

Until recently backdoor listings suffered significant tax disadvantages. It is possible that the new tax reforms (such as 'scrip-for-scrip' rollover relief) may have alleviated some of these disadvantages.

International Companies

There is an increased likelihood of prospectus work with an international flavour as the ASX attempts to attract more foreign companies to its market, especially those with a technology focus. This has been demonstrated by the recent no action letter issued by the US Securities and Exchange Commission ('SEC') to the ASX allowing unlisted US companies to list on ASX (only the second exchange in the world to be issued an SEC no action letter after the European EASDAQ exchange). The first US companies to benefit from this no action letter and list on ASX are Axon Instruments, Inc and Digital Now, Inc. Moreover, ASX is in continuing discussions with NASDAQ to enable the joint listings of companies on the two exchanges. These initiatives should help to promote the ASX as a more international market.

Conclusion

The coming year promises to be an exciting one as the internet industry continues to grow and we enter a world of convergence between traditional and new media and business. It is likely that the next phase of development will see how the old economy companies will embrace the new technology to deliver their traditional services. For corporate lawyers, this will lead to continued prospectus work as more traditional companies acquire and float on-line arms of their businesses, as well as continued growth in the mergers and acquisitions area as strategic alliances continue to be formed and smaller technology companies are acquired by larger players. Whatever the outcome, it is an exciting and dynamic time to be a young corporate lawyer working in the area.

cybersquatting

– it's all in the name

Emma Weston – Solicitor, AWB Limited

When is your name not your own? Answer: when someone else has registered it as a domain name. This is the practice known as cybersquatting, and it's big business. Cybersquatters try to register internet addresses, often company names or brands, with the intent of later selling them back to the company at a hefty price. Some view the practice as a legitimate business activity and others as a form of extortion.

Cybersquatting is easy because domain names are generally registered on a "first come first served" basis. Sought after names are often generic words, such as *whitegoods.com*, or well known brand names. It is the latter category that has been the cause of much recent legal activity. The trend seems to be going against the cybersquatter.

The Telstra Decision

Telstra recently had a victory at the World Intellectual Property Organisation's Arbitration and Mediation Centre in Geneva, where it was decided that the domain name *telstra.org* had been registered by a "cybersquatter" in bad faith.

Telstra already owns a number of domain names including *telstra.com*, *telstra.net* and *telstra.com.au*. According to the submission to WIPO, it appears that *telstra.org* was registered by an entity called Nuclear Marshmallows through the US registrar Network Solutions. Telstra lodged a complaint with WIPO on the basis that the name had been registered in bad faith. Under WIPO's domain name dispute resolution procedures, the WIPO panel needed to find that *telstra.org* was identical or confusingly similar to a trade mark or service mark in which:

- the complainant had rights;
- the domain name holder had no rights or legitimate interest; and that:
- the name was registered and was being used in bad faith.

It was held that Nuclear Marshmallows had no legitimate interest in the name. It had not set up a website connected to the name nor had it approached Telstra to sell the name. Under the WIPO rules, the domain name was required to be transferred to the successful applicant within 10 days of the decision having been made.

The Notion of 'Bad Faith'

The introduction of the principle of bad faith in cybersquatting disputes is novel. Previously, many cybersquatting disputes were dealt with inside the framework of trade mark and passing off law. A case in point involved film and television manufacturer Panavision. In that case, a website had been set up showing views of a town called Pana under the domain name *panavision.com*. Panavision sued the domain name holder over the use of the name, as it was a registered trade mark. The domain holder had demanded US\$13,000 in exchange for an assignment of the domain name and *panaflex.com*, a domain name which was identical to another of Panavision's registered trade marks.

Panavision won a dilution of trade mark action on the basis that the registration of *panavision.com* prevented Panavision from using it in connection with their business. There was however some acknowledgment that the domain name holder's website had a 'real' purpose (by contrast, the website attached to *panaflex.com* only contained the word 'hello').

It is possible that the use of bad faith concepts in domain name disputes will drive domain name holders to establish websites in attempts to prove registration and use of the name in good faith. Conceivably, adjudicators will then be assessing whether or not a website meets certain criteria - the website's purpose, quality, level of business activity (if appropriate), the registration date of the domain name, the establishment date of the website, and so forth.

US company Morgan Stanley recently launched its online trading service under the name online.msdl.com. Morgan Stanley's preferred name, msdlonline.com, was registered to a teenager in California who apparently wanted the name for a mountain biking website called Mud Sweat's Downhill World. The mountain biking website was only created after Morgan Stanley commenced legal action. Morgan Stanley had offered US\$10,000 for the name but the teenager and his family demanded US\$75,000. Perhaps due to concerns about the new US legislation which provides for heavy penalties for cybersquatters, after a preliminary hearing the teenager and his family agreed to give the name to Morgan Stanley. At the same time they turned over morganstanleydirect.com.

Would the result have been different if the respondent's website had already been constructed? Or, in the Telstra case, if a website had been established and, for example, dedicated to disaffected Telstra customers?

What is a legitimate use of a domain name? Does any website suffice? These are largely unanswered questions.

Veronica.org was registered by a Los Angeles father for his baby daughter. Veronica is, of course, a character from the Archie comics and the company Archie Comics threatened to sue. Eventually the company backed down and Veronica (the baby girl) still has her domain name. In a similar case, Gumby and Pokey, a toy company, tried to take away pokey.net from a 12

year old boy nicknamed Pokey who used his website, a birthday present from his father, to post games and pictures of his puppy.

Considerations of bad faith seem to be very much a case by case issue. Is it bad faith to register a name that is someone else's trade mark in an unrelated area? The limits of bad faith are yet to be tested, as is its relationship with trade mark protection. Why should Telstra automatically be entitled to Telstra.org? If the domain name was not being used, nor were attempts made to sell it to Telstra, why was its registration by someone other than Telstra necessarily made in bad faith? The WIPO rules can be viewed as a major extension of the rights and protection that trade marks can offer.

Trade marks and brands are also at increased risk of appropriation in less well known domains. Most countries have their own domains. Companies with well established brands like Sony, Volvo or 'Widget' may find themselves having to register in every domain in an attempt to protect their brand. In many cases, companies would have no intention of actually setting up a website connected to every domain name registered but would just divert users to their main home page. Of course, a cybersquatter could have already registered widget.cz (the domain of the Czech Republic) and under the WIPO rules Widget Limited would only need to establish bad faith in the making of that registration so as to get the name assigned to it, even though it may have no market in the Czech Republic and may have neglected to protect its own interests. Should registration of an Australian trade mark be powerful enough to prevent someone else from registering a Czech domain of the same name?

What next?

Cases like the fictional Widget and the real Telstra are sure to be on the increase but this is a developing area of dispute resolution and if bad faith is the defining factor we could see a range of results. With 89 cases lodged

with WIPO since the domain name dispute resolution procedure went live in December last year, there will be many twists and turns on the cybersquatting trail before we have a clear picture of when our name is our own. Cybersquatting is on the international agenda and the signs are that it will no longer be tolerated. Nevertheless, the tensions between innocent registration, ideals of internet freedom, consumer protection and corporate objectives are yet to be fully played out.

Young Professional Network

The next YPN Event will be held on Thursday, 15th June 2000

- Speaker: David Gold, CEO, Dstore.com.au
- Date, time and venue to be advised...
- YPN* is an initiative of the Law Institute of Victoria, the Australian Institute of Banking & Finance, the Leo Cussen Graduate Association, the Institute of Chartered Accountants and the Property Council of Australia.