RESOLUTION

On 7 December 2005, the High Court of Justice in Olomouc issued a verdict with respect to the action between the Plaintiff: C. GmbH against the Defendant, B.K., concerning the protection against the violation of its rights to the registered marks and trade name and the transfer of a domain name, and concerning a motion for a preliminary ruling, and the Defendant's appeal against the resolution issued by the Regional Court in Ostrava on 11 August 2005 as follows:

The decision of the first-instance court is hereby acquitted.

In the resolution specified in the heading of this resolution, the first-instance court ordered that the Defendant shall abstain from any legal action towards the transfer of the rights to the www.x+y+z.cz domain to any third parties or towards the cancellation of the registration.

In the rationale of its resolution, the Plaintiff successfully proved that the Plaintiff had been holding the right to the wording of the X+Y+Z trademark, the right to identify its products under the X+Y+Z name and the right to the registered trademark, i.e. the right to use this identification since 1982 and that the Defendant had been holding the right to use the "x+y+z.cz" domain name only since 3 April 2001. Furthermore, the court understands that the Plaintiff and the Defendant, as one of the company executives of C. O., s.r.o. are competitors on the Czech market concerning their business activities, particularly as regards packaging equipment. The identification which the Defendant uses also for the purposes of the named company does not have (unlike in the case of the Plaintiff), any association with the name of the company and it is therefore possible to agree with the Plaintiff that the Defendant registered the "x+y+z.cz" domain name with the aim of causing detriment to the Plaintiff, as both the Defendant and the Plaintiff conduct business in the same area and the court understands that this Defendant's action has the character of unfair business according to the provisions of Section 44 of the Commercial Code. With respect the fact that the Plaintiff proved the emergent need to adjust the relationships between the parties in order to ensure that no detriment is caused before the court issues its decision, the Court acquitted the motion for the preliminary ruling as the Court did not see the dilatory verdict as constituting an inadequate infringement into the Defendant's rights.

The Defendant raised an appeal against this resolution in a timely manner, claiming that the issued preliminary ruling was void as the Plaintiff failed to prove to be holding a right to the trademark identified as www.x+y+z.cz ; and that x+y+z was a generic name used in the sector, corresponding for instance to the name of beer or bread which do not bear any specific aspects. The Plaintiff has registered the trade-mark to the identification of "x+y+z international" in the Czech Republic, not only x+y+z as was presented in this respect. The Defendant claims that the Defendant is insufficiently passively legitimated as all the rights associated with the domain concerned belong to C. O., s.r.o. Under the circumstances where the Defendant is not the owner of the domain, the Defendant considers the verdict of the court to be void in the fact that the Defendant was ordered to abstain from any legal action towards the transfer of the rights to the www.x+y+z.cz domain to any third parties or towards the cancellation of the registration. The Defendant claims that the court of appeal changes the appealed resolution by refusing the motion for a preliminary ruling.

The Plaintiff stated in its statement concerning the Defendant's appeal that the Plaintiff had never claimed to be holding the "right to the trademark identified as www.x+y+z.cz." In the petition, the Plaintiff refers to the fact that by registering the www.x+y+z.cz domain name and its allowed use by C. O., s.r.o. the Defendant constitutes an infringement to the Plaintiff's rights as the owner of the international "x+y+z international" trademark No. 123456 and the person authorized to use the "C. GmbH" trade name. The Plaintiff refers to the fact that the Defendant failed to submit any evidence substantiating its claim that the identification of x+y+z is a generic name used in the sector, corresponding for instance to the name of beer or bread. The Plaintiff disagrees with the Defendant's

objection that the Defendant is insufficiently passively legitimated. The Plaintiff claims that it is evident from the domain name register that the Defendant is the holder of the www.x+y+z.cz domain name as a physical entity, and that nothing contained in the domain name register indicates that C. O, s.r.o. would be the holder thereof, whether directly or through the Defendant as its company executive. The Plaintiff suggests the confirmation of the appealed resolution of the first-instance court as materially correct.

The appeal court reviewed the appealed Resolution of the first-instance court and came to the conclusion that the Defendant's appeal was unsubstantiated.

By filing a petition against the Defendant, the Plaintiff was seeking protection against the violation of its rights to the registered marks and the trade name, and the transfer of a domain name, requesting the issue of a preliminary ruling, claiming that the Plaintiff was a Germany-based corporation, pursuing its activities for several decades under the "C. GmbH" trade name, involved particularly in the manufacturing of packaging machinery and instruments. The Plaintiff claims to be conducting its business worldwide, represented in more than fifty countries of five continents, including the Czech Republic. The Defendant is one of the executives of C. O., s.r.o. based in Olomouc, and is entered in the domain name register kept at the "CZ" top-level domain as the owner of the "x+y+z.cz" domain name, with the date of registration on 3 April 2001; the "x+y+z.cz" website is currently used for the promotion of the products and services of C. O., s.r.o., claiming "wholesale of packaging materials" to be its major subject of enterprise. The Plaintiff claims that it the owner of the international trademark including the "x+y+z" element, also protected in the Czech Republic, No. 123456, i.e. "x+y+z international", registered on 28 September 1989. Owing to the Defendant's registration of the "x+y+z.cz" domain, the Plaintiff is unable to create and operate its own website for customers in the Czech Republic; this causes confusion to customers who expect that only the Plaintiff's website presenting information concerning the Plaintiff's offer of products designated for the Czech market may be located at the www.x+y+z.cz address. As the owner of a registered trademark with previous right of priority, the Plaintiff is exclusively entitled - pursuant to the provisions of Act 137/1995 Coll. on trademarks, to identify its products or services with the "X+Y+Z" trademark. Having registered the "x+y+z.cz" domain name, the Defendant prevents the Plaintiff as the owner of the trademarks from utilizing its exclusive right to use its registered mark, particularly with promotional and competitive function, further infringing the Plaintiff's exclusive rights to the "x+y+z" trade name (nom commercial) protected in the Czech Republic on the basis of Article 8 of the Paris Convention for the Protection of Industrial Property. The Plaintiff is convinced that conditions have been fulfilled for the issue of a preliminary ruling under the provisions of Section 102 Paragraph 1 Civil Procedure Code, because as a consequence of the above-described Defendant's action concerning the unlawful usage of the trademark including the element of "X+Y+Z", the Plaintiff not only suffers detriment but also damage to its goodwill and prestige of its products. The Plaintiff suggests that the Court issues the preliminary ruling in the wording stated in the verdict of the appealed Resolution.

To prove its claims, the Plaintiff submitted its extract from the Commercial Register, the extract from the Commercial Register of C. O., s.r.o., extract from the domain name register, copies of the www.x+y+z.cz website, extract from the database of registered marks, correspondence with the Defendant and an extract from a data search through the trademark database of the Industrial Property Office. Having reviewed the submitted documents, the first-instance court issued the Resolution appealed herein.

The appeal court identifies itself with the conclusions of the first-instance court and does not consider the Defendant's appeal arguments to be substantiated.

A preliminary ruling can be issued if the emergent need to ensure temporary adjustments of the relationships between the parties concerned is sufficiently proven on the basis of duly evidenced facts.

Under the provisions of Section 74 of the Civil Procedure Code and also under the provisions of Section 102 of the Civil Procedure Code, the court may declare a preliminary ruling if it is necessary to temporarily adjust relationships between the parties concerned. It is beyond doubt that the court may decide to declare a preliminary ruling in cases when there is a threat of delay, i.e. it is urgently necessary to adjust relationships between the parties concerned before a decision is issued on the merits, particularly to avoid occurrence or development of damage or other detriment. The characteristics of preliminary rulings also include the temporary nature, i.e. the infringement into the rights of a party involved must be adequate to the proven breach of the Plaintiff's rights and interests protected by the law; in addition the impending detriment arising from the preliminary ruling to the party involved must be adequate, too.

The appeal court came to a conclusion in accord with the first-instance court that the conditions for the issue of a preliminary ruling under the provisions of Section 102 of the Civil Procedure Code had been fulfilled; it is impossible to affirm the appellant's claim that it is not passively legitimated in the matter as it is not the owner of the www.x+y+z.cz domain. During the proceedings at the first-instance court, the Plaintiff proved beyond doubt, i.e. presenting an extract from the domain name register, that B.K. (a physical entity) was the owner of the www.x+y+z.cz domain. As regards material passive legitimacy, it is irrelevant that the x+y+z.cz website is used for the promotion of products and services of C. O., s.r.o. in which the Defendant is one of the three executives. As regards other objections of the appellant, that the Plaintiff failed to be holding the right to the registered trademark identified as www.x+y+z.cz or only x+y+z, it has to be stated that the Plaintiff does not claim such facts at all. The Plaintiff claims and proves that it is the owner of the international trademark "X+Y+Z international" registered on 28 September 1982 and the Plaintiff has also proved its right to the wording of its trade name existing on the market for several decades, also including the word "X+Y+Z". The Plaintiff undoubtedly enjoys time priority to the use of the "X+Y+Z" identification, i.e. the Plaintiff's rights are older in time than the Defendant's right to the registered domain also including the "X+Y+Z" identification which the Defendant registered on 3 April 2001. The first-instance court will have to deal with the appellant's objection which the Defendant has failed to prove so far, i.e. that "X+Y+Z" is a generic name used in the sector, corresponding for instance to the name of beer or bread, during the proceedings conducted with respect to the case concerned. For the purposes of the preliminary ruling, it is sufficient to accept the conclusion that the Defendant's action who has registered the www.x+y+z.cz for itself may be seen as an unauthorized infringement into the Plaintiff's rights to its trade name and trademark; this Defendant's action may cause detriment to the Plaintiff arising from the potential disorientation of customers and the ongoing damage to the goodwill, prestige, etc. It is therefore necessary to ensure, before the court issues its decision, that the Defendant abstains from any legal action towards the transfer of the rights to the domain to any third parties or towards the cancellation of the registration.

For the reasons above, the appeal court confirmed the appealed Resolution of the first-instance court as materially correct, pursuant to the provisions of Section 219 of the Civil Procedure Code.

Appeal: No appeal may be launched against this resolution.

Except for CZ.NIC, all participants of the proceedings are identified with the first letters of their surnames or trade names. The domain names in question are replaced with an x+y+z.cz sequence. All other domain names mentioned in the text have been also replaced with randomly chosen sequences of letters and signs. Except for the identification of the participants or other entities and the pertinent domain names, there were only minimal interventions in the text of the decision. Any relation between the abbreviations and dummy symbols used and the people or domain names actually using such abbreviations or dummy symbols for purposes of identification is merely coincidental.

When studying this decision, it is necessary to be aware of the fact that the decision comprises not only the verdict alone and the pertinent justification, but also a summary of the claims presented by the individual parties involved, that the court may not have been concerned with some of these claims at all (e.g. with respect to the issue of preliminary ruling) and that such claims merely represent the legal opinion of the party concerned, not a finding of the court.

This decision may not be automatically applied to other instances even though they may be similar, and the CZ.NIC association recommends consulting each particular case with experts in domain names and lawyers.