JUDGEMENT

On Jul 19, 2006, the Municipal Court in Prague decided the case of the plaintiff: IBICO GmbH against the defendant: 1) MOBILITY s.r.o. and 2) CZ.NIC to refrain from unfair competition conduct and pay reasonable satisfaction in the amount of CZK 50,000 as follows

1. The defendant No. 1) shall be obliged to transfer the domain name "ibico.cz" from the defendant No. 1) to the plaintiff within 5 days as of legal validity of the judgement and the other defendant shall be obliged to register the plaintiff as a holder of the domain name ibico.cz in the register of domains under the domain of the highest degree cz, namely within 3 days of the delivery of application of defendant No. 1) to transfer the domain ibico of the second degree registered under the domain of the highest degree "cz".
2. The defendant No. 1) shall be obliged to pay reasonable satisfaction to the plaintiff in the amount of CZK 50,000 within 3 days as of legal validity of this decision.
3. The defendant No. 1) shall be obliged to reimburse costs of proceedings to the plaintiff in the amount of CZK 27,853.80 to the hands of the plaintiff's counsel within 3 days as of legal validity of this decision..
4. The plaintiff and the defendant No. 2) do not have any rights to reimbursement of the costs of proceeding against each other.

The plaintiff sued for a decision, in which the court will lay the defendant No. 1) under the obligation to transfer the domain name "ibico.cz" to the plaintiff and the defendant No. 2) under the obligation to register the plaintiff as a holder of the domain name "ibico.cz" in the register of domains under the domain of the highest degree CZ according to the application of the defendant No. 1) to transfer the domain. To justify its proposal, the plaintiff stated it was a business company engaged in production of office machinery in particular in the field of binding and shredding of documents, it was the owner of an international trademark with priority dated Dec 15, 1989 for merchandise in the category 7 and 16 and the owner of an international trademark IBICO with priority dated Jan 18, 1994 for merchandise in the category 9, 14 and 16. These trademarks have become famous on the Czech markets and the plaintiff's products are associated with them.

The defendant No. 1 runs a business in the field of procuring activity, provision of software, advertising activity and according to its web site also in the field of office machinery. On Feb 2, 2001, it had a domain name "ibico.cz" registered for the territory of the Czech Republic through the defendant No. 2) who operates as a registrar of domain names and administrator of the national domain of the highest degree. In the opinion of the defendant, the performed registration and use of the domain name "ibico.cz" for operation of an internet shop with machines for document processing breaches his rights to the trademarks according to the provision of Section 8 of Act No. 441/2003 Coll., on trademarks, as amended, and represents an unfair competition conduct according to the provision of Section 44 et seq. of the Commercial Code. According to the plaintiff, it is a conduct contribution towards mistaken identity according to Section 47 of the Commercial Code, a parasitic use of reputation according to Section 48 of the Commercial Code when in the plaintiff's opinion, the defendant No. 1 attempts to make use of the plaintiff's reputation and obtain unjust benefit from the plaintiff's business. Having been addressed by the plaintiff requiring the said conduct to stop, the defendant No. 1 ceased to run the web site ibico.cz, at which he had been operating the internet shop with machines for document processing, however, he required from the plaintiff to pay EUR 20,000 for the transfer of the domain to the plaintiff and subsequently he notified he was prepared to put the web site "ibico.cz" to operation again. The defendant No. 1) still prevents the plaintiff from using the domain "ibico.cz", namely he has been doing so for a few years, and hence he commits illegal conduct, through which he prevents the plaintiff from presentation of his products through internet. For the mentioned reasons, in the plaintiff's opinion, the required satisfaction in the amount of CZK

50,000 is reasonable in consideration of the offence and period of breaching his rights.

The defendant No. 1) objected that the required claim of the plaintiff was not supported by relevant provisions of Act No. 441/2003 Coll., on Trademarks, and hence it was not possible to ask from the defendant No. 1) to transfer the domain name to the plaintiff. He further objected that the plaintiff was not running his business in the Czech Republic directly but only through distributors, hence the parties were not meeting on the relevant market, moreover as the defendant No. 1) did not offer via internet the office machinery under the name "ibico" but under other trademarks. According to the defendant No. 1), the parties are not in the relationship of competitors and hence the defendant No. 1) may not commit an unfair competition conduct or the alleged disturbance of the rights to trademarks. As there is no legal basis, from which the plaintiff's claim would follow, the defendant No. 1) proposed to dismiss the case.

The defendant No. 2), being the administrator and registrar of domain names, stated inter alia that when registering domain names, he did not check in any way whether the domain names breached the rights of third persons and it was not possible to justly require this from him due to the number and diversity of registered domain names. This is an obligation of the applicants for registration and they assumed this liability by entering into the contract with the defendant No. 2). Hence the defendant No. 2) plays only the role of a technical guarantor of registration and it may not be held responsible for eventual breach of rights of third persons. However, he is ready to immediately comply with the judgement.

The court considers it proved that the defendant is a company registered with the Companies Register of the canton Kantonu Schaffhausen and the line of its business is, inter alia, production of electronic office machinery and office merchandise.

According to the extract from the Companies Register concerning the defendant No. 1) kept by the Municipal Court in Prague, the line of its business is purchase of merchandise for the purpose of its resale and sale, procuring activity in the field of trade and services, advertising activity, provision of software.

According to the extract from the register of trademarks, the plaintiff is the owner of an international trademark IBICO registered for the category of products and services 9, 14, 16, with a priority right as of Jan 18, 1994 and an international trademark IBICO registered for the category of products and services 7,. 16 with the priority rights as of Dec 15, 1989.

According to the extract from the register of domains kept by CZ.NIC, the defendant No. 1 has a registered domain "ibico.cz" as of Feb 2, 2001 and according to the print-out of the web site www.mobility.cz dated Nov 24, 2004, the defendant No. 1) presented himself at the concerned address in the article called "About us" and stated inter alia that he was running two "e-shops" successfully and referred to the address "www.ibico.cz" under which a shop was run with machines for document processing. Then the defendant No. 1) declared it indisputable that he was running business in the field of office machinery. From the correspondence between the parties the court learnt that in the period before initiation of these proceedings, the parties hand negotiated about transfer of the disputed domain with such a result that the defendant had conditionally agreed to transfer the domain to the plaintiff, namely for consideration amounting to EUR 20,000 whereas a deadline for further negotiations had been fixed and after this deadline the web site "www.ibico.cz" in a new form would be put into operation again.

In order to prove the lack of the plaintiff's right to sue, the defendant supported and wished to proved with an extract from the Companies Register concerning the company IBICO, s.r.o., Company Identification No.: 63667355 that it was rather this company that should have asserted claims against the defendant.

As concerns the claim filed by the plaintiff for payment of reasonable satisfaction, the defendant

wished to prove that on the basis of negotiations between the parties, the disputed domain had not been used since Dec 1, 2003, namely by a copy of the web site, in which there was a notice printed out: "the domain www.ibico.cz is owned by the company MOBILITY s.r.o. and it is not currently used ".

The provision of Section 8 Clause 1 of Act No. 441.2003 Coll., on Trademarks, clearly defines the rights of an owner of a trademark as a person with an exclusive right to use the trademark in connection with products or services, for which it is protected. According to the provision of Section 2 Clause b) of the quoted Act, the owner of an international trademark registered with the International Intellectual Property Institute on the basis of an international application according to the Madrid Treaty on International Registration of Factory or Trademarks or the Protocol to the Madrid Treaty shall be protected. The court considers it proved that the plaintiff enjoys these rights on the territory of the Czech Republic as it emerged from presented evidence and according to provision of Section 8 Clause 2 Subclause bl of the Act, nobody may use, without the consent of the owner of the trademark, use any marking when due to its identity or similarity with the trademark and identity or similarity of products or services marked with the trademark and the marking, there is a probability of mistaken identity on the side of the public including the probability of an association between the marking and the trademark. Hence it is clear that if the defendant No. 1) runs a business in the field of office machinery and he offers this machinery through internet and the operated "e-shop" where he offers this office machinery, regardless of its types and makes, he evokes such a customer's association that every person prospectively interested in services or purchase of the office machinery under the trademark IBICO will automatically turn to the presented "e-shop" via the address www.ibico.cz and only the ascertains that something else is offered there, i.e. office machinery but not under the trademark IBICO.

In the opinion of the court, however, the very registration of the domain "ibico.cz" through the registrar and administrator of domain names CZ.NIC represents an illegal intervention with the plaintiff's trademarks. Hence the plaintiff legitimately sues in accordance with provision of Section 4 of the quoted Act for this conduct to be banned and the effects of the breach to be removed by laying the defendant under the obligation to transfer the domain "ibico.cz" to the plaintiff as it follows from numerous previous judicial practice.

This very factual discovery is sufficient to render the mentioned decision. It is however necessary to agree with the plaintiff on the fact that the conduct of the defendant may be qualified as conduct inconsistent with standard practice of economic competition as defined in the provision of Section 44 Clause 1 of the Commercial Code No. 513/1991 Coll., as amended, starting from the close connection between the existence of an unfair competition conduct and a breach of rights of the trademark owner as it applies that the competitor who illegally makes use of any object of industrial ownership of another competitor acts in conflict with standard practices of the competition, namely to the detriment of this competitor. The conduct of the defendant may be perceived according to Section 47 of the Commercial Code as conduct contributing to mistaken identity, according to Section 48 of the Commercial Code as parasitic use of reputation with the aim of using the benefits of someone else's business for oneself. Therefore it was a right of the plaintiff to sue for protection also on the basis of unfair competition in connection with provision of Section 53 of the Commercial Code. If the plaintiff, in addition to imposition of obligations related to the domain, sues also for the right for satisfaction amounting to CZK 50,000, this claim was found to comply both with Section 8 Clause 4 of Act No. 441.2003 Coll., and with provision of Section 53 of the Commercial Code, on the basis of the period, for which the defendant prevented the plaintiff from authorized use of the domain "ibico.cz" and the fact that the registration carried out by the defendant was of speculative nature as the defendant offered its transfer to the plaintiff for the amount of EUR 20,000, i.e. amounting to approx. CZK 600,000. For these reasons, the court considers the amount required by the plaintiff to be reasonable.

In relation to the defendant No. 2, the court states that from the practice of the court, the court is familiar with the position of the defendant as the registrar and administrator of domains and the obligation laid on him by the judgement is determined by the Rules of Domain Names Registration in the Domain CZ, which apply to parties of such registration.

The verdict on the costs of proceedings is governed by the provision of Section 142 Clause 1 of the Civil Code of Procedure and the court awarded reimbursement of costs by the defendant No. 1 to the plaintiff successful in this case (the plaintiff did not require the costs reimbursement from the defendant No. 2), namely the costs of court fee for the motion to order an interlocutory judgement in the amount of CZK 500, the costs of the petition in the amount of CZK 4,000, of legal representation in case of proposal of interlocutory judgement in the amount of CZK 1,200 according to Section 9 of Decree No. 484/2000 Coll., of the object of the case according to Section 8 Clause b) of the Decree in the amount of CZK 6,200 plus CZK 12,000 according to Section 3 Clause 1 Subclause 1 of the Decree plus 3 overhead lump sums by CZK 75 according to Section 13 Clause 3 of Decree No. 177/1996 Coll/, the total costs of legal representation amounting to CZK 19,625 plus 19% VAT in the amount of CZK 3,728.80, total plaintiff's costs of proceedings amount to CZK 27,853.80.

When studying the judgement, it is necessary to bear in mind that it includes not only the verdict and its grounds but also a summary of allegations of individual parties whereas the court might have decided not to consider some of them at all (for example when an interlocutory judgement is rendered) and hence these allegations represent only a legal opinion of the relevant party and not a conclusion by the court.

The decision of the court may not be automatically applied to other cases (though similar in their facts) and the association CZ.NIC recommends to consult a specific case with experts on domain names and with lawyers.