

## LITIGATING DOMAIN NAMES IN BRAZIL\*

Ricardo Pinho \*\*

Domain names are registered in Brazil on a “first to file” basis following an on-line process. Any element formed exclusively by letters or by letters and numbers with a minimum of two and a maximum of twenty-six characters, can be registered as a domain name in Brazil. Exceptions to this rule are names which are considered non-registrable due to their own nature, such as technical expressions which are related to the Internet field and obscene words. Furthermore, names which may reproduce or imitate well-known and notorious marks, when not applied for by the legitimate owners<sup>1</sup> and state and governmental agencies’ names and initials, are also not registrable.

The Brazilian domain name registry is FAPESP, a scientific research foundation controlled by the State of São Paulo, which received this authority from the Internet Managing Committee (IMC) an Internet ruling entity created by a joint resolution from the Ministry of Communications and the Ministry of Science and Technology, both Federal entities. The on-line domain name registration system is operated through the Internet under the name “Registro.br”<sup>2</sup>.

Rules governing the Internet in Brazil are issued either by the IMC or FAPESP. As no Federal Laws have been passed by the Brazilian Congress, these rules are administrative due to their nature. Some authors have already stated that rules governing the Internet in Brazil are not constitutional exactly because they are not supported by Law.

Constitutional or not, the rules governing the Internet in Brazil have not yet been challenged in court. Matters commonly brought to court refer to conflict between domain names and trademarks. This happens mainly because the on-line process for registering domain names does not comprise an administrative dispute resolution system.

Even the exceptions to this rule, that is well-known and highly renowned trademarks when not applied for as domain names by their legitimate owners, do not avoid the increasing number of disputes.

The definition of a “notorious” trademark is totally different from the definitions of well-known and highly renowned marks. While a “notorious” mark, as defined by the former Code of Industrial Property, was a mark duly registered in Brazil that was so declared after administrative proceedings in which its notoriety in the country was duly proven, the concept of a well-known mark has its origin in the Paris Convention and is considered to be a mark internationally well-known, even if not registered in the country. The highly renowned trademark, which was introduced by the new

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\*\* - Attorney and Litigator with Daniel & Cia., Rio de Janeiro, Brazil

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<sup>1</sup> *These rules did not block the registration, by third parties, of the domain names “telemerda.com.br”, containing an obscene word and making a play on words with the mark TELEMAR or of the domain names “e-coke.com.br” and “e-fanta.com.br” although both marks COKE and FANTA, owned by The Coca-Cola Company, were declared notorious in Brazil by the PTO.*

<sup>2</sup> *Registro.br can be accessed at the address <http://registro.br>.*

Industrial Property (IP) Law (Law no. 9,279/96) replaces the “notorious” mark, and is a registered mark that can be declared highly renowned by the PTO without any specific administrative proceeding. Very few trademarks have been declared highly renowned in Brazil since the new Law came into force.

Consequently, although mentioning well-known and highly renowned marks in its rules, FAPESP is working with a list of “notorious” marks, prepared and furnished by the Brazilian PTO, which cannot be updated and which, in fact, do not include “well-known” and “highly renowned” trademarks. Besides, FAPESP’s officials are unable to identify well-known and highly renowned marks and do not seem to be interested in acquiring such capacity, because this would force FAPESP to create an administrative dispute resolution system, renouncing, at least partially, the automatic “on-line” registration system. To defend its position, FAPESP adopts the rationale that, due to increasing Internet use, huge numbers of domain names are registered, and it is not possible to renounce, even partially, the on-line system. The fact seems to be that FAPESP still considers that domain names are not distinctive signs – or should not be seen as distinctive signs – but mere Internet address identifiers, which do not conflict with marks.

One cannot deny that numbers relating to the Internet in Brazil are rapidly increasing since 1995. FAPESP also cannot deny that the conflict between domain names and trademarks are increasing in the same proportion. A total solution to the problem does not seem to be in sight, FAPESP is still resisting moves to adopt an alternative dispute resolution system and the IMC is sending no signals that Brazil is going to adhere to WIPO’s ADR system. However, some palliative remedies have been adopted. To discourage piracy, the number of domain names per company was limited to ten and foreign companies are now allowed to register domain names in Brazil. To diminish the natural choice of companies for “.com.br” domain names, FAPESP created new domain name “levels”, such as “.ind.br” for industries, “.tur.br” for tourism companies and travel agencies, “.rec.br” for entertainment companies and even a “.etc.br” level for companies with activities which do not fit into the other existing categories.

These remedies, however, do not seem to be effective. The limit of ten domain names per company is easily by-passed by Brazilian companies since they can also register domain names through their registered branches or affiliates. On the other hand, the permission for foreign companies to register domain names in Brazil is precarious since these companies are obliged to submit a statement, before applying for the domain name, declaring that they will be established in Brazil within twelve months from the date of the statement. The creation of alternative levels has not diminished the natural choice of the companies for the “.com.br” domain names, which represent more than 92% of the registered domain names in Brazil.

The absence of an administrative dispute resolution system has left no doubt that litigation, if not the best, is the sole alternative to challenge reproduction or imitation of a trademark registered as a domain name, whenever an amicable solution is not possible.

#### **WHAT HAS DOMAIN NAME LITIGATION IN BRAZIL TAUGHT US SO FAR?**

- Although not expressly mentioned in Article 129 of the IP Law, reproduction or imitation of a registered or well-known trademark by a domain name constitutes trademark infringement<sup>3</sup>.
- FAPESP must be cited as a co-defendant if the court action is intended to cancel a domain name registration. However, FAPESP must not be cited as a co-defendant if the court action is intended to compel the domain name owner to cancel or withdraw its registration.
- Notwithstanding the fact that FAPESP is a state governmental agency acting through authorization of a Federal entity (the IMC), it can be sued before a common state civil court, instead of being sued before a federal court or a public state civil court<sup>4</sup>.

<sup>3</sup> AOL vs. America Online Telecomunicações Ltda. *case and others*.

<sup>4</sup> AOL vs. America Online Telecomunicações Ltda. *case – High court ruling*.

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- Injunctive orders suspending the domain name registration are normally granted, provided the plaintiff proves legitimate rights over the infringed trademark and the right to sue, as well as the need to immediately stop the infringement in order to avoid irreparable damages to the mark and its goodwill<sup>5</sup>.
  - Although the domain name registration can be suspended through an injunctive order, FAPESP cannot be compelled by such an order to register an identical domain name in the plaintiff's (trademark owner's) name<sup>6</sup>.
  - Punitive damages are to be paid by the defendant to the plaintiff whenever it is proven that the defendant acted in bad faith and made a false statement to FAPESP when applying for the domain name<sup>7</sup>.

**WHAT HAS NOT YET BEEN CLARIFIED BY LITIGATION?**

- That domain names are distinctive signs and, as such, deserve protection by Law.
- Whether or not rules governing domain names are constitutional.
- Whether or not an ordinary registered trademark is protected in the Internet, irrespective of the goods or services it covers.
- If a registered domain name can block trademark registration of an identical or similar sign.

The more significant objective domain name litigation and court rulings will achieve in Brazil is that they might force Internet authorities to modify the "first filed" system. They could also lead to an administrative or alternative dispute resolution system, recognizing that a domain name is much more than a mere address in a virtual world.

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\*\* - Attorney and Litigator with Daniel & Cia., Rio de Janeiro, Brazil

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<sup>5</sup> The "telmaronline.com.br" case – Low court ruling, and others.

<sup>6</sup> The "fleischmann.com.br" case – Low court ruling, under appeal.

<sup>7</sup> The "jornalnacional.com.br" and "esporteespetacular.com.br" case – Low court ruling.