



BARBEAU & COMPANY

BARRISTERS & SOLICITORS

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EMERGING WEB LAW ISSUES

This Newsletter shall introduce the reader to some of the emerging and developing issues related to law and the internet. While internet stocks have experienced significant volatility in recent times, the development of internet law has proceeded at a steady pace. Whether you believe in the "new economy" or not, internet commerce, and the related legal issues, are here to stay.

From Dot-Com to
Dot-biz/info/pro, etc.

Back in November, 2000 the Internet Corporation for Assigned Names and Numbers (ICANN) confirmed that seven new top level domains had been approved. Those new domains are: dot-biz, restricted to businesses; dot-info, open to all comers; dot-name, reserved for personal registrations by name; dot-pro, set aside for licensed professionals such as lawyers, doctors and accountants; dot-aero, for anything related to air transport; dot-museum, limited to museums; and dot-coop, for co-operative businesses such as credit unions. The new top level domains are not expected to be operational until at least the second quarter of 2001.

These new top level domain names will join existing top level domains, such as dot-org and dot-net, as well as the country code top level domains, such as dot-ca (Canada) and dot-jp (Japan).

If you are interested in registering a .ca domain name, it will be necessary to contact the Canadian Internet Registration Authority (CIRA). CIRA took over operational control of the .ca registry on December 1, 2000 and, like ICANN, certain requirements for registration must be met. The qualifying applicant must have a Canadian presence. This country specific top level domain will be granted to Canadian citizens, permanent residents, corporations, partnerships, educational institutions and government organizations and agencies.

Trade Marks and Domain Names

Domain names do not confer rights in the names themselves merely the right to the use of the name as a web address. If, therefore, the use of such a name breaches the rights of another party, then registration of the domain name will not protect you. The substantive protection will come from trademark registration. Therefore, before you register your domain name, check to see if the name is available for trade mark registration in the relevant jurisdiction.

Once you or your organization are ready to register a domain name, it is advisable to contact one of the ICANN or CIRA accredited or certified registrars (N.B. a full listing is available at www.icann.org and www.cira.ca). Every ICANN and CIRA accredited or certified registrar has agreed to adhere to the dispute-resolution policies which have been established by ICANN or CIRA, as the case may be.

In general, the policy provides that registrars receiving complaints concerning the impact of domain names they have registered on trademarks or service marks will take no action until they receive instructions from the domain-name holder, an order of a court, arbitrator, or other neutral decision maker.

According to the ICANN dispute resolution policy, there is an exception in the dispute resolution policy for disputes involving domain names that are shown to have been registered in abusive attempts to profit from another's trademark (i.e. cybersquatting¹)

¹"Cybersquatting" is a term frequently used to refer to bad faith registration of someone else's trademark or trade name as a domain name. So-called cybersquatters have in many instances registered famous trademarks with the hope that those domain name registrations would be purchased by the trademark owner for a substantial amount of money.

In cases of abusive registration (N.B. which, in certain jurisdictions, can also include cyberpiracy²), the complaining party can invoke a special administrative procedure to resolve the dispute. Under this procedure, the dispute will be decided by neutral persons selected from panels established for that purpose. The procedure will be handled in large part online, is designed to take less than 45 days, and is expected to cost about \$1000 in fees to be paid to the entities providing the neutral persons.

It should be noted that parties to such disputes will also be able to go to court to resolve their dispute or to contest the outcome of the formalized dispute resolution procedure. In addition to the ICANN and CIRA dispute resolution procedures and court action, trademark owners have, in some instances, simply negotiated for the purchase of the domain name at issue. This decision involves a fairly straightforward form of cost / benefit analysis, as between the cost of pursuing the dispute resolution process, and the price to be paid for the domain name at issue.

Web Site Development and Web Site Hosting

Turning now to some of the more practical considerations involved in getting the Web site up and running, it will be necessary for most organizations to outsource some or all of the Web site development. With that in mind, once the Web site consultant has

² The Trademark Cyberpiracy Prevention Act (i.e. US Federal law) is the first law to provide trademark protection online. The new law makes it illegal for someone else to register your trademark, or anything "confusingly similar" to your trademark, as a Web site domain name in "bad faith."

been selected, it is crucial to enter into an agreement with that person or organization, setting out the terms of the development of your Web site.

A properly drafted Web site development agreement will describe who owns the relevant intellectual property and what each party's "limitations of liability" are. In addition to the question of cost, for both development and future amendment, the agreement will also set out the more subtle issues of ownership of the underlying code. Clearly, these issues are of significant importance, where the client may wish to retain a different party to further develop the Web site, or where a dispute arises involving the Developer or a third party.

A Brief Checklist for Web site development:

- What are the technical and design specifications?
- What are the phases of development and when must the Developer deliver?
- When is payment due?
- How long will the Developer have to make corrections to the beta site, and how will the client specify acceptance?
- What promises will the Developer make about the performance of the Web site?
- What support services will the Developer provide during the Warranty Period?
- Who will own the copyright in the Web site as a whole, in individual content components and in software created by the Developer for use in the Web site?

- Who will obtain licenses to use content owned by third-parties?

While the above noted items will assist the reader in his or her planning for the development of a Web site, it is fair to say that there are many additional issues that must be considered in the proper development of a Web site for your company or organization.

Once the site has been developed, the question arises as to where it will be hosted. The most important part of the Web site hosting contract is the description of the specific duties that the service provider will handle, as well as commitments regarding Web site connectivity and access.

Other issues that must be covered in the Web site hosting agreement include ongoing maintenance, production of Web sites specific server reports, limitation of liability issues, term and termination provisions, fees for service and undertakings regarding Web server hardware and software capacity and redundancy.

In conclusion, in order to ensure that your Web site is validly created and owned by you or your organization, and is maintained and upgraded according to your wishes, it is necessary to ensure that the issues of domain name and trademarks, web development and web hosting are dealt with in a comprehensive and thorough manner.

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