

BRAZIL

Report Q 173

By the Brazilian Group (Brazilian Intellectual Property Association)

Issues of co-existence of trademarks and domain names: public versus private international registration systems

1.1 Nature of signs

What is the status of a domain name in your country? Does the registration of a domain name confer exclusive rights to the proprietor? Can domain names be the subject of dealings such as assignment, mortgage and the like?

Yes. Domain name registrations grant exclusivity to their holders. However, such rights may be challenged on the grounds of prior rights derived from Trademark Law or Brazilian rules on civil name, for instance.

Section 1 of Resolution CG no. 1, issued on April 15, 1998 by the Brazilian Internet Managing Committee establishes that “the rights on a domain name shall be granted to the first applicant”. However, section 2, III, (a) of the Attachment 1 of such Resolution sets forth that the domain name chosen by the applicant must be available for registration. The concept of non-available names encompasses “misleading names, such as famous trademarks or well-known trademarks, when the applicant is not the legitimate owner”.

Domain name registrations may be assigned or licensed. However, only assignments can be recorded at the Registrar. An analogy between trademarks and domain names allows to conclude that the latter are legally considered as chattel and thus submitted to the related liens, such as pledge. Mortgage does not apply to chattel.

1.2 Legislation

Is there any legislation in your country dealing specifically with domain names and the domain name registry? If so, please describe it.

In Brazil, no law has been enacted dealing with the grant of domain name registrations, although there are some pending bills at Congress. On April 15, 1998

the Brazilian Internet Managing Committee issued administrative resolutions (CG Resolutions ns. 1 and 2) ruling its activities and procedures.

1.3 Type of registry

Which organisation has been assigned responsibility for the ccTLD domain in your country? Is this organisation a public or a private entity? If it is a private entity is it subject to a regulator? Is the registry's conduct of business (e.g. the setting of registration fees) subject to judicial or independent review?

By the Joint Ministerial Ordinance MC/MCT nº 147, of May 31, 1995, the Brazilian Internet Managing Committee is in charge of the ccTLD domain in Brazil.

Such Managing Committee, however, by means of the Resolution CG nº 2, of April 15, 1998, art. 1º, delegated to FAPESP (Foundation of Research Support of the State of São Paulo) the responsibility to perform all the activities related to domain name registry, including the registration of IPs addresses. FAPESP is a public entity.

1.4 National treatment

Does the applicant require legal or national status in your country to register a domain name?

Previously, art. 2 of the Resolution CG nº 1 of the Managing Committee, set forth that only companies legally established in Brazil could register a domain name.

Nowadays, this rule has been modified. Foreign companies are allowed to register .br domain names, provided that they:

(i) nominate a legal representative established in the Country and registered at the Registrar's database; and

(ii) exhibit some documents, including a legalized affidavit undertaking that their activities in Brazil will be established on permanent basis, within a 12--month period from the filing of the affidavit before FAPESP.

National applicants must be enrolled at the National Register of Civil Persons. There is no specific rule regarding foreign individuals.

1.5 Bars to registration

Is the domain name registry in your country entitled to reject applications on public policy grounds? If so, on which grounds (e.g. immorality or generic terms)?

Yes. According to section 2, III, (b), of Resolution CG n° 1 of the Brazilian Internet Managing Committee, the name chosen by the applicant must be available for registration. The non-exhausting list of names which are not eligible for registration includes the following ones:

- domain names previously registered;
- filthy words;
- reserved names which represent Internet predefined concepts, such as the word "internet";
- misleading names, such as famous or well-known trademarks, when the applicant is not the legitimate holder; and
- State or Ministerial abbreviations.

To evaluate if the application reproduces a famous mark, FAPESP uses a list of trademarks registered as notorious before the BPTO. However, such registrations of notoriety were extinguished by the Industrial Property Law enacted in 1996. The protection of famous trademarks is no longer submitted to a specific registration of notoriety. Thus, the list of notorious trademarks used by FAPESP is not complete and has proven to be of little value for the registration of domain names.

1.6 Appeals

Does the applicant for a domain name have the right to appeal against the refusal of the registry to register a domain name? If so, to which entity and based on what kind of procedure (e.g. arbitration or administrative procedure)?

No, the applicant does not have the right to file an appeal before the Registrar challenging the refusal of a domain name registration. Injured parties must file a lawsuit to discuss the Registrar's acts, since FAPESP's procedures are electronic, without the presence of a physical presence of an examiner.

The administrative rules mentioned in the answer of question 1.2 do not contemplate appeal proceeding or third parties' oppositions. The Brazilian Intellectual Property Association has proposed the creation of such administrative proceedings. Such proposal was accepted by the Projects of Law which are being discussed at the Congress.

1.7 Publication, opposition and cancellation

Is the application for or registration of a domain name made public in your country? Is there any procedure available to third parties to oppose such application (prior to registration) or registration? If so, on what (relative or absolute) grounds (e.g. prior trademark registration or generic term) and based on what kind of procedure (e.g. arbitration or administrative procedure)? Is it possible for a registered domain name to be cancelled? If so, by whom and on what (relative or absolute) grounds (e.g. prior trademark registration or generic term)? Is it possible to request cancellation of a domain name based on general statutory law (e.g. unfair competition law)? Which procedure is followed, in the case that cancellation is required? Is the ccTLD registry liable for domain names which infringe trademarks?

Information regarding domain name registrations may be attained at the entries of the Registrar's database, freely accessible. Third parties have no administrative procedure available to oppose to applications or registrations.

Injured parties must file a lawsuit to discuss the Registrar's acts. Nullity actions may be filed on absolute or relative grounds (including unfair competition rules). As previously mentioned, the Brazilian Intellectual Property Association supports the idea of creating administrative procedures allowing third parties' opposition or appeals.

Domain name registrations can be cancelled by administrative or judicial decisions. Administrative cancellations are ruled by section 7 of Resolution CG nº 1 in the following terms:

"The right to use a registered domain name in the Internet under a domain .br is terminated, causing its cancellation, on the following cases:

- I – by the express waiver of the proprietor, by means of the proper documentation;*
- II – by failure to pay the registration and/or maintenance fees in the period established;*
- III – by the non-use of the domain name, for a continued period of 180 (one hundred and eighty) days;*
- IV – by the inobservance of the rules established in this Resolution and its Attachments;*
- V – by court order."*

The administrative resolutions issued by FAPESP disclaim any liability, stating that the applicant is the only responsible for the choice and use of a domain name. However, the registrar's liability for damages may be admitted by the Courts, on the grounds that:

- a) public entities, such as FAPESP, and private suppliers of public services have strict liability for any damage caused to third parties by their agents or acts (section 37, paragraph 6 of Brazilian Constitution and section 927 of the New Brazilian Civil Code (Law # 10,406/02);

- b) the liability exemption provided by the administrative resolutions has a contractual basis (the applicant and the Registrar are contracting parties) and thus cannot be opposed to a non-contracting party, such as the injured party.

FAPESP always tries to avoid liability for damages alleging that the domain name registrations are effected automatically. The Brazilian National Group, represented by ABPI – The Brazilian Intellectual Property Association is of the opinion that FAPESP should be considered liable, considering that without a domain name registration there is no way to create a site in Internet. Therefore, FAPESP should find means to control the registration procedure to avoid its inadequate use.

1.8 Maintaining the registration

Must use requirements be satisfied in order to maintain the domain name registration? If so, is there any definition of what constitutes use? Is a renewal fee payable, in addition to, or in place of, a maintenance fee?

Yes. Sections 2 and 7, III of Resolution CG n° 1 establish that the holder must regularly use the domain name, otherwise it may be cancelled after a period of 180-days of non-use.

However, there is no definition of what constitutes regular use. A domain name may be active in several ways, such as providing:

- (i) a site already accessible or being built; or
- (ii) the exchange of e-mails.

Section 5 of the mentioned Resolution foresees the charging of registration and maintenance fees. No renewal fee is mentioned, since the domain name registration has no limited term of validity. However it is understood that a maintenance fee, charged annually to maintain the domain name active, has the same effect of a renewal fee.

1.9 Generic Top-Level Domains (gTLDs)

Are gTLDs subject to regulatory control in your country? If so, in what ways? Are there any differences to the treatment of ccTLDs? If so, what are they?

The gTLDs are not subject to regulatory control in Brazil, since they are not under the jurisdiction of the Brazilian Government. However, public authorities can interfere in the contents of Internet pages displaying offensive material, as happened in France two years ago, when an auction site tried to sell nazi objects. There are no differences to the treatment of ccTLDs.

2. Proposals for adoption of uniform rules

2.1 Nature of signs

*Should the registration of a domain name confer exclusive rights to the proprietor?
Should domain names be subject of dealings such as assignment, mortgage and the like?*

Yes, the registration of a domain name should confer exclusive rights to the proprietor. However, the grant of such rights must allow third parties' opposition and an administrative appeal.

Domain names should, analogically, receive the same treatment conferred to trademarks, being subject to assignments, licenses, pledge and other collaterals. Mortgage shall not apply.

2.2 Legislation

Should legislation be enacted to deal specifically with domain names and domain name registries?

Yes, in our view legislation should be enacted to deal specifically with domain names and domain names registries.

2.3 Type of registry

Do you think the domain name system should be administered by public or private entities?

Considering Brazilian reality and experience with the privatisation of public services, we recommend that in Brazil the domain name system be managed by private entities, submitted to the control and regulation of a public agency, just like in several areas, such as telecommunications and energy.

If you think that the DNS should be administered by private entities should they only perform technical functions or should they also perform policy functions? If you think that they should only perform technical functions who should perform the policy functions? What do you think Government's involvement in a privately administered DNS should be? If the DNS is administered by private entities do you think that their actions should be subject to a regulator and to an independent review? If so, which institutions should perform these functions?

Private entities should perform only technical functions. A regulatory agency should regulate the sector. The Government's involvement should occur only with the purpose of protecting the community's interests.

If you think that the DNS should be administered by public entities which institutions should perform the technical and policy functions? Should the assignment of gTLDs and the key internet co-ordination functions (e.g. the stable operation of the Internet's root server system) be performed by a treaty based multi-governmental organisation? If so, should an existing organisation such as WIPO or ITU be tasked with these functions or should a new one be created?

2.4 National Treatment

Do you think domain name registries should be entitled to impose restrictions on the application process based on the nationality of the applicant?

No distinction should be made between nationals and foreigners. Brazilian Constitution establishes (section 5) that "everyone is equal under the law, without distinction of any nature, and all Brazilians and foreigners living in the country have guarantee against violation of their rights to life, to freedom, to equality, to security and prosperity." Besides, Brazil is signatory of several treaties, including the Paris Convention and TRIPS, which provides foreigners with the same treatment assured to nationals.

2.5 Bars to registration

Do you think domain name registries should be entitled to reject applications on public policy grounds? If so, on which grounds (e.g. immorality or generic terms)?

Yes, domain name registries should be entitled to reject applications on public policy grounds, like, for example, immoral domain names.

2.6 Appeals

Do you think that the applicant for a domain name should have the right to appeal against the refusal of the registry to register a domain name? If so, to which entity and based on what kind of procedure (e.g. arbitration or administrative procedure)?

Yes, the applicant for a domain name should have the right to appeal against the refusal of registration. Such appeal should be ruled by administrative procedure.

The Brazilian Intellectual Property Association, by means of its Resolution nº 5, of August 20, 2000, suggested the adoption of an alternative dispute resolution system based on the following methodology:

(a) Publication of a Resolution by the Brazilian Internet Managing Committee establishing that disputes involving domain names and third party's rights should be submitted and judged by the "Chamber of Resolution of Domain Names Disputes";

(b) Alteration of the agreement rules which bind the applicants, not only to adopt such alternative dispute resolution system, but also to clarify that the parties are obliged to comply with its decisions;

(c) Creation of a Uniform Procedure to Disputes Resolution, to be established by the Managing Committee, based on the positive experience of the alternative dispute resolution system used by ICANN.

2.7 Publication, opposition and cancellation

Do you think that the application for or registration of a domain name should be made public? Do you think that there should be a procedure available to third parties to oppose such application (prior to registration) or registration? If so, on what (relative or absolute) grounds (e.g. prior trademark registration or generic term) and based on what kind of procedure (e.g. arbitration or administrative procedure)? Do you think that it should be possible for a registered domain name to be cancelled? If so, by whom and on what (relative or absolute) grounds (e.g. prior trademark registration or generic term)? Do you think it should be possible to request cancellation of a domain name based on general statutory law (e.g. unfair competition law)? If so, which procedure should be followed? Do you think domain name registries should be liable for domain names which infringe trademarks?

Yes, the application for a domain name registration should be made public. An official publication should be created for such purpose.

Yes, third parties should be entitled to oppose applications (prior to registration) or to challenge registrations. Such acts should be ruled by administrative procedures and should be filed on absolute or relative grounds, including the violation of prior trademarks rights and the unfair competition rules.

Domain name registrations should be cancelled *ex officio* by the own Registrar or at the request of an injured third party, based on absolute or relative grounds, including general statutory law, such as unfair competition rules. The administrative procedure should guarantee the full right of defense and the due process of law. All administrative decisions might be reviewed by the Courts.

The Registrar should be liable for granting a domain name registration which infringes trademark rights. Brazilian Low Courts have decided that FAPESP is

liable for damages, but those decisions still need confirmation by the Appellate Courts.

2.8 Maintaining the registration

Do you think that use requirements should be satisfied in order to maintain the domain name registration? If so, what should constitute use? Should a renewal fee be payable, in addition to, or in place of, a maintenance fee?

Yes, objective and pre-established use requirements should be fulfilled in order to maintain the domain name registration. An active domain name should constitute regular use, whenever it provides for:

- (i) an accessible site or a site in construction;
- (ii) the exchange of e-mails.

Only a maintenance fee should be charged, as already happens in Brazil.

3. Assessment of the trademark registration system

Do you think that the publicly administered trademark registration system is adequate and sufficiently efficient as compared with the privately administered system of domain name registration? If not, please explain.

The comparison is prejudiced in Brazil, which has no private system to administrate domain name registrations.

4. Miscellaneous

The National and Regional Groups are invited to comment on any additional aspect which they find relevant with regard to the foregoing questions and the specific aspects of trademark and domain name registration.

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