



What's in a (Domain) Name? The Ontario Court of Appeal Rules that a Domain Name is Intangible Property

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The Ontario Court of Appeal recently ruled that a domain name is a form of intangible property in [Turows.com Co. v. Lojas Renner S.A. 2011 ONCA 548](#). The Court of Appeal's decision is significant for domain names registered to entities located in Ontario, and specifically for .com and other generic top-level domain names subject to the Internet Corporation for Assigned Names and Numbers' ("ICANN") Uniform Domain Name Dispute Resolution Policy ("UDRP").

Background

Turows.com ("Turows"), a technology corporation whose principal office is based in Toronto, Ontario, purchased the domain name renner.com, along with over 30,000 other surname domain names, on June 15, 2006. Lojas Renner S.A. ("Renner") is a Brazilian company operating a chain of retail department stores in Brazil. Renner owns trade-mark registrations in Brazil and in other countries for the RENNER trade-mark.

On May 12, 2009, Renner filed a UDRP complaint with the World Intellectual Property Organization (WIPO), alleging that Turows was using the renner.com domain name in bad faith. Turows response to the complaint was due June 11, 2009. Turows did not respond to the UDRP complaint, but instead commenced an action in the Ontario Superior Court of Justice on June 11, 2009 requesting declarations that:

1. Turows had rights or legitimate interests in respect of the renner.com domain name.
2. The renner.com domain name was not registered nor being used in bad faith by Turows.
3. Renner was not entitled to the transfer of the renner.com domain name.

On June 11, 2009, Turows also asked WIPO to exercise its jurisdiction under the UDRP Rules to suspend or terminate the UDRP proceeding so the above enumerated issues

could be resolved by the Ontario court. WIPO ordered the termination of the UDRP proceeding on July 25, 2009, on the basis that the issues before the Ontario court were “seemingly identical” to those before the WIPO panel in the UDRP proceeding. The termination did not bar Renner from filing a new UDRP complaint with WIPO regarding the renner.com domain name if there was a change in circumstances, such as the termination or abandonment of Tucows’ claim before the Ontario court without resolution of the dispute.

Renner subsequently moved to set aside service of Tucows’ statement of claim and to permanently stay the Ontario action for lack of jurisdiction. Tucows responded that it was entitled to serve the statement of claim outside of Ontario based on *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, rule 17.02(a), which permits service outside Ontario without a court order in respect of real or personal property situated in Ontario provided there is a real and substantial connection with Ontario. Tucows also brought a cross-motion pursuant to rule 17.06(3) seeking to have service on Renner validated on the basis that the dispute had a real and substantial connection with Ontario.

The motions judge allowed Renner’s motion, setting aside service of the statement of claim and stayed Tucows’ action on the grounds that there was no real and substantial connection between Renner and Ontario, and thus rule 17.02(a) did not apply. The motion judge’s reasoning was that a domain name was not “personal property” under rule 17.02(a). Further, because the domain name was intangible it was not located in Ontario. Therefore, there was no real and substantial connection with Ontario and service under rule 17.02(a) was invalid. The motions judge also commented that if the Ontario Superior Court accepted jurisdiction over the dispute before the WIPO issued its decision in the UDRP proceeding, the UDRP process would be undermined. The motions judge concluded that there was no proper basis upon which Tucows sought jurisdiction from the Ontario Superior Court.

Tucows successfully appealed to the Ontario Court of Appeal. The Court of Appeal reversed the motions judge rulings on jurisdiction, whether a domain name is personal property, and whether the action had a real and substantial connection with Ontario.

Regarding the jurisdiction issue, the Court of Appeal noted that the language of the UDRP and accompanying Rules allowed a party to choose to litigate a dispute outside of the UDRP even if a UDRP proceeding had already been commenced. The Court of Appeal further noted that not only did UDRP rule 18(a) allow the UDRP panel to terminate or stay proceedings if a party decided to commence court proceedings regarding the domain name, but there was also an ICANN policy document supporting that position.

As to whether a domain name is personal property, the Court of Appeal considered the meaning of “property” under rule 17.02(a) and whether a domain name has those attributes. As the term “personal property” was not defined in the *Rules of Civil*

Procedure, the Court reviewed the common law attributes of property. After canvassing jurisprudence and leading property textbooks, the Court concluded that a domain name is intangible property as it:

- a. Is definable, identifiable by third parties, capable of being assumed by third parties, and has some degree of permanence or stability;
- b. Contains the right to exclude others from the enjoyment, inference or appropriation of the domain name; and
- c. Is something conceived by the mind and therefore is intangible.

Accordingly, Tucows had a bundle of rights in the renner.com domain name that constituted “personal property” under rule 17.02(a), as the domain name embodied the foregoing characteristics. Regardless, the Court of Appeal still had to decide whether the renner.com domain name was located in Ontario in order for rule 17.02(a) to apply.

While Renner argued that the intangible nature of a domain name makes it impossible to be located in Ontario, the Court of Appeal ruled that simply because a domain name is intangible property does not mean it cannot have a location allowing a court to ground jurisdiction. The Court then applied the Supreme Court test to assess where intangible property has the strongest contacts in order determine the renner.com domain name’s location. The Court of Appeal concluded that renner.com, as a Tucows business asset and intangible property, had maximum contacts in Ontario. The Court of Appeal also applied Supreme Court of Canada principles on determining the location of an Internet communication to further bolster the Court of Appeal’s conclusion that the renner.com domain was connected to Ontario. Applying those principles, the Court of Appeal concluded that the renner.com domain name was located in Ontario, as the domain name’s registrant, the domain name registrar and the servers hosting the domain name were all located in Ontario. The Court of Appeal did not have to decide whether there was a “real and substantial connection” with Ontario, as Renner did not rebut that presumption.

Significance

The Court of Appeal’s decision is significant from a property and jurisdiction perspective. First, the Court of Appeal has made it clear that a domain name is a form of intangible personal property, bringing Ontario in line with jurisprudence in other jurisdictions such as the United States, the United Kingdom and Australia.

Second, the Court of Appeal’s decision is clear authority for the Ontario courts assuming jurisdiction in a domain name dispute that is the subject of a UDRP proceeding, provided there is a real and substantial connection with Ontario. Accordingly, complainants under UDRP proceedings should be aware that a domain name registrant located in Ontario may successfully obtain declaratory relief similar to that sought by Tucows in the Ontario courts, even if the complainant is not located in Ontario.