INTERLOCUTORY JUDGMENT

(appellate judgement on the appeal of the defendant No 1 against the resolution of a first-instance court - see Judicial verdict 14)

Regarding the appeal of the defendant No. 1) against the resolution of the Regional Court of Ostrava from 24 September 2002, the High Court of Olomouc decided on 28 November 2002 in the case of the plaintiff **COEF** vs. the defendants No. **1) H.** and No. **2) CZ.NIC** on a preliminary ruling in the proceedings to order a change in the registration of domain names, varying the resolution of the first-instance court, judicial statements I. and II., as follows:

The motion for a preliminary ruling to order the defendant 1) to refrain from using the domain names **"x+y+z.cz"** and **"x+y.cz"** and to refrain from any dealing with the domain names **"x+y+z.cz"** and **"x+y.cz"**, especially to refrain from transferring the domain names to a third party except to the plaintiff, as from delivery of this resolution, is denied.

By the resolution indicated in the heading, the first-instance court ordered a preliminary ruling which obligates the defendant 1) to refrain from using the domain names **"x+y+z.cz"** and **"x+y.cz"**, as from delivery of this resolution (statement I.), and to refrain from dealing with the domain names **"x+y+z.cz"** and **"x+y.cz"**, especially transferring the names to a third party, except the plaintiff, as from delivery of this resolution (statement II.) The preliminary ruling obligates the defendant 2) to make impossible for the defendant 1) any dealing with the domain names **"x+y+z.cz"** and **"x+y.cz"**, registered under the highest-level domain "cz", especially the operation of websites under the above-mentioned names by the defendant 1) or any other person different from the plaintiff, or transferring the subject domain names to other persons with the exception of the plaintiff, as the case may be (statement III.) In order to prevent damage, or its increase, to the injured party, the required temporary regulation of circumstances is needed, as indicated in the reasoning of this decision. The Court found real danger of damage to the plaintiff, as the defendant 1) intends to "enlarge his business activities in connection with the domain **"x+y+z.cz"**, as indicated in his official letter of 8 July 2002, and for these reasons offered the plaintiff using this domain and the trademark by the defendant 1). The speculative intention of the defendant 1) also results from the fact, verified by the Court, that the defendant 1) has no website under the subject domain names. The name of the trademark, registered by the plaintiff, is not completely identical with the above domain names, however, for an Internet user these names are interchangeable, and any registration of a domain name identical or interchangeable with the plaintiff's trademark, without a prior consent of the plaintiff, therefore prevents the plaintiff, the owner of the trademark, from executing his exclusive rights to use the trademark.

The defendant 1) filed an appeal against this resolution in due time, objecting that, in compliance with the provisions of Section 13, paragraph 1, and Section 14, paragraph 1 of the Trademark Act, registration of a domain name as such does not infringe on the owner's trademark rights. Infringement occurs when a trademark, or a name interchangeable with a trademark, is used for products or services the trademark is registered for; however, registration of a domain does not designate products or services. The defendant 1) also indicated that the plaintiff did not register the trademark for all categories of products and services, but only for categories No. 16, 30 and 42. Protection therefore involves only papers, paperboard and products made of these materials, napkins, paper saucers, magazines, books, both wall and table calendars (category No. 16); coffee, sugar, coffee substitutes and products made from these (category No. 30); and services related to the operation of restaurants and similar facilities and the operation of such facilities (category No. 42). Products that do not belong to the above categories may be labelled by the registered subject domain names. Furthermore,

the defendant 1) objected to the conclusion of the Court that his intention to register the domain names was purely speculative, as deduced from the fact that the defendant 1) has no website under the registered domain names. The registration became effective on 24 March 2002 and on 4 June 2002 the defendant 1) was challenged by the plaintiff not to infringe on the trademark right so that the use or formation of a website was not possible. However, the defendant referred to the correspondence handled by the plaintiff, particularly to the e-mail of 5 September 2002 by which he suggested to the plaintiff transferring the domain for a symbolic amount to cover registration costs. The defendant 1) asked the Court of Appeal to alter the contested resolution made by the first-instance court denying the preliminary rule.

The plaintiff did not express his opinion on the appeal.

In compliance with the provisions of Section 206 and 212 of Civil Proceeding, as amended on 1 January 2001, the Court of Appeal reviewed the resolution of the first-instance court, namely the part contested in the appeal, i.e. statements I. and II., and the proceedings that preceded. The Court of Appeal found the appeal legitimate.

The file presented shows that in the action of 20 September 2002 the plaintiff sought against the defendants, denominated: 1) H. a 2) CZ.NIC, an obligation to change the registration of second-level Internet domain names **"x+y+z.cz"** and **"x+y.cz"** in order to be incorporated in the register of domain names, administered by the defendant 2), as a beneficiary of these domain names within fifteen days from legal force of the resolution at the latest. The plaintiff also moved for an order to issue a preliminary ruling which would obligate the defendant 1) to refrain from using the domain names **"x+y+z.cz"** and **"x+y.cz"**, dealing with these names, particularly transferring to a third party excluding the plaintiff, and the defendant 2) to make it impossible for the defendant 1) to use or deal with the domain names **"x+y+z.cz"** and **"x+y.cz"** registered under the highest domain "cz". This concerns especially the operation of websites under the above domain names by the defendant 1) or any other person different from the plaintiff, or transfer of the subject domain names to other persons excluding the plaintiff, as the case may be. Decisive facts related to the motion for a preliminary ruling indicate that the plaintiff owns a combined trademark No. 123456 **"X+Y+Z+ABC"**, registered at the Office of Intellectual Property, for product and service categories number 16, 30 and 42. Coffee-houses which use denominations based on this trademark, or provide services denominated by this trademark, as the case may be, carried on by the plaintiff or persons related to him in Prague and Brno, have gained a reputation of high-quality services since they came into existence. The plaintiff changed the trade name and although the change has not been reflected in the register of trademarks, the Office of Intellectual Property has commenced a proceeding. When asking for registration of the domain names **"x+y+z.cz"** and **"x+y.cz"** with the defendant 2) who is the only administrator of second-level domain names in the Czech Republic, the plaintiff found out that both the domain names had been registered by the defendant 2) in favour of the defendant 1) whose business objective does not correspond to the product and service categories of the registered trademark. Even though the defendant 1) has not used the domains **"x+y+z.cz"** and **"x+y.cz"** to present or promote his business activities, the registration itself infringes the plaintiff's rights resulting from the trademark. The defendant 1) prevents the plaintiff from using the trademark as guaranteed by Section 13, paragraph 1 of the Trademark Act, or infringes unlawfully the rights forbidding the owner of the trademark to promote or sell products or services for which the trademark was registered by his own Internet domain, the name of which corresponds to or is based on the trademark. The plaintiff further referred to the provisions of Section 102 of Civil Proceedings stating that the subject-matter of the proceedings concerns the rights to domain names that are at free disposal of the defendant 1) until the judgement on the merits becomes effective. Free disposal means the rights can be transferred to a third party or

the defendant 1) may establish an Internet domain or allow another person to do this, which might cause economic loss to the plaintiff or impair the plaintiff's reputation. To support these statements the plaintiff submitted, inter alia, a certificate of registration of the plaintiff's trademark of 13 December 2002; entries of the register of domains administered by the defendant 2); rules for registration of second-level Internet domain names under the domain "cz"; correspondence between the legal proceedings participants, particularly the plaintiff's letters of 4 June 2002 and 23 July 2002 and a letter sent by the defendant 1) on 8 July 2002.

Should it be necessary to temporarily regulate the circumstances of parties or should the execution of a later judicial decision be threatened once the proceedings commence, the court may order a preliminary ruling according to the provisions of Section 102, paragraph 1 of Civil Proceedings.

According to the provisions of Section 75, paragraph 5 of the Civil Proceedings the decision to issue a preliminary ruling shall consider the facts existing when the resolution of a first-instance court was issued.

Although it was not specified by the plaintiff whether the motion for an order to issue a preliminary meaning is moved in order to temporarily regulate the circumstances of the parties or because of a concern that the execution of a judicial decision might be threatened, it can be deduced from the contents (Section 41, paragraph 2 of Civil Proceedings) that it is moved in order to temporarily regulate the circumstances of the parties. In order to issue a preliminary ruling for this reason, the facts requiring a temporary regulation must be attested and the temporary regulation must be considered necessary and urgent. On the one hand the plaintiff claimed that the defendant 1) did not use the registered domain names **"x+y+z.cz"** and **"x+y.cz"** to present his business activities, on the other hand he groundlessly deduced that the defendant 1) may start operating the registered Internet domains, or enable a third party to operate them, which might cause economic loss to the plaintiff or impair his reputation. The plaintiff did not state any fact which would show that the defendant 1) intends to operate the subject domain names, or transfer them to a third party. The plaintiff did not attest his requirement to temporarily regulate the circumstances of the parties, indicating in the motion that the defendant 1) has not used the domain names. The plaintiff did not present any facts to attest his presumptions that the defendant 1) might use the domain names or transfer them to a third party before the decision to order a change in registration of the subject domain names comes into force. According to the plaintiff the registration of subject domain names interchangeable with his trademark infringes on the plaintiff's rights and makes it impossible for him to promote or sell products or services under the registered trademark in an Internet domain the name of which is identical with or based on the trademark. The plaintiff's objection will be considered in the case; it is not desirable to consider it in deciding on an order to issue a preliminary ruling.

In respect of the above-mentioned the Court of Appeal altered the resolution of the first-instance court and denied the motion for an order to issue a preliminary ruling as the legal preconditions were not met.

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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.