INTERLOCUTORY JUDGMENT

The Regional Court in Ostrava ruled on 24 September 2002 in the case of the plaintiff: **CEOF** against the defendants: No. 1) **H**, and No. 2) **CZ.NIC**, to issue an interlocutory judgement in the proceedings on bestowing duty to carry out change of registration of domain name in a manner prohibiting defendant No. 1 from use of domain names "**x +y+z.cz**" and "**y+z.cz**". Defendant No. 1 was also ordered to abstain, from the day of serving of this court ruling, from disposal of the domain names "**x+y+z.cz**" and "**y+z.cz**", in particular the transfer of the domain names onto a third person, with the exception of the plaintiff. Defendant No. 2 was ordered from the day of serving of the court ruling to disallow disposal of the domain names "**x+y+z.cz**" and "**y+z.cz**", registered under the highest level domain name "cz" by defendant No. 1, in particular the operation of Internet presentations under the specified names by defendant No. 1 or any other person different from the plaintiff, or transfer of the objective domain names onto other persons with the exception of the plaintiff.

In the petition, filed with the court on 20 September 2002, the plaintiff requests from defendants Nos. 1 and 2 a change of registration of Internet second level domain names "**x+y+z.cz**" and "**y+z.cz**", registered in the Internet domain "cz", by registering, in the register of domain names, the plaintiff as the person entitled to the specified domain names, currently registered under defendant No. 2. The plaintiff simultaneously requested an issue of interlocutory judgement of the above given wording.

Both motions have been sustained by the plaintiff by stating that the plaintiff is the owner of combined registered trademark No. 123456 "**X+Y+Z+ABC**", registered with the Bureau of Industrial Property for product and service classes No. 16, 30 and 42, used by the plaintiff in business undertaking for marking of services provided - trademark valid from 27 February 2001. On 2 April 2002, the business firm changed from the original "**ABC**" to the current "**COEF**" as well as changed registered the domicile. Defendant No. 1 is an entrepreneur, while the sphere of business of the defendant does not include activities corresponding with product and service classes for which the plaintiff has had the registered trademark issued. Defendant No. 2 administers the Internet domain "cz" and register of second level domain names in the Czech Republic. This defendant has also authored Rules of Registration of Domain Names in the domain "cz", governing the process of registration and use of domain names. Upon attempted registration of Internet domains "**x+y+z.cz**" and "**y+z.cz**", based on the registered trademark, the plaintiff found out that the objective domain names had been registered by defendant No. 2 in favour of defendant No. 1, valid from 24 March 2002, and as a result, defendant No. 2 disallowed registration of the domain names in favour of the plaintiff. Defendant No. 2 fails to protect rights and rightful interests of third persons resulting from relevant legal regulations when registering domain names without any background check, purely on the principle of priority. Defendant No. 1 responded to appeals from the plaintiff by proposal to resolve the dispute over the domain names by commencement of business cooperation in the undertaking of the plaintiff. Defendant No. 1 thus commits a breach of provision of Article 13, paragraph 1, and Article 14, paragraph 1, of the Trademark Act, since registration of a domain name alone that is interchangeable with a trademark by a person other than the owner of such trademark unlawfully deprives the owner of the trademark of rights awarded to such owner by law, such registration disabling the owner of the registered trademark to promote and sell products and services under the registered trademark on the Internet. Defendant No. 1 refuses to transfer the registered domain names and the plaintiff is unable to attain registration of the domain names by defendant No. 2 in favour of the plaintiff without cooperation of defendant No. 1. In the opinion of the plaintiff, there are grounds for the interlocutory judgement, since the acting of defendant No. 1 has a potential to cause harm to the plaintiff, consisting in economic loss or damage to goodwill of the plaintiff.

Of the below specified documents submitted by the plaintiff, the court considered the following facts as sustained:

- from the full excerpt of the Register of Companies kept with the Municipal Court in Prague, and counterpart of notary record, that the plaintiff was registered in the Register of Companies on 13 March 1998, under the business firm **CBA**. Effective from 31 May 1999, the business firm changed to **ABC**, and from 28 May 2002, to **COEF**. The sphere of business states the following activities: purchase of goods for further sale and sale, mediating activities in the field of commerce, advertising and promotional activities, and inn-keeping.
- from excerpt from Register of Trademarks, that the plaintiff has a combined trademark No. 123456 registered from 23 April 2002, with priority right valid from 27 February 2001, of the following wording "**X+Y+Z+ABC**", registered for product classes 16 and 30, and service class 42 (services provided in operation of restaurants and similar facilities and operation of such facilities).
- from excerpt from Trade Licence Register, that the defendant as a natural person undertakes business activities partly in a similar sphere (purchase of goods for further sale and sale, and mediation activities).
- from excerpts from domain registers, that domains "**x+y+z.cz**" and "**y+z.cz**" have been registered in favour of owner H (defendant No. 1) since 24 March 2002.
- from correspondence between the plaintiff and defendant No. 1, that the plaintiff appealed to defendant No. 1 in a letter dated 4 June 2002 to abstain from interference with the trademark rights and to transfer the right to the domain name". Defendant No. 1 in a letter dated 8 July 2002 informed the plaintiff of the opinion that it was not necessary to proceed in accordance with the appeal of the plaintiff and since the defendant intended to expand business activities in relation to the objective domain name, the defendant proposed a personal meeting, where use of the domain name by the plaintiff and the registered trademark by defendant No. 1 would be negotiated. In another letter dated 21 August 2002, defendant No. 1 rejected the notion of breach of trademark rights stating that the plaintiff had registered the trademark for a limited scope of classes and was therefore entitled to protection within the extent of the registration only.
- from excerpt from the register of professional associations of legal entities kept with the Department of Internal Affairs of the Office of Municipal District Prague 6, that defendant No. 2 was registered on 27 May 1998 under the name of the association CZ.NIC, z.s.p.o., registration number: 67985726, domiciled at Luzna 591, Prague 6.
- from the Rules of Registration of Domain Names - valid from 01 March 2002, that the document specifies rules for registration and delegation of second level domain names in the Internet, under the top level domain .CZ. In accordance with the Rules, CZ.NIC shall not accept a registration application for a domain name if such domain name had previously been registered, and in evaluating registration applications it heeds the order of submission of applications only, with attention paid to possible mistaking of a domain name with a previously registered one.

In accordance with provisions of Article 102, paragraph 1, of the Code of Civil Proceeding "should it be necessary to temporarily arrange relationships of litigants or should there be apprehension that feasibility of enforcement of the subsequent verdict of the proceeding may be threatened, the court shall be entitled to order an interlocutory judgement". In considering the necessity of temporary arrangement of relationships of litigants, the decisive aspect in the given case is prevention of incurring or aggravation of harm to aggrieved litigant (e.g. R 46/1996 of the Collection, resolution). The court is of the opinion that with respect to this aspect, temporary arrangement of relationships of the litigants in this case is necessary. The court has found a possible threat of injury in a declaration of defendant No. 1 stated in a letter dated 08 July 2002 as intention to expand business activities in

relation to the domain "**x+y+z.cz**", and for the given reason the defendant proposed to the plaintiff a use of the domain by the plaintiff and of the trademark by defendant No. 1. Such acts as well as the fact verified by the court that defendant No. 1 has not established a presentation on the objective registered domain names make apparent the speculative nature of the intent of defendant No. 1, who had the domain names registered.

The plaintiff as owner of the registered trademark is, in accordance with provisions of Article 13, paragraph 1, of the Trademark Act No. 137/1995 of the Collection, as amended, entitled to mark its products and/or services, for which the trademark is registered, with the trademark or use it otherwise in relation to such products and/or services. A registered trademark bears, besides others, a promotional and competitive value, while application of the function in the area of computer services includes registration in the form of a domain name. Registration of a similar domain name or a domain name interchangeable with a trademark of another entity without prior consent of the owner of such trademark hinders the owner of such trademark in exercise of the exclusive right to use such trademark. Such registration and/or use of a domain name shall be considered as a breach of rights of the trademark owner. For the sake of completeness, it must be stated that in this particular case the wording of the registered trademark is not exactly the same as the wording of the domain names; nevertheless, in the opinion of the court these wordings are easily interchangeable for the common consumer and/or users of the Internet network.

The court has therefore resolved that the registered trademark of the plaintiff has precedence, and the owner of the trademark rightfully requests protection in the form of interlocutory judgement, applicable to both defendant No. 1 and defendant No. 2, who administrates the Internet domain "cz" and the register of second level domain names in the Czech Republic.

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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.