# PRELIMINARY MEASURE

The City Court in Prague, on the day of 11 April 2002, in the legal dispute of the plaintiffs: A) **C.** and B) **C.ČR** against the defendants: 1) **PŠ** and 2) **CZ.NIC**, ruled as follows on the proposal for ordering a preliminary measure:

**I.**
The court orders the following preliminary measure:

As of the delivery of this ruling, defendant no. 1) PŠ is obliged to refrain from publication of any type of materials or information, or any content on the Internet under the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**", as well as handling the registration of these domain names, particularly with regard to transfer thereof.

As of the delivery of this ruling, defendant no. 2) CZ.NIC is obliged to refrain from any proceedings enabling the transfer of the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**" from defendant no. 1) PŠ to any other party, and also from the cancellation of the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**".

**II.**
The plaintiffs A) and B) are obliged as one and the same party to pay the City Court in Prague a supplementary payment on the court fee for the ordering of the preliminary measure of the amount of CZK 1 500.00 within 10 days of the delivery of this ruling.

**III.**
The court obliges the plaintiffs A) a B) to submit a lawsuit against defendant no. 1) PŠ with regard to the same matter within 30 days of the delivery of this ruling, i.e. to submit a lawsuit for protection against violation of rights to registered trademarks and against unfair competition.

The plaintiffs proposed the ordering of a preliminary measure by which the court would oblige the first defendant to refrain from the publication of any materials, information and any content whatsoever on the internet under the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**", as well as handling the registration of these domain names, particularly with regard to transfer thereof, and which would oblige the second defendant to refrain from any proceedings enabling the transfer or cancellation of the three above-mentioned domain names.

The plaintiffs stated that the first plaintiff is the owner of the registered trademarks **R+S+T**, **U+V+W** and **X+Y+Z**, and that all of these trademarks are registered in the Czech Republic with the Industrial Ownership Authority. The first plaintiff is a renowned manufacturer and distributor of a wide range of consumer products, particularly of non-alcoholic beverages, bearing the registered trademark in question. Distribution of the products of the first of the plaintiffs is ensured by various subsidiary companies, one of which is the second plaintiff. All three of the above-mentioned trademarks are renowned trademarks in the sense of article 6bis of the Paris Agreement on the protection of industrial ownership as a result of their promotion in the Czech Republic, and the protection thereof reflects this fact. The first defendant is an entrepreneur - natural person, who conducts business on the basis of a trade licence dating from 25 October 2000, and whose subject of business is the purchase and sale of goods. The second defendant is a lobby association of legal entities whose subject of business is the

allocation and administration of domain names within the highest national domain "cz". The second defendant has the status of a monopoly in the Czech Republic, since no other subject is authorised to allocate domain names within the highest national domain "cz" (domain names ending in .cz).

The first defendant registered the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**" with the local administrator of domain names CZ.NIC on the day of 22 November 2000 and subsequently transferred these names to another owner and then regained ownership of these names as of 29 September 2001. The first defendant is not and has never been connected in any way to the first or the second plaintiff, and the first plaintiff, as the owner of the registered trademarks has never granted consent to the first defendant for the registration of the above-mentioned domain names.

Although the first defendant was repeatedly summoned by the plaintiffs or their legal representatives to transfer the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**" to the plaintiffs, the first defendant failed to comply with this request. The second plaintiff also addressed the second defendant with the request to cancel the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**", also without success.

The plaintiffs claim firstly that by registration of the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**", the first defendant PŠ violated the right to the registered trademark of the owner - the first plaintiff, and secondly that this conduct demonstrates the characteristics of the factual basis of unfair competition towards both plaintiffs. The registration of the above-mentioned domain names in itself constitutes interference with the rights of the owner of the renowned registered trademarks. In addition to this, the conduct of the first defendant has prevented and continues to prevent the plaintiffs from registering these indications, connected to their business activity, as their own internet domain names. In the opinion of the plaintiffs, the conduct of the defendant is also in conflict with the principles of ethical competition and is liable to cause injuries to other entrepreneurs. PŠ is conducting itself in economic competition with the intention of obtaining a benefit which it would not otherwise attain. The named party is using a domain name which is identical to the registered trademarks of the first plaintiff (it is not possible the indication "cz" as a differentiating element), without the consent of the plaintiffs, and is thus preventing the plaintiffs from registering these names, which are directly connected with their products. Registration of these domain names by the first defendant is also liable to cause further injury to the plaintiffs, because it is not possible to eliminate the danger that information about the company of the first defendant, or even information which could cause injury to the plaintiffs (pornography, information about direct competitors of the plaintiffs etc.) shall be published on the domain addresses under the indication which is identical to the registered trademarks of the first plaintiff. The plaintiffs regard the conduct of the first defendant as misleading advertising, and it is also possible to classify this conduct under the special factual basis of bringing about the danger of confusion and parasitic use of the reputation of the plaintiffs, particularly the first plaintiff. Not least, the registration of the above-mentioned domain names by the first defendant is a typical example of the unfair competitive conduct described as "domain grabbing", which is indicated as "preventative competition". Such a case is usually regarded as the conduct of a person who registers a domain name purely for the purpose of obtaining unjustified advantages, either by offering this domain name to a person who might have a legal claim to this name, or for the purpose of preventing use of this name by a third party. The typical features of the described conduct are: absence of an explicable reason why the applicant would apply for such a domain name, indication of a known product, entrepreneur, registered trademark etc. and eventual registration of a larger number of domain names by one user. The first defendant conforms to the features described completely. With regard to the above-mentioned, the plaintiffs argue that the conditions for ordering a preliminary measure for the provisional arrangement of the relationships of the participants are fulfilled, since there exists here

the real danger that the first defendant could transfer any or all of the domain names to any other party at any time before submission of the lawsuit concerning protection against violation of rights to registered trademarks and against unfair competition. In the opinion of the plaintiffs it is appropriate also to place obligations upon the second defendant, who despite not being actively legitimated in the main lawsuit could nevertheless enable transfer of domain names from the first defendant to a third subject, or could cancel the registration of the above-mentioned domain names, thus freeing them for the possible registration by a third party, the result of which would be repeated violation of the rights of the plaintiffs.

The plaintiffs have attached to their proposal extracts from the register of trademarks **R+S+T**, **U+V+W** and **X+Y+Z**, materials on the use of registered trademarks by the first plaintiff (relating to the eminence of the trademarks), existing and previous regulations for the registration of domain names, confirmation from the second defendant of the registration of the above-mentioned domain names by the first defendant, letters of reminder addressed to the first defendant, a request for the cancellation of the contract on the registration of the above-mentioned domain names, documents on the existence of and on authorised persons acting on behalf of the first plaintiff, an extract from the Trade Register of the first defendant and excerpts from the book "Legal aspects of domain names".

On the basis of the proposal and attached documents, the court acknowledges as verified the matter that the plaintiff A) has registered the trademarks **R+S+T**, **U+V+W** and **X+Y+Z** in the Czech Republic, that it is the manufacturer and distributor of alcoholic beverages, and that the distribution of the products of the plaintiff on the Czech market is ensured amongst others by plaintiff B). The court has also verified that the first defendant is an entrepreneur engaged in business on the basis of a business licence, in the field of the purchase and sale of goods, and at the present time has three domain names registered within the highest national domain, those being "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**". These domain names are registered by means of the second defendant, which is a lobby association of legal entities whose subject of business is the allocation and administration of domain names within the highest national domain "cz", under the conditions stipulated by the second defendant in the registration regulations which it declared and uses. The fact that these three domain names, which are identical (including the suffix identifying the country of origin), are registered by the first defendant, prevents any other party from registering these domains. This opportunity is not open either to the owner of the registered trademarks which are identical to the domain, or to the party who makes use of these trademarks with the consent of their owner.

According to the provisions of section 74 paragraph 1 of the Civil Law Code, it is possible to order a preliminary measure before the commencement of proceedings in the case that it is necessary to secure the provisional arrangement of the relationships of the participants, or in the case of danger that the exercise of the court ruling could be jeopardised. If a preliminary measure is to be ordered for the arrangement of the relationships of the participants, the urgency of the necessity for the provisional arrangement must be demonstrated in relation to the other circumstances important for the decision, and verification of these circumstances is required, meaning that the urgency of the matter seems probable with regard to the circumstances of the case. In the given case the court came to the conclusion that the conditions for ordering the proposed preliminary measure had been fulfilled. The urgency of the necessity for the provisional arrangement of the relationships of the participants, which resides in the fact that for the period of duration of this preliminary measure the first defendant firstly shall not be able to publish any information or data under the domain names "**r+s+t.cz**", "**u+v+w.cz**" and "**x+y+z.cz**", and secondly shall not be able to transfer these domains to another party, is caused by the absolute necessity to prevent the further transfer of domain names and the possible cause of injury through their actual use, for example in the form of internet addresses, for the period of duration of

the proceedings regarding the same matter. The obligation which has been placed upon the second defendant, who behaves in this matter as a third party upon whom it is possible to place obligations by means of the preliminary measure since it is possible to justifiably demand the placement of such an obligation, is also directed towards the elimination of the transfer of domains from the first defendant to a further party (parties). As regards verification of the claim itself, at least to the extent essential for ordering the preliminary measure, the court considers this condition to be fulfilled, both in relation to future claims concerning the matter and in relation to both plaintiffs. The court thus upholds the proposal of the plaintiffs and at the same time obliges them to submit a lawsuit concerning this matter, i.e. a lawsuit concerning protection against unfair competitive conduct and violation of rights to registered trademarks, within a period of 30 days of the delivery of this ruling. This notice period is considered to be appropriate.

As regards the fact that proposals for preliminary measures are subject to an obligation for payment - the court fee is CZK 500.00, and that in the matter in question a proposal was submitted by two plaintiffs against two defendants, the court fee is of the amount of CZK 2 000.00. The plaintiff however paid only the amount of CZK 500.00 together with submission of the lawsuit. The court thus obliges the plaintiffs to pay the additional amount of CZK 1 500.00 within 15 days of the delivery of this ruling. The fee may be paid in the form of duty stamps or by non-cash transfer into the account of the City Court in Prague. Should this supplementary payment not be made within the period stipulated by the court, the court shall exact this amount.

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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.*