RULING

The Supreme Court in Prague decided on 9 September 2004 in the legal matter of the Plaintiff E. against Defendant 1 V. P. and Defendant 2 CZ.NIC on protection against unfair competition, with regard to the appeal by Defendant No. 1 against the ruling of the Municipal Court in Prague of 22 July 2003, as follows:

The ruling of the court of first instance is altered in the challenged ruling I.1. so that the proposal for the order of a preventive measure to the effect that Defendant No. 1 was enjoined to refrain from using the domain name "x+y+z.cz", is refused.

By means of the above-mentioned ruling the court of the first instance complied in part with the petition of the Plaintiff for the ordering of a preventive measure and imposed on Defendant No. 1 the obligation to refrain from using the domain name "x+y+z.cz" (ruling I.1), and on Defendant No. 2 the obligation to restrict the transfer of the domain name "x+y+z.cz" to any other person than the Plaintiff (ruling I.2). With regard to the requirement that Defendant No. 2 be enjoined to make it impossible for the use of the domain name "x+y+z.cz" by any person other than the Plaintiff himself, including any manipulation with the data situated in the databases relating to the registration of these domain names, the court of first instance refused the petition for the ordering of a preventive measure.

The court of first instance started out from the petition for the ordering of the preventive measure submitted at the same time as the complaint on the matter itself for protection against unfair competition and unauthorised intervention in the rights to a trademark. The Plaintiff stated that within the framework of his business activity he issues the periodical with the title "X+Y+Z" and is also the owner of the combined trademark with the wording "X+Y+Z" registered under No. 123456 on 12 July 1994 with priority right as of 11 November 1993 in classes 16 - printed matter of all types and 41 - publishing and issuing activities, in particular the issuing of professional, educational and entertaining reports and publications, the publishing of statistical reports, information, the distribution of printed matter and intermediary activity in the field of the publication and distribution of printed matter. The Plaintiff has been publishing the periodical concerned since the year 2000 and with the development of the Internet he wish to utilise this medium also in connection with his business. Defendant No. 1, who is at the present moment the holder of the domain "x+y+z.cz", acquired this in 2001 by transfer from the firm of S. after the Plaintiff had lodged a complaint against this company for transfer of the domain name. Although the Plaintiff has at his disposal the legally valid ruling on this matter, it has been made impossible for him to use the domain in question as a result of the transfer of the domain to Defendant No. 1. According to the Plaintiff Defendant No. 1 is therefore participating in manipulations with the domain aimed at the Plaintiff being unable to use it. The Plaintiff stated that he attempted to settle the conflict out of court, but that he received no reply to his letter of 1 July 2003 addressed to Defendant No. 1. Because the use of the domain name by Defendant No. 1 is causing the Plaintiff permanent and ever-increasing damage consisting in the fact that customers interested in his goods or services find themselves, if they select a designation in the Internet identical to the trademark of the Plaintiff, on the website of another subject -Defendant No. 1, the Plaintiff is of the opinion that the conditions are fulfilled for the Defendant No. 1 to be enjoined temporarily - until the decision on the matter itself - to refrain from the use of the domain "x+y+z.cz". Defendant No. 2 then, in spite of the appeal of the Plaintiff, did not prevent manipulation with this domain, and therefore the Plaintiff is also urging against him, as the registrar of domain names, the imposition of the obligations specified in the petition.

The court of first instance took it to be proved from the petition and the enclosed documents that the Plaintiff is the owner of the combined trademark with the wording "X+Y+Z", and that the holder of the domain of the 2nd level "x+y+z" under the domain of the highest level ".cz" is Defendant No. 1. It

therefore considered it proven that the wording of the trademark of the Plaintiff is contained in the domain held by Defendant No. 1 and that the Plaintiff is entitled to protection according to the provisions of Par. 6 of Law No. 137/1995 Coll. (Collection of Laws), on trademarks and may therefore demand in court the prohibition of the use of this trademark. This procedure may also take the form of a preventive measure. Therefore the court of first instance considered the petition against Defendant No. 1 for the ordering of a preventive measure to be substantiated and complied with it. As far as concerns Defendant No. 2, this is, according to the court of first instance, an association carrying out the registration of domain names, and therefore the injunction forbidding the transfer of the domain in question to a third party other than the Plaintiff is substantiated. For this reason it complied to this extent with the petition for ordering a preventive measure against Defendant No. 2. In the remaining part, in other words as far as concerns the imposition of the obligation to render impossible the utilisation of the domain name "x+y+z.cz" by any other person than the Plaintiff, including any manipulation with data situated in the databases relating to the registration of this domain, it refused the petition because of its uncertain and incomprehensible nature in accordance with the provisions of Par. 75a section 1 of the Civic Court Rules.

Against statement I.1 of this ruling Defendant No. 1 appealed within the time limit. She reproached the court of first instance for there not being any prerequisites for ordering a preventive measure against her. Defendant No. 1 stated that the domain "x+y+z.cz" was registered in 1998 by the firm of S. properly and in accordance with the rules of CZ.NIC, this having been done after verifying that the only valid trademark "X+Y+Z" at that time was registered for a magazine. Under this domain name it was planned to release a gallery of photographs and a discussion server for girls. In 2001 the domain was temporarily transferred to Defendant No. 1, mainly to facilitate the technical handling of this domain due to the construction of an Internet presentation (up to the present no presentation has been started up). Defendant No. 1 stated that she never intended to start up a presentation that would in any way infringe the rights of the Plaintiff - in other words a magazine. The domain "x+y+z.cz" was registered, according to Defendant No. 1, in good faith as a word of general meaning, from which is understood a young person of the female gender, with the intention of putting into operation software with the presentation of photographs of girls and women. Defendant No. 1 is the temporary holder of the domain and did not intend to deal with the domain speculatively, as the Plaintiff states. In her opinion there also cannot occur deception or enticement of customers because the Plaintiff could have published information about the magazine X+Y+Z on the web pages of his company, as is normal practice on the Internet. Defendant No. 1 further expressed disagreement with the claim of the Plaintiff that she did not react to his appeal for a settlement of the conflict out of court. She stated that she replied to his appeal through a colleague by electronic means. Defendant No. 1 further protested that the mere registration of a domain, the name of which is the same as a trademark, need not be unfair competition. Her subject of business is not in any case the same as the subject of business of the Plaintiff. Defendant No. 1 protested that she had not engaged in unfair competition and neither had she infringed the rights of the Plaintiff to the trademark "X+Y+Z", when this designation is not being used at present at all and therefore not even for the products and services for which the trademark of the Plaintiff is registered. With regard to the fact that the use of the Internet has been generally known in the Czech Republic since 1996 and the Plaintiff has had his trademark registered since 1994, he had sufficient time to register the domain "x+y+z.cz", but he did not do so.

The Court of Appeal investigated the ruling of the court of first instance in the challenged extent according to the provisions of Par. 212 and following of the Civic Court Rules without ordering proceedings (Par. 214 section 2 letter c) of the Civic Court Rules) and reached the conclusion that the appeal is legitimate, but not in all the reasons given.

The court of first instance came to the conclusion that the conditions for the ordering of a preventive measure against Defendant No. 1 were fulfilled because the Plaintiff was the owner of the combined trademark with the wording "X+Y+Z" and Defendant No. 1 was the holder of the domain "x+y+z.cz".

At the same time it stated that it did not consider as verified the Plaintiff's statement on the contents of the website www.x+y+z.cz, because the submitted photocopy did not contain such information. The Court of Appeal does not agree, however, with the conclusion of the court of first instance that the above-mentioned two documents are sufficient for ordering a preventive measure without further ado. If a petition for the ordering of a preventive measure is to be successful it is necessary that the one who is demanding the ordering of the preventive measure should demonstrate that there is here an urgent need for the temporary regulation of the relations of the participants (if the preventive measure is to be ordered for this purpose and this is the case in the matter in question), and further that he should demonstrate the requirement himself at least to the extent necessary for the preventive measure so that it should be possible to order the preventive measure. In the proceedings before the court of first instance it was clear that under the domain "x+y+z.cz" there is no web presentation functioning (although a web presentation is not the sole function of a domain), and that Defendant No. 1 is merely holding the domain concerned. It was also not ascertained that the domain in question was being used so that anyone who selected the address www.x+y+z.cz, would be directed anywhere else. The Court of Appeal is therefore of the opinion that in this situation the requirement of the Plaintiff was not sufficiently demonstrated for it to be possible to order the preventive measure in question. The mere fact that Defendant No. 1 is the holder of a domain with the same name as the trademark of the Plaintiff cannot be considered, in a situation where the domain is not used in a manner perceptible to the normal Internet visitor, as interference with the rights of the Plaintiff to a trademark, which was registered for a certain range of products and services. It cannot be ruled out, however, that such interference might occur after the construction of the presentation mentioned by Defendant No. 1. The Plaintiff's trademark is registered for two classes of products and services, classes 16 and 41, and the Plaintiff has it registered for a magazine, which may, however, have both a printed and a virtual form. If any presentation under the domain "x+y+z.cz" might give the impression of a connection with the magazine of the Plaintiff or if, for example, the visitor to the website were redirected to competitor's products, such behaviour might be considered to be interference with the rights to a trademark or as unfair competition, regardless of the fact that Defendant No. 1, according to her trade licence, is not directly in competition with the Plaintiff. Even between such competitors, however, a conflict may arise. Nothing like this was demonstrated, however, and the Court of Appeal therefore reached the conclusion that in this situation the conditions were not fulfilled for the ordering of a preventive measure against Defendant No. 1. The Court of Appeal also took into account the fact that Defendant No. 1 does not have the possibility of transferring the above-mentioned domain to any third party other than the Plaintiff, because the obligation to restrict the transfer of this domain was imposed on Defendant No. 2 and in this extent the ruling of the court of first instance was not challenged by an appeal. Defendant No. 1 acquired the domain from the firm of S. at a time when proceedings were being taken by the Plaintiff against this company concerning the transfer of the domain. Through the transfer of the domain during the proceedings the purpose of these proceedings failed. In these proceedings, however, with regard to the above there is no risk that Defendant No. 1 might further transfer the domain before the legal conclusion of the matter. The Court of Appeal does not consider the further objections of Defendant No. 1 to be significant for the re-investigation of the challenged ruling of the court of first instance, and the court of first instance will deal with them within the framework of the proceedings concerning the matter itself.

With regard to the fact that, in the opinion of the Court of Appeal, the conditions were not fulfilled for the ordering of a preventive measure against Defendant No. 1, the Court of Appeal has changed the challenged statement I. of the ruling of the court of first instance in accordance with the provisions of Par. 220 section 1 of the Civic Court Rules in such a way that the petition for the ordering of a preventive measure aimed against Defendant No. 1 is refused.

The decision on the costs of the appeal proceedings will be made by the court of first instance in accordance with the provisions of Par. 145 of the Civic Court Rules in connection with the ruling on

the matter itself.

The participants in the proceedings, with the exception of the association of CZ.NIC are designated only by the first letter of their surname or commercial firm. The domain names concerned are replaced by the sequence x+y+z.cz. If there is mention in the text of further domain names, these have been replaced at random by other sequences of symbols. With the exception of data enabling the identification of the participants in the proceedings or other persons and domain names there has been the least possible interference with the text of the rulings. Any connection of the abbreviations and substitute symbols used with persons or domain names that actually use designations with the use of such abbreviations or substitute symbols is purely coincidental.

In the study of the rulings it is necessary to bear in mind the fact that the decision contains not only the actual statement of the court and its substantiation, but also a summary of the statements of the individual parties, some of which statements the court need not have taken into account at all in the decision (e.g. in the issue of a preventive measure) and these statements therefore represent only the legal opinion of the party concerned and not the conclusion of the court.

A court ruling cannot be automatically applied to other cases (albeit the basic facts are the same) and the CZ.NIC association recommends that a concrete case be consulted with experts on domain names and with lawyers.