and collaboration between the different Directorate Generals working on these issues. Additionally, this process could be facilitated by leveraging the expertise and willingness of the rights-holders.

Trademark rights are recognized as a property right which has an economic value and contributes to the overall value of a society. Therefore, understanding the legal mechanisms for protecting such rights has undoubtedly become increasingly important to national economic policy makers worldwide.

INTA's Internet Committee will continue to focus during its current two year term (2008-2009) to explore policy issues on the Internet that have wide-reaching implications for the safety and protection of consumers in Europe. INTA will maintain dialogue with DG

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<sup>5</sup> International Trademark Association, Comments On DG SANCO's 2009-2014 Future Challenges

SANCO in an effort to further consumer confidence in the Internet as a safe marketplace for the exchange of both ideas and commerce, and will advance policies worldwide that promote the protection of intellectual property. We thank you for this opportunity to comment on these important issues.

## **About INTA**

The International Trademark Association, (INTA) is a 130-year-old not-for-profit organization devoted to the protection and promotion of trademarks as elements of fair trade and international commerce, with members established in over 190 countries around the world including all 27 Member States of the European Union and in EU candidate countries. INTA is headquartered in New York, with representation offices in Brussels and Shanghai.

INTA's worldwide membership of over 5500 companies and law firms crosses all industry lines, including manufacturers and retailers in industries ranging from aerospace to consumer goods and service providers.

One of INTA's principal goals is the promotion and protection of trademarks as a primary means for consumers to make informed choices regarding the products and services they purchase. The membership of INTA values the essential role trademarks play in encouraging free and fair competition, and in protecting the interests of consumers.

INTA has been active in the development of ICANN and has served as the leading voice of trademark owners in the development of cyberspace, including as a founding member of ICANN's Intellectual Property Constituency.

INTA's advocacy efforts are accomplished by an all-volunteer committee system in which trademark professionals from around the world devote their efforts to the promotion of intellectual property as an element of fair trade and international commerce.

## **Brussels – 7 February 2008**

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