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## **THE TORT OF DOMAIN NAME PASSING OFF**

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*By Sepal Bonni\**

### **A. INTRODUCTION**

A business or organization may not pass off its goods or services as those of another business or organization. More specifically, any business or organization that misrepresents its goods or services to the public, such that the average person would be confused in the marketplace and lead the individual to believe they were purchasing the goods or services of another more reputable company, could be liable under the tort of passing-off. This *Charity Law Bulletin* explores Canadian case law concerning the tort of passing off, as well as the newer and more specific tort of domain name passing off and their implications to charities and not-for-profits.

### **B. TORT OF DOMAIN NAME PASSING OFF**

With regard to the tort of passing-off, recent Ontario court decisions have determined jurisdiction to hear disputes over domain names and have used basic common law trade-mark principles applied in domain name disputes. The Ontario courts in *Dentec Safety Specialists Inc. v. Degil Safety Products Inc.*<sup>1</sup> essentially carved out a new tort of domain name passing off. If a domain name squatter's use of a particular domain name, which is identical to a charity or not-for-profit's trade-mark, is used to attract internet users to a website from which the registrant earns profit, this would constitute a "passing off" of the trade-mark, entitling the charity or not-for-profit to damages, or recovery of profits and possibly an injunction and

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<sup>1</sup> *Dentec Safety Specialists Inc. v. Degil Safety Products Inc.*, 2012 ONSC 4721.

transfer of the domain name. As further discussed below, this type of court action is based on the domain name's squatter's violation of prior trade-mark rights.

The tort action of passing off involves deceitfully misrepresenting one's business or goods so as to mislead the public into believing that one's goods or business are those of another. A court action for passing off requires the following three elements to be proven:

1. the existence of goodwill;
2. deception of the public due to a misrepresentation; and
3. actual or potential damage to the plaintiff.<sup>2</sup>

### C. DENTEC SAFETY SPECIALISTS INC. V. DEGIL SAFETY PRODUCTS INC.

In *Dentec*, the court considered the tort of domain name passing off. In this case, the plaintiff had a website at [www.dentecsafety.com](http://www.dentecsafety.com) and used the domain name as a major source of marketing, including displaying the URL on its advertising for five years. The defendant sold its products at [www.degilsafety.com](http://www.degilsafety.com). The defendant also registered the domain name [www.dentecsafety.ca](http://www.dentecsafety.ca), which was the same as the plaintiff's domain but with a .ca, instead of a .com, and redirected any traffic to his degilsaftey.com website without any warning to the customers. The plaintiff and the defendant were direct competitors with similar customers, offering similar services. The plaintiff brought an action towards the defendant for passing off. The plaintiff proceeded with the action and was successful in obtaining judgment for \$10,000, as sought.

The court in *Dentec* applied the elements listed above that are necessary in proving the tort of passing off. Proving the first element, the existence of goodwill, would require proof that the organization owns the rights to the particular trade-mark. The court held that registration of a trade-mark in Canada may be sufficient on its own in this context.

The *Dentec* case provides commentary that is helpful in the application of a passing off action in the context of internet domain names. In particular, in order to prove the second element, that there has been a deception of the public due to a misrepresentation, the plaintiff must prove that the registrant "conveyed a misrepresentation to the public, whether intentionally or not, that would likely have caused confusion among

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<sup>2</sup> *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 SCR 120.

ordinary average customers as to whether the goods being sold by the defendant are those of the plaintiff.”<sup>3</sup> Addressing the issue of confusion between a domain name and a competitor’s name, the court stated that “use of an exact business name weights heavily in the ‘customer confusion’ analysis... [T]he defendant’s use of such a domain name may itself amount to passing-off.”<sup>4</sup>

Regarding the third element, actual or potential damage to the plaintiff, the court in *Dentec* found that the cyber squatter had caused actual damage to the plaintiff by intentionally redirecting internet traffic and customers to the cyber squatter’s website. Even though the court did not have evidence showing any actual monetary damages suffered, a damages award was made in favour of the plaintiff.

Another important factor that the court considered in the confusion analysis was the similarity of products sold. In this regard, the court in *Dentec* confirmed the well established principle that use of a similar or identical mark or name with virtually identical products is likely to cause greater customer confusion.

Finally, the court will also look to the registrant’s intentions. Registrants need not intentionally seek to confuse or mislead the public in order to be held liable for passing off. However, proof of intention to mislead will weigh strongly in favour of customer confusion. In this regard, if the registrant of the website is squatting on numerous domain names, and therefore appears to be a textbook example of a typical domain squatter, this weighs heavily in favour of a finding that he is intending to cause confusion with others’ well-known names and trade-marks.

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<sup>3</sup> *Supra* note 1 at para. 25.

<sup>4</sup> *Supra* note 1 at para. 13.

## D. CONCLUSION

This case provides a useful analytical framework and confirms that when considering a confusingly similar domain name, a passing off action is a suitable option. Charities and not-for-profits should be cognisant of the potential of another organization passing-off their goods or services through the tort of domain name passing off and seek to register their domain names and monitor the status of similar domain names.