

Does Your Domain Name Infringe Third-Party Rights?

By Diane Bellavance

Summary of the Decision in *Pro-C Ltd. v. Computer City Inc.*

The plaintiff, Pro-C Ltd. ("Pro-C"), owned the WINGEN trade-mark registered in Canada and the United States, and the Web site associated with this trade-mark, www.wingen.com. It used this trade-mark in association with computer products and computer consulting services.

The defendant, Computer City, Inc. ("Computer City") sold personal computers in the United States, but Canadian consumers could also purchase computers through Computer City's Web site.

In 1997, the defendant marketed a personal computer under the WINGEN name and advertised this product in American newspapers and stores. No advertising was carried out directly in Canada, but Canadian consumers had access to the information through Computer City's Web site and could purchase the computer in question through the Web site. Following

Computer City's marketing of the WINGEN computer, the number of visits to Pro-C's Web site more than doubled, such that Pro-C was unable to meet the demand. Consequently, Pro-C was unable to service its regular customers and, as a result thereof, suffered substantial damages.

Seized of this dispute, the Ontario Superior Court ruled that inclusion of the WINGEN trade-mark on Computer City's Web site and on its product packaging constituted "use" of the trade-mark within the meaning of the Canadian *Trade-marks Act*. Consequently, the Court ruled that receipt in Canada of products bought in the United States through a Web site infringed on the exclusive right of the owner of the Canadian trade-mark to use this trade-mark. The judge in the case at bar concluded that the

defendant's conduct was abusive, intentional and marked by malice, and he ordered the defendant to pay \$450,000 of damages and \$750,000 of punitive damages to the plaintiff.

In light of this decision, it is important to carry out an exhaustive search when registering or using a trade-mark. Indeed, if you intend to use a trade-mark on your Web site, it is essential to ensure that it does not infringe any third-party rights to such trade-mark, whether in Canada or the United States.

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