

# TRADE NAME AND TRADEMARK VERSUS DOMAIN

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**Received: April 11, 2013**

## Abstract

POKORNÁ JARMILA, VEČERKOVÁ EVA: *Trade name and trademark versus domain*. Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 2013, LXI, No. 4, pp. 1069–1076

Internet domains have become an integral part of our lives, so one can easily understand that during their use, conflicts can arise, whose participants will search for rules enabling resolution of conflicts. Since the domain name is a replacement of the computer IP address, in the technical sense of the word, this does not concern for domain names a commercial name or brand, because it primarily does not belong to a person in the legal sense of the word and does not serve for its individualization. The average user regularly affiliates domain names with a person offering goods or services on the relevant Website. Domain names used by entrepreneurs in their business activity are often chosen so that the second-level domain (SLD) would use words that form the trade name of corporations formed of trading companies. This fact brings domain names close to such designations that serve the individualization of persons or products, especially the trademarks and the commercial name. Domains can come into conflict with the rights to designations, especially trademarks and commercial names. Court practice is resolving these conflicts using rules for unfair competition, or rules for protection of commercial names and trademarks, but it is not ruled out that in the future, special legal regulation of domain names could be established.

domain, commercial name, trademark, unfair competition, registration of domain, conflict domains with the rights to designations

## 1 INTRODUCTION

Internet domains have become an integral part of our lives, so one can easily understand that during their use, conflicts can arise, whose participants will search for rules enabling resolution of conflicts. Thus entering an area reserved up until now for experts with a command of information technology is law itself as a system of standards aimed at influencing human behaviour, into which a certain level of organization and certainly should be brought. This conclusion also applies to the use of Internet domains, for which however legal regulation depends in significant measure on their technical nature.

Every computer connected to the Internet has its own definite Internet Protocol (IP) address formed of a combination of numbers, today four numbers lying between 0 and 255 and separated by periods, thus from 0.0.0.0 to 255.255.255.255. This creates the possibility of using around four billion possible

IP addresses. For practical use in ordinary life or during business activity, the IP address constructed in this way is impractical. It is not possible to expect Internet users to remember these numerical combinations; it is utterly useless for promoting and offering goods and services or for identifying the entrepreneurs who provide them. Therefore, the idea has gradually come about to replace numbers with a different designation that would be closer to users. The Domain Name System (DNS) thus emerged in 1984 – a hierarchically arranged system of names that removed numerical series on technical network addresses.

When the network user requests a domain name, his request is transferred from the user's server to the name server, where a technical IP address can be registered, which the domain name replaces. If this is not the case, the request continues to the root name server, a root list identifying the IP address belonging to the given domain name, and opens access to the chosen computer<sup>1</sup>. Since assigning

a domain to a certain computer must be definite, multiple domains may refer to a single IP address, but on the contrary, it is not possible to assign one domain to multiple IP addresses.

Domains are actually certain named spaces in whose hierarchical arrangement the top-level domain (TLD) stands at the top. They are most frequently formed of an abbreviation of a country comprised of two letters (country code top-level domain – ccTLD)<sup>2</sup>, or it concerns the domain .eu, formed by regulation of the European Parliament and the Council of the EU<sup>3</sup> as a counterweight to the American companies using the TLD .com. Besides TLD formed by country abbreviations, so-called generic top-level domains (gTLD) are also applied, symbolizing the user groups for which certain activities are characteristic: .biz for business, .info for offers of information, .com originally only for businesses from the USA, today freely accessible to anyone. There were originally eight of these generic domains (.com, .int, .net, .org, .arpa, .edu, .gov, .mil), later accompanied by others (e.g. .name determined only for natural persons or their families, .pro for lawyers, tax advisors, physicians, engineers, thus certain employment groups in the USA, Canada, Germany and Great Britain).

In the next level of hierarchy stand second-level domains (SLD), which may already be formed by any words or combination of words (ex. ourvillage or brnocheeses).

They belong to a sub-network to which the computer belongs. Then within the framework of this SLD, each SLD owner can create further levels of named areas, so-called subdomains.

Examples of hierarchy:

cz	top-level domain
muni	second-level domain
law	subdomain.

The entire domain name is then formed from all levels: www.law.muni.cz (the letters www indicate the Internet network (World Wide Web)).

Whereas the domain name with the same TLD can only be assigned once, the option exists of registering the same name, which however contains a differing TLD (e.g. vodafone.cz, vodafone.com, vodafone.eu, vodafone.net, vodafone.org).

As opposed to the top-level domain and second-level domain, which are assigned and registered

centrally; another system of subdomains is entirely free and subdomains are not subject to registration.

Technical administration of domains is not provided by state agencies, because private persons have taken to developing these communications possibilities, with whom users – applicants of domains conclude an agreement. Generic TLD were first technically administered by the company Network Solutions Inc. (NSI), headquartered in the Commonwealth of Virginia, USA. Administrative work, mainly awarding and registering domain names was, based on a proposal by the Internet Society (ISOC)<sup>4</sup> and US Federal Network Council<sup>5</sup>, taken on by the Internet Assigned Numbers Authority (IANA), which delegated registration of domains at individual Network Information Centers (NIC): RIPE-NCC (Réseaux IP Européen Network Coordination Centre) in Amsterdam for Europe, ARIN (American Registry for Internet Numbers) for North America, AFRINIC (the African Region Internet Registry) for Africa and the APNIC (Asian Pacific Network Information Centre) for Asia and Australia. Then their subsidiaries and member associations administer the country code top-level domains and second-level domains in individual countries.<sup>6</sup> In the Czech Republic, this company is the association CZ.NIC z. s. p. o., an interest group of legal entities founded in 1998 by leading Internet service providers. It currently has 106 members. The main activity of the association is providing operation of the top-level domain CZ and raising awareness of domain names.

## 2 Legal character of domain names

Since the domain name is a replacement of the computer IP address, and it actually concerns a different expression of this address, its legal character is somewhat controversial. The opinion is even mentioned in literature that this concerns only a reference to a computer on which the given information is found, thus a kind of “telephone number” enabling access to this computer.<sup>7</sup> This opinion was criticized, but it is clear that in the technical sense of the word, this does not concern for domain names a commercial name or brand, because it primarily does not belong to a person in the legal sense of the word and does not serve for its individualization. If the domain name is designed mainly to lead interested parties to certain goods or

1 BÜCKING, J., ANGSTER, H. M., 2010: *Domainrecht*, 2nd revised and expanded issue, Stuttgart: Verlag Kohlhammer, pp. 1–2. ISBN 978-3-17-019820-3.

2 The regional principle is founded upon rules created by the International Organization for Standardization (ISO).

3 Regulation of European Parliament and the Council (EC) No. 733/2002 of 22 April 2002 on Introducing the .eu top-level domain.

4 Professional association of Internet organization with around 6,000 members worldwide, e.g. Internet Access Provider, universities, software producers, see www.isoc.org.

5 American government committee engaged in development and coordination of the Internet.

6 Elaborated according to the publication KÖHLER, M., ARNDT, H.-W., FETZER, T., 2011: *Recht des Internet*, 7th revised and augmented issue. Heidelberg: C. F. Müller, p. 8 et seq. ISBN 978-3-8114-9627-9.

7 KÖHLER, M., ARNDT, H.-W., FETZER, T., 2011, op. cit., p. 19.

services, we can say that it has similar importance as a telephone number or business address. However, it need not indicate a person providing the given goods or services, or directly refer to these products.

**Example 1: *rcmshop.cz***

The wording of the second-level domain would refer to a trading company, directly from the domain name however, not even the area of trading or hint of identification of the business is ascertainable. After entering the domain name on the Website, the interested party finds out that this concerns a business with modelling needs, model airplanes, model cars, etc., he can order the product but will not find out the identity of the entrepreneur. To find this out, it is necessary to search in the domain names register at CZ.NIC, where their owner of the domain name is listed as David Poláček, who registered this name at the registrar REG-ACTIVE 24 (the company ACTIVE 24, s. r. o.). Only through further investigation in the commercial register is it possible to learn that the entrepreneur is David Poláček, with registered seat in Brno, Cejl 535/83, Corporate number is 74241320, who deals in mediating trade and services, wholesale and retail, advertising activity, marketing and media representation.

**Example 2: *faster.cz***

In this case, the domain name is identical with the commercial name of the entrepreneur – the company Faster CZ spol. s. r. o. with registered seat in Brno, Obřanská 940/60, dealing in production, installation, repairs of electrical machines and instruments, electronic and telecommunications equipment and enterprising in electronic communications. The interested party finds out from the Website at which he has listed the domain name, all data necessary in business transactions (identification of the entrepreneur and type of offered products).

**Example 3: *srybrno.cz***

When entering the domain name in November 2012, it was not possible to open any Website. When entering this name in February 2013, the message opened: “this is the new virtual WEB server at domain *www.srybrno.cz*. Its operator has not yet published any pages on it.” According to the search in the CZ.NIC register, the domain name belongs to the company DentalHardware s. r. o. with registered seat at nám. SNP 1139/31, Brno. However, no such company was located in the Commercial Register.

Though we take into account the aforementioned problems, one can say that the average user regularly

affiliates domain names with a person offering goods or services on the relevant Website. This is fully understandable because domain names used by entrepreneurs in their business activity are often chosen so that the second-level domain (SLD) would use words that form the trade name of corporations formed of trading companies. There are also normally links to products that the entrepreneurs offer (*strechydrevo.cz*, *stolari.cz*, *BS-BIKE.eu*), or a combination of various data, with the help of which it is possible to identify the entrepreneur (*optikakocandova.cz*, *podlahynaminske.cz*). This fact brings domain names close to such designations that serve the individualization of persons or products, especially the trademarks and the commercial name.

Though the technical essence of domain names is the solution for the transfer and search for information, their utilisation for entrepreneurial purposes combines similar functions, such that are fulfilled by e.g. commercial name. Here we can also speak of the identification or competitive function of domain names.<sup>8</sup> In its use, it could also be classified as intangible assets, and the right to it would form one of the industrial labelling rights.

If we view the domain name in the light of the new Civil Code (NCC), we most certainly arrive at the conclusion that the wide definition of a thing in the legal sense (Sec NCC) classifies the domain name amongst things. This conclusion will be important mainly for dispositions with the domain name; however, this issue exceeds the aim of this paper.

### 3 Domain name, commercial name and trademarks

The domain name in commercial use leads interested parties to a Website, where its owner can promote its products and services, enable interested parties fast and comfortable purchase of the particular product, or simply provide information on company activities and results. The domain name thus fulfils the task of a kind of signpost, indicating the direction for persons interested in products or services; by itself, it could attract these interested parties by its wording. This does not make it a top-level domain, but a second-level domain, which an entrepreneur can make up just as he wishes. Since domain names do not have explicit legal regulation, the entrepreneur is regulated in its creative efforts only by rules determined by CZ.NIC and with which the domain name must comply upon registration.<sup>9</sup>

Though there is practically unlimited room for selecting second-level domains, it is impossible to rule out conflicts arising from clashes of similar

<sup>8</sup> The authors first dealt with the functions of the commercial name in the paper *Commercial Name in the Draft of the Civil Code* published in the magazine *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis* 2012, No. 2, p. 271. ISSN 1211-8516.

<sup>9</sup> [www.nic.cz/page/313/jak-registrovat-domenu-.cz/](http://www.nic.cz/page/313/jak-registrovat-domenu-.cz/)

domain names or from overlapping of a domain name and trademark or commercial name.

### 3.1 Conflicts involving domain names

From the technical essence of a domain name, we see that the IP address of a computer and its expression by a domain name is unique, and by the nature of the matter, it is ruled out that two computers would have an identical IP address, thus an identical domain name.

The applicant of a new domain name is required according to the registration rules to always verify if the given name is taken or is still unused. If it is indeed taken, but the applicant feels that he has legal entitlement to it, this situation alone leads to a domain conflict, whose resolution the registration rules also cover.

Cases of interchangeability of domain names stand outside registration's reach, because the registrar is not obliged to verify if the just-registered domain name can be mistaken for the domain name of another user. In the lack of special regulation, these cases will be resolved by the rules of unfair competition, whereas the priority rule applies (First-come, first-served) – if two otherwise equal entitlements should come into conflict, the user first registering the domain name will be given preference. The person (entity) feeling affected by interchangeability of his (its) domain name with the domain name of another user bears the burden of proving the existence of elements of a general clause against unfair competition.

The provisions of Sec 44(1) of the Commercial Code are basically identical in this direction with the new regulation in Sec 2976(1) NOC. It will be necessary to prove that the persons encounter each other in economic relations (as direct competitors), that the person in violation has acted in contradiction to good morals of competition, and has thus evoked the potential of a detriment to the affected person. In light of the technical character of the domain name, which does not even indicate directly any individual entrepreneurs or their products, it will apparently not be possible to apply any of the misleading facts of unfair competition, but unfair competition will be judged only according to the general clause.

#### **Example 1: *www.paegas.cz***

The plaintiff registered the domain *www.paegas.cz* in 1996, which it used to present provision of its services as a telecommunications network. The defendant registered in 2000 the domain *www.paegas.cz*, whereas it presented pornographic content at this address. The plaintiff sought an injunction, by which the defendant would be

ordered to desist from using the domain name *www.paegas.cz*.

The ruling fell to the plaintiff, where the court expressed its conclusion that unfair competition had occurred: if while offering his services on the Internet, one entrepreneur uses a designation that is similar to a designation which another entrepreneur has already been using, this is undoubtedly a case of conduct in conflict with good morals of competition, and such conduct can objectively cause detriment to the other party (competitor), and thus, to consumers (Internet visitors). Two different business entities are in economic competition with each other even though one does not provide telecommunications services and the other one does. Indeed, both participants encounter each other on the Internet, where they promote and offer their services, though each in a different area.<sup>10</sup>

#### **Example 2: *scanservis.cz***

The plaintiff, registered in the CC as Scanservice since 1998, has had registered since the same year the domain *www.scanservice.cz*. The defendant registered the domain *scanservis.cz* in 2000, and engages in the same subject of activity as the plaintiff. The plaintiff sought an injunction, by which the defendant would be ordered to desist from using the domain name.

In the justification, the court expressed its conclusion that the plaintiff has the right to the wording of its commercial name, whose fundamental part is the word *scanservice* and has the right to the registered domain *www.scanservice.cz*. Both of these rights are older than the defendant's right to the *www.scanservis.cz*. Just the slight difference in the designations of the listed domains and their phonetic matching in situations where under them, the same services are offered, and they would thus be sought out by the same circle of customers, proves the possibility of interchangeability of the participants. It is thus possible to judge the actions of the defendant, who registered the stated domain for himself, as unauthorized interference in the rights of the plaintiff.<sup>11</sup>

The prevailing cause of conflicts of domain names is their interchangeability, based on similarity in how they look, how they sound or what they contain. Judging interchangeability however is narrower than is the norm when examining the same for commercial names or trademarks. The reason is first the different approach of Internet users, who are used to distinguishing greater details, they realize that for finding the sought after term, large and small letters are important, as well as double consonants, placement of periods, dashes, etc.<sup>12</sup> This reason

10 The ruling of the Municipal Court in Prague of 12.4.2001 under file No. Nc 1072/2001 is available at <http://www.itpravo.cz/index.shtml?x=93762>.

11 The ruling of the High Court in Prague is available at <http://itpravo.cz/index.shtml?x=93756>.

12 KÖHLER, M., ARNDT, H.-W., FETZER, T., 2011, op. cit., p. 26 list a case when the court did not recognize interchangeable domain names *pizza-direct.de* and *pizza-direkt.de*.



is, in the form of a certain generalization, stated in case law: “for judging interchangeability of domain names, it is necessary to start from the viewpoint of the average Internet user, who is conscious of the importance of each letter, number and sign, in the designation of any Internet address in order to open their exclusively requested Website.”<sup>13</sup>

Another reason may also be the fact that TLD are registered in various systems unrelated to one another. Therefore, it is not possible absolutely to apply analogically e.g. the rule from Czech commercial name law, according to which “it shall not be sufficient to distinguish the commercial name of one legal entity from another by a different legal form, indicated in its addendum” (Sec 10(1), second sentence of the CC). The argument that the registered domain name with the TLD .cz is not in and of itself sufficient for an identical domain name, but with the TLD e.g. .eu or .com, to be considered interchangeable. Also contributing to understanding interchangeability is the fact that domain names are not limited to a territory of a certain country or certain grouping (EU), but rather can be used without territorial boundaries. Then the domain names opona.cz and opona.pl could stand side by side, where the first domain name owner can be the manufacturer of theatre curtains (opona in Czech), and the other the owner of a service that changes tires (opona is the Polish term for tire).

### 3.2 Conflict of the domain name and trademark

By registration and use of a domain name, entitlement to a trademark may be violated, because the trademark owner holds exclusive right to use it in relation to products or services, for which it was recorded, and exclude from using it all who use identical or similar designations, if similarity could lead to mistaken identity.<sup>14</sup>

When assessing conflicts of trademarks and domain names, it is necessary to start from the fact that a trademark can be any designation capable of graphic illustration, mainly words, including personal names, colours, drawings, letters, numbers, shape of the product or its package, if this designation is capable of distinguishing the products or services of one person from the product or services of another person. Trademarks are bound to a certain class of products or services, which are to be marked by a trademark; they do not operate outside this class and may be applied for by

a different applicant. Mutual conflicts with domain names are clear from the following examples:

#### **Example 1:**

In the first of them, the court ruled that the wording of the trademark and the name of the product are not such a legal reason that would automatically cause illegal registration of a domain name of an identical wording. If this does not interfere with the subject of protection of the registered trademark, then the condition when a person who is not an entrepreneur uses a domain of the identical wording as the wording of the trademark for non-commercial purposes is not a condition in violation of the trademark owner's right.

The essence of the matter was use of a domain name identical with the name of a medicine protected by a trademark. A trading company registered a domain name for itself that is identical to the name of a medicine of the plaintiff, and consequently transferred the domain name to its employee (the defendant), who used the Website indicated by the domain name to redirect to the Website of a fantasy literature figure. The court did not find any violation in this procedure of the rights to the trademark, and in the justification of the ruling, it stated that even in the Internet environment it is not possible, let alone normal, that names of all its products would be made exclusive for a certain manufacturer. If the plaintiff had such intention, it was not prevented from registering the relevant designation for itself as a domain name in time.<sup>15</sup>

#### **Example 2:**

An application was made for the verbal designation [www.trademark.cz](http://www.trademark.cz) to become a trademark for databases and other information products themselves, and in electronic, data, information and telecommunications networks of all types, and on data carriers of all types, relating software and hardware, electronic networks... in class 9, further in class 16, in class 35, in class 16 and in class 42.

The Czech Industrial Property Office issued a decision to refuse this application for a trademark, citing the fact that the filed designation is excluded from registration of trademarks (Sec 2(1)(b) of the Trademark Act), because it contains no qualification to differentiate products or services. It expressed the conclusion that the verbal elements “www” and “cz” are as a rule a part of every Internet

13 Ruling of the High Court in Prague of 27.3.2006 under file No. 3 Cmo 460/2005; more in MACEK, J., 2011: *Rozhodnutí ve věcech obchodní firmy a nekalé soutěže* (Rulings in Matters of the Commercial Name and Unfair Competition.), 2nd part First issue. Prague: C. H. Beck, 2011, pp. 261–265. ISBN 978-80-7400-410-0.

14 Precise wording of the rule – see Sec 8(1) and (2) of Act No. 441/2003 on Trademarks.

15 Ruling of the High Court in Prague of 31.1.2006 under file No. 3 Cmo 321/2005; more in HORÁČEK, R., MACEK, J., 2007: *Sbírka správních a soudních rozhodnutí ve věcech průmyslového vlastnictví*. (Collection of Administrative and Court Rulings in Matters of Industrial Property). First issue. Prague: C. H. Beck, pp. 265–267. ISBN 978-80-7179-537-7.

address in the CR, and thus do not have sufficient distinguishing capacity, because they are not able to distinguish products or services from various identities. When judging the distinguishing capacity of the filed designation, the presence or lack of other distinguishing elements and their impact on the average consumer are decisive. This element in terms of the Internet address is the second-level domain, which is found between the words “www” and “cz”, and which in this case is formed by the verbal element “trademark”. The designation *www.trademark.cz* being applied for is excluded from entry in the trademark register, because it has not capacity for distinguishing products or services. If under this designation being applied for, the ordinary consumer is not able to distinguish products or services coming from various entrepreneurs, such a designation can never assume a distinguishing capacity. In the opinion of the applicant that the filed designation *www.trademark.cz* need not necessarily represent an Internet address, it is necessary to point out that the ordinary consumer with average general knowledge will not consider this designation being applied for as fantasy without any relationship to the Internet, but under this designation, he only images a specific Internet address.”<sup>16</sup>

For the origin of a conflict it is decisive that the domain name leads to a Website used to promote and offers goods or services of the same class or classes for which the trademark was also registered, because persons interested in the given goods expect that the domain name and the trademark have the same owner, which thus protects and simultaneously supports its products or services. From this, it also arises that owners of a domain name and trademark can, but not necessarily, meet in economic competition. The interchangeability of the domain name and trademark itself need not mean their conflict, if the domain name is not used for the Website of a person in competitive standing against the owner of the trademark. Czech case law has yet to see resolution of a case where for protection of a trademark, a second-level domain registered previously for another competitor would be used.

### 3. 3 Conflict of the domain name and commercial name

Though it is not possible to identify a domain name with a commercial name, the trade name can be used as a second-level domain within the framework of the domain name. If a person does so who is registered in the Commercial Code under this commercial name, this leads to strengthening the identification and competitive function of

the commercial name, which thus also enters the subconscious of customers preferring use of electronic communication. It can easily occur however that the domain name containing as its SDL the trade name will not be registered by the bearer of the relevant commercial name, but by another person. The arising conflict can then be solved in a number of ways:

1) the principle “First-come, first-served” will apply to the benefit of the person who had the domain name registered, because the bearer of the commercial name also undoubtedly had this opportunity but did not use it (principle of “*vigilantibus iura scripta sunt*” – “laws are written for the vigilant”). This fundamental rule however cannot apply absolutely; it is always necessary to consider the level of interference into the rights of another person, and the degree of threat of the legal certainty of the public.

#### *Example 1*

The defendant registered as a part of his domain name the SLD “*ceskapojistovna*”. The plaintiff claimed this action was a violation of its rights to the commercial name and the trademark. The court took the following position in this dispute: even though the domain name of the defendant reads “*ceskapojistovna*” and not Česká pojišťovna (as the trade name of the commercial name and text in its trademarks read), this is given by the technical possibilities of designation on the Internet, and it is therefore necessary to deduce that the wording of the domain name is thus identical with the wording of the commercial name of the plaintiff and the text of the trademarks. If here, there is no legally recognized reason for the defendant to file with the registrar as its domain name the wording of the commercial name of the plaintiff and the text of its generally known trademark, then it interfered in the exclusive right of the plaintiff to use the commercial name and the trademark that is generally known also on the Internet.<sup>17</sup>

If the domain name held by the defendant is identical with the wording of the plaintiff's commercial name and the wording of its trademarks, including the trademark declared as renowned, and no other legally recognized reason is found here (besides actual registration) for the domain name to be the property of the defendant, then the arising condition can be found to be defective, and the defendant can be ordered to desist from using the domain name, and this domain name must be taken from the defendant through a domain registrar.<sup>17</sup>

2) This may concern the case of so-called domain-grabbing, where the grabber has a domain name registered that is identical with the commercial

16 Decision of the Industrial Property Office of 11.10.2002 under file No. 0/-126062-97; more in HORÁČEK, R., MACEK, J., 2007, op. cit., pp. 22–24.

17 Ruling of the High Court in Prague of 10.8.2004 under file No. 3 Cmo 293/2003; more in MACEK, J. 2011, pp. 30–32.

name or trademark of another person with the sole intention of gaining advantages. The forms of gaining advantages may be diverse – registration of the domain name with the intention of selling them later to owners of trademarks or bearers of commercial names, parasite usage of such a registered domain name, or blocking the domain name to the detriment of authorized persons. The conduct of the grabber leading to the fact that owners of renowned commercial names, trademarks or brand name would buy back use of their own commercial names or business designations on the Internet is in conflict with good morals, and upon existence of a competitive relationship, protection of entitled persons mainly goes the way of the rules of unfair competition.<sup>19</sup> In our opinion however, this could also concern actions interfering in the rights to a company designation, and the affected person can defend himself also based on the provisions of Sec 12 of the CC.

3) If the applicant of the domain name is a person who does not meet with the bearer of a commercial name or owner of a trademark in economic competition, because such person will use the domain name exclusively for his own personal uses or those of a non-profit character, the solution is controversial. If we start from the absolute nature of protection of a commercial name pursuant to Sec 12 of the CC, this conduct also constitutes interference in the rights to a commercial name, and will form rights listed in this provision; here however, relative protection founded upon rules of unfair competition are not considered.

### **Example 2**

The decision of the court here confirms the absolute nature of protection of a commercial name arising from Sec 12 of the CC: from the regulation of Sec 12 of the CC thus arises in part the absolute nature of the protection of the commercial name – i.e. the entrepreneur can extract protection against each unauthorized user, and protection of rights acts erga omnes, against all, and in part the fact that the actual demands to desisting from the defective conduct and removal of the defective status are conditional only objectively to the given condition – unauthorized use of a commercial name, without relevant reasons for such use, and whether the conduct is intentional or out of negligence. It is therefore impossible to agree with the opinion that the application of Sec 12(1) of the CC is conditional to “damage” of the authorized person by the conduct of the “malefactor” and use of the commercial name to “the detriment” of the plaintiff.<sup>20</sup>

Conduct comprised of registration or consequent use of domain names containing trade names or a fundamental part of company designations interfere with the identification and competitive functions of the commercial name, because they join potential customers with persons different from the entitled bearers of company designations. Besides deceiving, they can also parasite off of the good reputation of entitled persons, or threaten their good reputation. Though we expect that the vast majority of cases of unauthorized use of a commercial name in domain names will play out in the environment of economic competition, absolute protection of the commercial name according to special provisions of Sec 12 of the Commercial Code also includes involuntary actions that could play out outside the arena of economic relations.

## **4 CONCLUSIONS**

Though by their technical nature, domain names are only a different expression of the IP address of the applicable technical equipment, and as such, they are not the subject of explicit legal regulation, their practical use evokes many legal problems. Their nature is uncertain – they can be understood as relative entitlements arising from the agreement of the registrar, or the association CZ.NIC as the administrator of the name space of the domain .cz, but concurrently as an estate analogous to a thing, whose owner has the right to exclude all other entities from registration and use of the same or similar name. Registration brings the domain name to trademarks or the commercial name, but a person of a private right provides it only for the name space of the top-level domain that he administers, and the name spaces of other top-level domains are thus not affected. They can bring interested parties to the required goods or services, but need not identify the person of a trader or manufacturer. They are definite for the given nodal point in the network, but this does not mean that it is possible to register only one domain name for one person.

Since in business relations, they can identify goods, services, their sellers and producers, they can come into conflict with the rights to designations, especially trademarks and commercial names. Thus far, court practice is resolving these conflicts using rules for unfair competition, or rules for protection of commercial names and trademarks, but it is not ruled out that in the future, special legal regulation of domain names could be established.

18 Ruling of the High Court in Prague of 10.8. 2004 under file No. 3 Cmo 293/2003; more in HORÁČEK, R., MACEK, J., 2007, op. cit., pp. 213–219.

19 FRIMMEL, M., Domain – grabbing, PRAVNIRADCE.IHNED.CZ, 1.8.2000, cited from [http://pravniradce.ihned.cz/c4-10066260-12227930-F00000\\_detail-domain-grabbing](http://pravniradce.ihned.cz/c4-10066260-12227930-F00000_detail-domain-grabbing).

20 Ruling of the High Court in Prague of 4.5.2007 under file No. 3 Cmo 441/2006; more in MACEK, J., 2011, op. cit., pp. 40–47.

## SUMMARY

Domain names are only a different expression of the IP address of the applicable technical equipment, and as such, they are not the subject of explicit legal regulation. Their nature is uncertain – they can be understood as relative entitlements arising from the agreement of the registrar, or the association CZ.NIC as the administrator of the name space of the domain .cz, but concurrently as an estate analogous to a thing, whose owner has the right to exclude all other entities from registration and use of the same or similar name. Registration brings the domain name to trademarks or the commercial name, but a person of a private right provides it only for the name space of the top-level domain that he administers, and the name spaces of other top-level domains are thus not affected. They can bring interested parties to the required goods or services, but need not identify the person of a trader or manufacturer.

The domain name in commercial use leads interested parties to a Website, where its owner can promote its products and services, enable interested parties fast and comfortable purchase of the particular product, or simply provide information on company activities and results. The domain name thus fulfils the task of a kind of signpost, indicating the direction for persons interested in products or services; by itself, it could attract these interested parties by its wording. This does not make it a top-level domain, but a second-level domain, which an entrepreneur can make up just as he wishes, he is regulated in its creative efforts only by rules determined by CZ.NIC. Though there is practically unlimited room for selecting second-level domains, it is impossible to rule out conflicts arising from clashes of similar domain names or from overlapping of a domain name and trademark or commercial name.

## Acknowledgement

Authors thank prof. dr. Jörg Fritzsche (University Regensburg) for consultation and advice on literature.

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