CONFIRMATION OF PRELIMINARY MEASURE

(decision of the court of appeal on the appeal of the defendant against the ruling of the court of the first degree - see Judicial verdict 11)

> The High Court in Prague ruled on the day of 31 January 2002 regarding the legal case of the plaintiff S. against the defendant D. on the proposal for issue of a preliminary measure, on the appeal of the defendant against the ruling of the City Court in Prague as of 19 June 2001, ref. no. Nc 1098/2001-6, in such a manner that the court upheld the ruling of the court of the first degree in the challenged statements I and II in the appeal, and rejected the appeal against statement III of the ruling.

The above-mentioned ruling of the court of the first degree supported the proposal of the plaintiff and issued a preliminary measure by which the defendant was obliged to refrain from use of the domain name **x+y+z.cz** (point I of the statement), and the plaintiff was obliged to submit a proposal for commencement of proceedings in the same matter within a period of two months (point II), and also ruled upon the return of the surplus payment of CZK 500.00 on the court fee (point III). In the justification for the ruling the court initially describes the reasons for the submitted proposal. The plaintiff asserted that he/she is entered in the Commercial Register as of 24 February 1998 under the name of the trading company used by the plaintiff, and that in December 2000 and January 2001 submitted three proposals to the Industrial Ownership Authority for registration of the trademark **x+y+w**, and since 11 March 1998 has used the internet domain "**x+y+w.cz**", on which the plaintiff provides information about services offered particularly within the field of digitalisation of written documentation and connected activities. The defendant is a competitor of the plaintiff and is also engaged in the electronic processing of documents. As of 24 October 2000 the defendant registered the domain "**x+y+z.cz**", which redirects users to his/her domain "**a+b+c.cz**", registered as of 24 February 1998. The plaintiff regards the conduct of the defendant as unfair competition and a violation of the rights of the plaintiff to the wording of the trading company and to the registered trademarks applied for. The court further stated in the justification for the ruling that the plaintiff verified his/her assertions with extracts from the Commercial Register, from the database CZ.NIC, with applications for registered trademarks, with a page from the business journal "Hospodářské Noviny" dated 22 May 2001, which contains advertising of important internet addresses, in which the address of the plaintiff **x+y+w.cz** and the defendant **x+y+z.cz** are listed with offers of the services of the participants, with an extract from the register of domains, which verifies the defendant"s ownership of the domain **x+y+z.cz**, and with an expert opinion of an expert in the field of electronics. The court came to the conclusion that the conditions for upholding the proposal according to section 74 and subsequent of the Civil Law Code are thus met. It was verified that both participants offer a similar range of services, inter alia the digitalisation of written documents, also by means of the Internet, and that use of the title of the domain **x+y+z**, which is phonetically similar to the title of the domain **x+y+w**, as well as indication of the company of the plaintiff, may lead to the danger of confusion regarding the provider of the services offered herein and thus to undesirable interference with the rights of the plaintiff as the second competitor. For this reason the court upheld the proposal for provisional arrangement of the relationships of the participants with the added proviso that the plaintiff submit a proposal for the commencement of proceedings in the same manner, and returned to the plaintiff the surplus payment for covering court charges from the proposal.

The ruling was challenged by the defendant in an appeal, who argued that the ruling is inapplicable, since the defendant is not practically capable of ensuring its fulfilment and is unable to make use of the domain in a manner which would comply with the requirements of the ruling. The defendant further refers to the injury which he/she would incur as a result of the challenged ruling, and the fact

that the court did not justify the issue of the preliminary measure in its argument by means of reference to the injury caused to the plaintiff. The defendant contests the conclusion that the alleged phonetic similarity in itself could bring about the danger of confusion. The defendant argued that it is indisputable that this does not concern two identical domains as inferred by the plaintiff, and the circumstance of redirecting as documented by an expert in the field of electronics does not play any role in this matter. The defendant proposed the cancellation of the preliminary measure.

The court of appeal studied the challenge to the ruling of the court of the first degree according to section 212 and subsequent of the Civil Law Code, and without ordering discussions (section 214 paragraph 2 item c) of the Civil Law Code), came to the conclusion that the appeal was not justified.

It is necessary to state in advance that the defendant does not qualify as a person authorised to challenge the ruling in question in the section in which the ruling was passed on the return of the part of the payment for the court fee to the plaintiff (statement III of the ruling), and that this does not concern a statement which is dependent upon a suitable statement on the preliminary measure. The court of appeal thus rejected the defendant"s appeal regarding statement III of the ruling in accordance with section 218 item b) of the Civil Law Code.

In the given case the plaintiff requested the issue of a preliminary measure by which the defendant is obliged to refrain from use of the domain name "**x+y+z.cz**" - as ensues from the character of the measure - for the duration of the proceedings conceming the same matter. The court of appeal, in concurrence with the court of the first degree, rules that the conditions for issue of the proposed preliminary measure according to section 74 and subsequent of the Civil Law Code were fulfilled, whilst it is not possible in any way to infer that the order contained within the preliminary measure limits the rights of the defendant in an inappropriate manner. The right of the plaintiff to the wording of the trading company whose fundamental part is the word "**x+y+w**" is verified, as is the plaintiff"s right to the registered domain "**x+y+w.cz**", and these rights are chronologically older than the right of the defendant to the domain "**x+y+z.cz**". The only negligible difference in the indication of the above-mentioned domains, as well as their phonetic similarity in a situation where the domains offer similar services and shall thus be sought by a similar circle of customers, verifies the possibility of confusion of the participants. The possibility of considering the conduct of the defendant to be unauthorised interference with the above-mentioned rights of the plaintiff is sufficient in order to justify the issue of the preliminary measure. It was therefore appropriate to support the proposal of the plaintiff, whilst the objection of the defendant that the order for the preliminary measure is inapplicable or unfeasible is rejected. It is a matter for the defendant as to whether and how he/she shall fulfil the order, one possible means of fulfilment is for example the termination of the automatic redirecting from the aforementioned domain to the defendant"s other domain "**a+b+c.cz**" and the placement of a suitable notification of the temporary removal of the pages from operation on the domain in question, without stating the indication of the domain"s owner. If court supported the proposal according to section 74 of the Civil Law Code, it proceeded correctly by obliging the plaintiff in a further part of the statement to submit a lawsuit with regard to the same matter within a stipulated period (section 76 paragraph 3 of theCivil Law Code).

The court of appeal thus upheld the ruling to the extent in which it was challenged as materially correct in accordance with section 219 of the Civil Law Code, for the above-mentioned reasons.

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*Except for CZ.NIC, all participants of the proceedings are identified with the first letters of their surnames or trade names. The domain name in question is replaced with a **wwwx+y.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 using such abbreviations or dummy symbols for purposes of identification is merely accidental.

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 individual parties involved, and that the court may not have been concerned with some of these claims at all (e.g. with respect to the issue of interlocutory judgement) and that such claims represent merely a 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.