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Protection of Trade Marks: Online Use and Anticybersquatting

A European Perspective

A CMS IP Group Publication

Introduction

Trade marks are essential for building business reputations in the modern business world. They enable customers to identify goods and services and develop brand loyalty. Trade marks also strengthen the effectiveness of advertising. Over time, trade marks develop their own brand identity independent of the goods and services they promote. This is particularly relevant as trade marks are increasingly promoted and used in modern media, such as the Internet.

Trade marks on the Internet may be used to distinguish the goods and services of one undertaking from those of another, or without reference to relevant goods and services. When trade marks are used in relation to specific goods or services on the Internet, trade mark infringement can be dealt with in much the same way as it would be in any other media. Problems arise when trade marks are used on the Internet without any reference to the goods or services to which they relate. Not all countries have legislation which allows trade mark owners to protect their trade marks against such unauthorised use.

Trade marks can be used on the Internet without reference to goods and services in domain names, links, metatags, pop-up ads, framing and spam messages. Such use of trade marks may be either legally justified or constitute trade mark infringement. Whether infringement has occurred will depend on the purpose and intention of the use of the mark, and the likely impact on the trade mark holder's business.

This publication serves to highlight the ways in which trade marks can be infringed on the Internet, methods of protecting trade marks, and importantly, how trade mark holders can assert their rights. As the technology evolves, the ways in which trade marks can be infringed keep developing and changing, presenting trade mark holders seeking to protect their rights with new challenges. This publication provides guidance on the relevant law in a number of EU member states as well as in Switzerland and Russia.

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Trade mark infringement on the Internet

1. General information

1.1 The Internet allows the use of trade marks in various ways, for example keywords, domain names or metatags. Problems arise when a trade mark is used without any connection to goods or services, or in connection with goods or services which are not the same as those produced or performed by the trade mark holder. Moreover, trade marks may often be used on the Internet by persons unauthorised to use them, for example to attract Internet users to a website unconnected to the trade mark.

1.2 Trade marks are often used on the Internet in **domain names**. Domain names are memorable names used to identify computers and websites on the Internet. Domain names are unique, so there are no two identical domain names in the world. Certain domains, especially those related to business, gambling, pornography, and other commercially lucrative fields have become highly valued by corporations and entrepreneurs due to their intrinsic ability to attract clients. In fact, the most expensive Internet domain name is, according to the Guinness World of Records, 'business.com' which was resold in 1999 for $ 7.5 million. The value of domain names which include trade marks, has led to unauthorised registration of domains with a view to selling them on to trade mark holders for amounts far exceeding their maintenance costs. Unauthorised use of trade marks, or words similar to trade marks, in domain names may constitute trade mark infringement, some examples of which are cybersquatting, domain warehousing and typosquatting.

1.3 Technical expertise makes it possible to use trade marks on the Internet without making them visible. This may take place using **metatags** and **keywords**, which may include trade marks used without the authorisation of the trade mark holder. Where trade marks are secretly used without them being visible to an Internet user, they are difficult to identify, and, as a result, unauthorised or abusive use of trade marks is common on the Internet.

1.4 The Internet constitutes a useful means of searching for information and is built to enable rapid movement between websites. The most useful tools in this respect are **linking** and **framing**. These tools allow an Internet user to browse the Internet without the need to remember or type in specific domain names. However, these processes are often used to attract and increase Internet traffic and may involve the unauthorised use of a third party's trade mark.

1.5 The methods of trade mark infringement on the Internet outlined above constitute three groups of different practices which may infringe trade marks. The growing use of the Internet in business makes the problem of unfair trade mark use more acute. The prevalence of such practices has recently increased so much that international arbitration courts have been established solely to focus on the abusive use of trade marks in domain names. In just four years, one of the arbitration courts, WIPO's Arbitration and Mediation Centre has handled over 8,350 domain name complaints. In addition, more and more countries are implementing legislation to specifically deal with trade mark abuse on the Internet.

1.6 Although most types of abusive practices on the Internet have already been identified, many people are not fully aware of the extent of protection that the law can offer them against trade mark infringement on the Internet. This publication includes a description of the most commonly known abusive practices on the Internet and appropriate ways of protecting trade marks from them in selected EU countries and Switzerland and Russia.

2. Abusive practices concerning trade marks on the Internet

2.1 Unfair registration of domain names which include trade marks

Domain names enable Internet users to identify and locate websites on the Internet using memorable names. Every domain name includes at least two elements: a top level domain (a TLD) (e.g. in www.brand.com domain name, the '.com' part) and a second level domain (a SLD) (in the above example, the 'brand' part). A TLD may include either a country code (ccTLD), such as .de for Germany, .uk for the United Kingdom or a generic element (gTLD), e.g. .com (for business), .org (for organisations), .museum, .gov (for US governmental bodies). SLDs may include regional names (e.g. .warsaw.com), functional names (e.g. .com.pl) or distinguishing names (in the above example, the 'brand' part). A SLD may consist of different names, including trade marks. Most companies choose their trade names or trade marks for SLD's (or third and further level domains). The same mechanism applies to Internet users. When looking for the website of a given company, an Internet user often instinctively chooses a domain name which includes a trade name or a trade mark of that company. Competing companies may exploit this by using third parties' trade marks or variations of their trade marks in their domain names to attract Internet users.

2.1.1 Cybersquatting

Cybersquatting occurs where an unauthorised person (a cybersquatter) registers or uses a domain name which includes a well-known or reputable trade mark. Cybersquatters profit from the trade marks either by selling the domains to authorised entities or third parties for considerable sums. Cybersquatting can prevent authorised entities from using appropriate domain names to attract potential clients (by blocking the use of

certain domain names or by deceiving potential customers as to the ownership of a domain). The websites connected to domain names registered by cybersquatters often do not include any content. As there are no goods or services presented, it is difficult to ascertain the nature of a cybersquatter's business activities.

In some cases, the prices that cybersquatters demand for selling domain names are very high. For example, AltaVista.com was sold for $ 3.3 million and HeraldSun.com was sold for $ 2.5 million. This shady business practice has been common in the USA since the dawn of the Internet (by 1995 14% of the biggest companies ranked in 'Fortune' already had their desirable domain names registered by third parties). The expansion of these abusive practices led to the creation of international arbitration courts, which use uniform dispute resolution procedures. Moreover where recent new TLDs have been created (e.g. .coop, .museum, .eu), so-called 'sunrise periods' were introduced during which only certain groups of Internet users could register domain names containing trade marks. Such measures have limited cybersquatting but have not prevented it completely.

2.1.2 Typosquatting

Typosquatting is the practice of registering or using domain names including modified or misspelt trade marks. Such domain names are registered by unauthorised persons to attract Internet users. The practice works because Internet users often make spelling mistakes when typing domain names (e.g. amazone.com instead of amazon.com). This is exploited by people who own the domain names that are misspelt variations of trade marks. These sites are not connected with the trade mark and the intended destination site, and often include information about competitors. Typosquatters can also make money from selling the rights to use a given domain name to a trade mark owner, who will buy it in order to regain control over customers.

International arbitration courts also settle disputes involving typosquatters, using dispute resolution procedures similar to those used in cybersquatting cases.

2.1.3 Warehousing

Warehousing, also called 'cyberwildcatting' or 'speculation on domain names', is the practice of registering large numbers of domain names which contain trade marks, trade names, prospective trade marks and other distinctive names with the aim of selling them on to interested or authorised parties for considerable amounts of money. In practice, cyberwildcatters use their knowledge about the economic plans of certain entities and the growth of the value of certain names and trade marks which have not been registered as domain names yet. In comparison with cybersquatting, cyberwildcatting involves the registration of large numbers of domain names, which do not always include trade marks, in the hope that, in the future, these names will become valuable to certain entities.

2.1.4 Cybersmearing

Cybersmearing occurs when domain names are registered which contain trade marks joined to other words with negative connotations. People who want to present a trade mark (or an entity using the trade mark) in a negative light may use this technique. For example domain names might be registered containing a given trade mark combined with a word which is insulting or damages the reputation of the trade mark (e.g. 'brandisrubbish.com'). These practices have often been initiated by former employees of certain entities, expressing their discontent at their former employers. An individual's right to free speech and the public interest, may, to a point, justify such behaviour. The websites connected with such domain names usually include criticism of the trade mark holder. Over time, the practice of cybersmearing has been used by competitors of trade mark owners to damage trade mark reputations and discourage potential clients. Nowadays, cybersmearing is also used to make money from selling the offending domain name to a trade mark owner who wants to exert control over the use of his trade mark and limit negative publicity.

2.2 Invisible trade mark infringement on the Internet

The Internet includes so much information that it would be difficult to search for certain information without the use of special tools such as search engines. Search engines use keywords included in websites and or their descriptions to find relevant information and show Internet users appropriate sites. Keywords are usually invisible to Internet users. They may and often include trade marks. Problems arise when keywords which include trade marks are used by unauthorised people to attract Internet users. This may constitute trade mark infringement. As the trade marks used in the keywords remain invisible, this practice is known as 'invisible' trade mark infringement.

2.2.1 Trade mark infringement in metatags

Metatags are elements used to provide structured metadata about a website. Such elements are placed as tags in the header section of a document connected with a website. The two most common uses of metatags on websites are to provide a site description and to provide keywords relevant to the specific website. This data may then be used by search engines to generate and display a list of search results which match a given query. Metatags are invisible to Internet users (unless displayed) but are used by search engines and may include trade marks. If an Internet user is searching for a given product and types the name of a product (e.g. a trade mark) into the search box of a search engine, the search engine will search through all website metatags and direct the Internet user to those websites which include the trade mark in their metatags. Knowing this mechanism, some people use trade marks in their metatags without authorisation, to attract Internet users. This may also deceive Internet users into believing that they have found a website that is in some way connected to, or approved by, the trade mark holder.

2.2.2 Trade marks in invisible keywords

Some of the search engines do not only use data included in metatags to direct Internet users to appropriate websites but also use words included directly on their website. These words may not be visible as they may be written in the same colour as the website's background. When searching for keywords, search engines use these invisible words to provide a list of websites matching a given query. Unauthorised persons may include third parties' trade marks on their websites in such invisible keywords. This practice increases web traffic to the sites of unauthorised users of trade marks and attracts Internet users who intended to visit a trade mark owner's website.

2.2.3 Spamdexing

The word 'spamdexing' was created by combining two words: 'spam' and 'indexing'. Spamdexing is the practice of including as many words as possible in metatags, descriptions of a website, invisible keywords and directly on the website, so that the site comes up in searches carried out using search engines as often as possible.

Usually, search engines display search results so that sites which contain the highest number of searched for words appear first. Search engines focus on various elements: metatags, keywords, and words included on the website, or a combination of all of the above. Spamdexing works by including numerous words in all of these elements so that search engines put these websites top of the list on a search result. This increases traffic to the spamdexed websites as Internet users are more likely to visit sites that come up at the top of search results, and these users may be misled into believing that these sites are connected to trade marks used in their search. Trade marks are often used without permission in spamdexing either to attract business away from an authorised trade mark holder or to lower the reputation of a trade mark by redirecting Internet users to unsuitable websites (such as pornographic sites).

2.2.4 Purchase of keywords

Numerous keywords entered into search engines are trade marks. Individuals or business entities can 'buy' advertising that will be associated with the use of certain keywords (which may include trade

marks) from operators of search engines. Advertisers enter into commercial arrangements with search engine operators so that when certain words are searched for, the advertiser's advert will appear first, above the search results. As a result, whenever an Internet user searches for information on a given trade mark using that specific search engine, the 'buyer's' advert (or other content) is displayed preferentially. These buyers harness the reputation of trade marks in order to increase the number of Internet users who see their advertisements. Moreover, these adverts may mislead Internet users as to the origin of the products offered in the advertisement. Internet users may well expect that the results of their searches will be connected with any trade marks included in their search requests.

2.3 Infringement of trade marks in navigational elements

An Internet user may use various tools to quickly find requested information. Such tools include links, frames and other methods, which allow movement from one website to another without the need to type in each domain name. Navigational tools display multiple websites or take users directly to other sites. To enable such rapid movement from one website to another, the relevant websites include highlighted text, graphics or frames. By clicking on these highlighted elements, an Internet user is taken to another website or the site is displayed on a screen in a frame. The navigational elements allow numerous websites to be viewed and used quickly and easily and are central to efficient use of the Internet. They are treated as an integral part of the Internet system and there is a common acceptance for including such navigational elements in websites. However, trade mark infringement may occur where such elements include the unauthorised use of trade marks.

2.3.1 Links

The most common method of navigating Internet users from one website to another is links, highlighted references to other documents or resources usually in a form of distinctively styled text. These links direct Internet users to other websites or to other places on the same website. Deep-links are a type of hyperlink that takes users to a specific site or image within another website, as opposed to that site's main or home page.

In the Internet community, there is a commonly accepted 'right to link', i.e. the right of every website owner to include links to other websites on his site. However, where the links include trade marks, trade mark infringement may occur. That may happen when a link, which includes a third party's trade mark, is placed on a website in such a way that the trade mark seems to be linked with the business of the website owner. Moreover, the trade-mark in the link may be located on a website in a disparaging way or in a way which diminishes the reputation of the trade mark. Another possible method of using a trade mark in a link takes place where such a link takes an Internet user to a website which belongs to the trade mark holder's competitor or to a site which includes content disparaging the trade mark.

2.3.2 Framing

Framing allows quick access to the content of additional websites other than the one initially displayed on screen. This is done through the appearance of a site in an additional frame, which is displayed on screen after an Internet user clicks on distinctively styled text, a graphic or other element of the site. Some frames are generated automatically after the Internet user types in a domain name. Instead of taking users to another site, the requested site is brought up on screen in the form of an additional frame.

The highlighted text, which makes a new frame appear on screen, may contain trade marks. Also, the content of the frame may include trade marks or alternatively, information about a trade mark owner's competitor. The use of trade marks in frames may mislead Internet users into believing there is a connection between the content of the frame and the trade mark owner whose trade mark was used in the frame or the site which generated the frame. Moreover, the content of the frame may include information disparaging the trade mark or the trade mark holder's business.

2.3.3 Pop-up ads

The Internet provides various ways of advertising goods and services. Pop-up advertisements can be programmed to appear in conjunction with the use of navigational tools (including framing) in order to display adverts on an Internet user's screen automatically. Usually, such an advert disappears a few seconds after it was displayed but an Internet user may click on it and be directed to the website of the company which placed the advertisement. This kind of advertisement is used to attract Internet users. The Internet user has no choice in whether or not to view the pop-up advertisement. It is displayed on his screen automatically, usually after the Internet user types in a keyword (such as a trade mark) into a search engine. Taking into consideration that pop-up ads usually appear in connection with searches for third parties' trade marked goods or services, these pop-up adverts may constitute trade mark infringement. Whether or not this is the case depends on the context in which a pop-up advertisement appears. For example, placing a pop-up advertisement in such a way that it pops up on a trade mark holder's website for a few seconds may mislead Internet users as to the relationship between the trade mark holder and the pop-up advertiser, especially where the advertisement is surrounded by a third parties' trade marks. This method is often based on search engines and other Internet content providers 'selling' keywords (such as trade marks) to pop-up advertisers and then, with the use of navigational elements, sending Internet users to the website of the advertiser or displaying his site in a frame on Internet users screen's.

2.3.4 Mousetrapping

Mousetrapping uses pop-up advertisements, framing and other navigational elements in order to 'catch' an Internet user into a 'mousetrap'. This method makes an Internet user unable to break the connection with a given website. When an Internet user enters a particular keyword into a search engine, before the results of the search are displayed, a frame or pop-up advertisement is displayed on his screen which does not disappear over time. When the Internet user tries to make the frame disappear, he may click on the 'back' or 'close' buttons. The result is opposite to the one expected. The Internet user is directed to another website, possibly displayed in another frame. Subsequent websites are displayed automatically in response to any on screen action taken by the Internet user. The number of subsequent screens that appear may vary from ten or so to up to fifty. In order to get out of such a 'mousetrap', the Internet user has to close all the frames. The frames usually contain advertisements or pornographic content. Mousetrapping may mislead Internet users as to the relationship between the 'mousetrapper' and the owner of the desired website, usually one owned by a trade mark owner. Moreover, this practice is sometimes used to disparage a trade mark, by discrediting the trade mark owner's website.

3. Conclusions

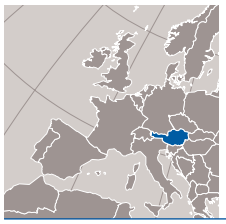
The methods of possible trade mark infringement described above are based on three main mechanisms: (i) unfair registration of domain names, which may include trade marks, (ii) 'invisible' trade mark infringement on the Internet, and (iii) trade mark infringement in navigational elements. These methods occur in addition to 'traditional' methods of trade mark infringement, where trade marks are used in connection with given goods or services.

Trade mark owners are often unaware that their trade marks are used and abused on the Internet. And where they are aware of it, they think they have no legal means to protect their trade marks against such abuse. It is true that in the case of some new methods of trade mark infringement, some of the traditional legal instruments are ineffective. For example, traditional intellectual property law only treats trade mark use in connection with goods or services in the course of trade as trade mark infringement. However, in many jurisdictions, other legal instruments, such as unfair competition law, enable trade mark owners to effectively oppose abuses of their trade marks. Moreover, some countries are beginning to protect both the distinguishing role of trade marks but also their role in advertising. Trade mark infringement that occurs in an advertising context need not necessarily be connected with specified classes of goods or services.

In addition to the above methods of trade mark infringement on the Internet new methods of trade mark infringement are also appearing. The methods described above are already more widely known about due to recent cases and the attempts of several countries to put in place legal remedies to protect trade mark owners against them.

In the USA more Internet based trade mark infringement cases have been settled by courts or arbitration forums than in any other country. Europe, Germany, the United Kingdom and France were among the first countries to react to the problems posed by trade mark infringement on the Internet. Cases heard in these countries indicate that trade mark owners in these jurisdictions can successfully fight abusive practices. One issue which still raises difficult questions is that of jurisdiction, i.e. whether national courts are competent to solve multinational disputes and the extent to which a national court's decision should affect how a locally based website is viewed worldwide.

This publication provides a summary of the possible means by which trade marks can be protected against trade mark infringement occurring on the Internet and assesses their effectiveness in several jurisdictions.



Protection of trade marks used on the Internet: Austria

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1. General

1.1 Austrian Trade Mark Act

According to the Austrian Trade Mark Act:

- trade marks are special signs which serve to distinguish the goods or services of one enterprise from similar goods or services of other enterprises;
- a trade mark may include any sign which may be represented graphically, like words, including persons' names, designs, letters of the alphabet, numbers, sounds, the shape of a product or its packaging, colours and shading, provided that they are capable of distinguishing the products or the services;
- signs which are generally used for a specific kind of goods or services, which are deceptive or which contain representations or consist of flags or other state symbols cannot be registered as trade marks;
- the protection of a trade mark starts with the date of registration in the trade mark register and lasts for 10 years; protection can be renewed by paying a renewal fee every ten years.

Claims available for a trade mark infringement:

- a cease and desist claim;
- a claim for removal;
- a claim for appropriate consideration;
- a claim for damages;
- a claim for the publication of the judgement;
- a claim for restitution of profit;
- a claim for rendering of accounts.

A cease and desist claim may be secured by a preliminary injunction.

1.2 Unfair Competition Act

Under the Unfair Competition Act any offences against 'good morals' are illegal (known as the 'general clause'), for example a breach of contract, exploitation of a competitor's work, comparative advertising, unfair solicitation of customers, price dumping, a boycott or the systematic enticement of employees.

1.2.1 Relevant types of unfair competition actions

- misleading statements about business circumstances;
- dissemination of false allegations about a person's business, the owner of a business or the products of business;
- the use of a business name, the trade name or any specific designation of a business entity or of a business' goods / services in a way which may cause risk of confusion with a name, trade name or the goods of an enterprise or a person.

1.2.2 Remedies

- a cease and desist claim;
- a claim for damages;
- a claim for publication of the judgement.

2. Unfair registration of domain names

Since domain names have been registered there have been about 80 rulings of the Austrian Supreme Court in domain name disputes. Although the popularity of settling disputes via dispute resolution procedures ('DRPs') is increasing, the importance of domain name litigation is still high. Since the Austrian Supreme Court has confirmed that the costs of UDRP-proceedings may be recovered as damages in the Austrian courts, it is likely that many companies will initiate court proceedings after having settled a domain name dispute pursuant to the UDRP.

In its decisions the Austrian Supreme Court has established different levels of protection against domain name registrations which infringe prior rights:

- if the domain is confusingly similar to a registered trade mark;
- if the domain is confusingly similar to a name, company name or business designation;
- in cases of bad faith registration, like domain-grabbing or domain-squatting.

If a domain is confusingly similar to a registered trade mark, the trade mark owner may rely on the Trade Mark Act in order to enforce his rights against the domain name holder. If somebody infringes a trade mark the owner may being a cease and desist claim, a claim for removal, a publication of judgement claim, a claim for appropriate consideration, a claim for damages, a claim for restitution of the profit and a claim for rendering of accounts.

If a domain is confusingly similar to a name, a company name or a business designation, the holder of the prior right may base an action against the domain name holder on section 9 of the Unfair Competition Act. According to section 9, it is prohibited to use a name, company name or a business designation in a way which can cause confusion or the risk of confusion with the name, the company name or the business designation used by the holder of a prior right.

If a domain name registration is made in bad faith (e.g. domain-grabbing, domain-squatting), the holder of the prior right may rely on section 1 of the Unfair Competition Act, which prohibits business methods that are against good morals.

According to Austrian law, the following claims are available to protect prior rights holders against an unlawful registration of a domain name:

- order to cease and desist;
- cancellation of the domain;
- damages;
- publication of the judgement.

A cease and desist order requires the claimant to demonstrate a

likelihood that the domain holder may repeat or continue the infringement. A cease and desist order will be presumed necessary if the domain holder continues to use the domain in defiance of an earlier prohibition by the Austrian court.

Under Austrian law the plaintiff may only request cancellation of the domain. It is not possible to ask for the transfer of the domain to the plaintiff. This can be disadvantageous to the plaintiff, because third parties may, in the meantime, acquire the domain. The Austrian registry 'nic.at' does not give the plaintiff an opportunity to acquire the registration before it is transferred to the general pool. Instead the domain is included in the general pool immediately after the cancellation. If the plaintiff does not react fast enough, a third party may register the domain. This means litigation can be less favourable than using the UDRP, since through arbitration it is possible to ask for a transfer of the domain.

The plaintiff may claim for damages. Following the *delikomat.com* decision a claim for damages in the Austrian courts can include the costs of prior UDRP-proceedings.

In any case the plaintiff may request publication of the judgment.

2.1 Decisions

2.1.1 omega.at (identical prior rights)

In cases where identical prior rights collide, the Austrian Supreme Court does not strictly follow the first-come-first-served principle. This can be seen in the recent decision on the domain name 'omega.at'.

The plaintiff, Omega HandelsGmbH, had registered the domains omega.co.at and omegacom.at. The defendant, Omega Solutions Software GmbH, owned the domain omega.at. Both companies were active in the IT-sector. The court decided that the company name part 'omega', though used for businesses in the IT-sector, was distinctive.

The court did not apply a first-come-first-served principle to domain name registration. It ruled that the right to use the domain 'omega' did not depend on which company owns the prior registration. Instead, the company that has been entered into the Commercial Register first has the prior right to use 'omega' as its company name and may therefore prevent others from registering the domain 'omega'. Since the plaintiff's company had the prior entry in the Commercial Register, the court granted the cease and desist order.

2.1.2 jobcafe.at / jobcafe.de (use in Austria)

The plaintiff was the owner of an Austrian and a German trade mark registration for 'JOBCAFE' dating from 2000 and 2001 respectively. The defendant, a company based in Germany, had registered the domains job-cafe.de, jobcafe.de and jobcafe.at in 1999 and 2000 respectively. The court had to decide whether the defendant could rely on his domains which were only used for German websites, in order to defend himself against the cease and desist claim of the plaintiff.

The court ruled that the domain names could only enjoy protection as a business designation under Austrian law if they were used in Austria. According to the findings of the court the defendant had about 300 customers in Austria. This and the fact that the website was in German was sufficient evidence to establish use of the domain in Austria. The court dismissed the plaintiff's cease and desist claim as the domains of the defendant belonged to him by prior right.

2.1.3 hotspring.at (domain-grabbing I)

The plaintiff was the owner of the Community trade mark and Austrian trade mark 'Hotspring' and the domain name registration hotspring.com. Its retailers owned domain names consisting of the second level domain 'hotspring' and the country code top-level domain. An Austrian retailer, who owned the domain hotspring.at, had transferred the domain name to one of his companies without having obtained the consent of the plaintiff. When insolvency proceedings were opened against

this retailer, the plaintiff initiated proceedings claiming that the retailer was not entitled to use the domain hotspring.at.

The court ruled that the behaviour of the Austrian retailer constituted domain grabbing that was against good morals and therefore infringed section 1 of the Unfair Competition Act. The defendant was liable for the behaviour of the retailer, because he had known that the Austrian retailer had not been entitled to transfer the domain name to him.

Under Austrian law the burden of proof shifts to the plaintiff in domain-grabbing cases who must prove circumstances that show the defendant had no legitimate interest in registering the domain. The defendant then has to prove that he had good reasons for registering the domain. In the hotspring.at-case the defendant was not able to show such reasons. Instead, it seemed that the defendant had registered the domain in order to prevent the plaintiff from using the domain to distribute his products in Austria.

2.1.4 austrian.at (domain-grabbing II)

The plaintiff was Austrian Airlines, the defendant a company that owned the domain name austrian.at, but did not use it. Austrian Airlines brought a claim in respect of domain grabbing, which infringed section 1 of the Unfair Competition Act.

Again, the plaintiff had to prove circumstances that showed the defendant had no legitimate interest in registering the domain. Austrian Airlines succeeded in showing that the defendant hoped to profit from the domain by offering it for sale. The defendant on the other hand was not able to establish good reasons for registering the domain. Consequently, the court granted the cease and desist order.

2.1.5 autobelehnung.at, pfandleihanstalt.at (domain-grabbing III)

The plaintiff was a company called 'APV Autobelehnung-, Pfandleih- und Versteigerungen GmbH'. It had an Austrian trade mark for its company name. The defendant owned the domains autobelehnung.at and pfandleihanstalt.at. The plaintiff claimed domain-grabbing which infringed section 1 of the Unfair Competition Act.

Although the plaintiff managed to establish that the registration had been in bad faith, the court did not grant the cease and desist order. According to the court domain grabbing is not possible where the domain is descriptive. This was the case with 'autobelehnung.at' and 'pfandleihanstalt.at', which mean 'taking cars in pawn' and 'pawn office' respectively.

2.1.6 winsued@kompetenz.at (protection of e-mail addresses)

The plaintiff was the editor of the magazine 'Wirtschaftsnachrichten Süd'. Since 1998 the plaintiff had used winsued@kompetenz.at and win1@kompetenz.at as correspondence email addresses to deal with customers. The defendant was the editor of the magazine 'win.Magazin für Wirtschaft und Erfolg'. Since 2004 the defendant owned a trade mark application for the title of the magazine. The court had to decide whether the defendant was entitled to use the title 'win.Magazin für Wirtschaft und Erfolg'.

The court confirmed that domain names that were used as part of an e-mail address could be distinctive, especially when the e-mail address was used to correspond with customers. Consequently, the plaintiff's e-mail address enjoyed protection under section 9 of the Unfair Competition Act. Since the plaintiff had commenced use of the business designation 'win' by including it in its e-mail address in 1998 and since the trade mark application was dated in 2004, the plaintiff's right took priority. The court therefore granted the cease and desist order.

3. Invisible trade mark infringement on the Internet

In addition to infringement of trade marks by using a trade mark as a domain name, 'invisible' infringement of trade marks also occurs. Invisible infringement means the unauthorised use of a trade mark or a logo in a website, through the use of a meta-tag or keyword-advertising.

3.1 Metatags

Metatags are invisible to the user but distinguishable to a search-engine such as 'google'. Metatagging is the practice of embedding well-known trade marks into the program language of a website. With this practice the domain holder is able to ensure that an Internet user conducting searches against those marks will be automatically directed to the domain holder's site.

The Austrian Supreme Court (OGH) decided that the number of hits a site receives increases when well-known trade marks or names and signs are used. A trade marked name or sign can be used in a metatag if the domain holder has a legitimate interest in using the trade mark, name or sign and if the Internet user gets information about the trade mark, name or sign holder and so no deceptive impression is caused. In this decision the OGH established that the use of a metatag is allowed if the domain holder who distributes a trade marked item uses this trade mark as a metatag (OGH 4 Ob 308 / 00y).

3.2 Wordstuffing

The practice of wordstuffing involves using unauthorised trade marks, names or signs somewhere on a webpage so that they are invisible to Internet users because they are the same colour as the site's background. Search engines recognise the trade marks, signs and names and so locate the domain on Internet searches.

3.3 Keyword-advertising

It is possible for keywords to be registered with search engines or Internet directories so that an advertisement for a website appears when the keyword (which could be a trade mark) is searched for. This allows service providers to attract customers who use search engines.

3.4 'Catch-all' function

The 'catch-all function' is best demonstrated in the Armstark-Whirlpool case, in which the plaintiff had registered the domains 'armstark-whirlpools.at' and 'armstarkwhirlpools.at' and the defendant had a registration for 'whirlpools.at'. Both parties were selling whirlpools. The Internet provider of the defendant used a feature which automatically referred customers who had wrongly typed 'armstark.whirlpools.at' into their browser instead of the correct domain name of the plaintiff, 'armstark-whirlpools.at', into their browser, to the website of the defendant (so called 'catch-all' function).

The court ruled that the use of a 'catch-all' function did not constitute use of 'armstark-whirlpools.at', because the 'catch-all' function was not specifically targeted at the plaintiff's domain. Instead, it eliminated any sub level domain (SLD) that was used in conjunction with whirlpools.at by referring the customers to the defendant's website. Consequently, the use of the 'catch-all' function did not constitute a trade mark or business designation infringement.

However, the court regarded the use of the 'catch-all' function as being against good morals and therefore infringing section 1 of the Unfair Competition Act. According to the court the 'catch-all' function could be compared to a situation where customers were lured away from a competitor's shop. The defendant had reached the same result by using the 'catch-all' function as if he had used the plaintiffs sub level domain 'armstark'.

Although the provider had installed the catch-all function, the defendant was liable for the infringement, because he did not request the provider to cease using the catch-all function.

4. Infringement of trade marks in navigational elements

4.1 Framing

Framing is a process by which users may view multiple web pages on a single display screen in separate frames activated by links between pages. The Unfair Competition Act may be infringed if no advice on the actual creator or the holder of the linked content is made on the website (OGH 4 Ob 248 / 02b).

4.2 Linking

Linking means that a link (connection) from one website to another website is made. An infringement against the Unfair Competition Act or against the Trade Mark Act is possible if the link is set up in such a way that it may be deceptive about the relationship between the two websites or the owners of the two websites, for example that the holders of the websites are commercially connected.

4.3 Deep-linking

Deep-linking means that the user thinks that the content of the linked website is part of the linking website. The Internet user is taken directly into part of the linked website.

An infringement against the Unfair Competition Act may occur if deep-links are set to prevent an Internet user accessing the homepage of the linked website.

5. Conclusions

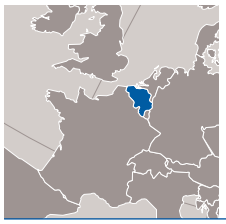
In its decisions, the Austrian Supreme Court has established different sources of protection against domain name registrations which infringe prior rights where the domain is confusingly similar to a registered trade mark, to a name, company name or business designation and in cases of registration in bad faith, like domain-grabbing or domain-squatting.

If a domain is confusingly similar to a registered trade mark, the trade mark owner may rely on the Trade Mark Act in order to enforce his rights against the domain name holder.

If a domain is confusingly similar to a name, a company name or a business designation, the holder of the prior right may rely on section 9 of the Unfair Competition Act to take action against the domain name holder.

If a domain name registration is in bad faith (e.g. domain-grabbing, domain-squatting), the holder of the prior right may rely on section 1 of the Unfair Competition Act, which prohibits business methods that are contrary to good morals.

Authors: Egon Engin-Deniz and Gabriela Partik



Protection of trade marks used on the Internet: Belgium

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1. General

1.1 Industrial property law

1.1.1 The new Benelux Convention on Intellectual Property came into force on 1 September 2006. It governs the protection of trade marks and designs for Belgium, the Netherlands and Luxembourg. The former Benelux Trade Marks Office and Designs Office have been abolished and their powers have been assigned to the new Benelux Office for Intellectual Property ('BOIP'). The home page of the BOIP is www.boip.int.

1.1.2 There are two types of trade marks in Benelux: individual trade marks and collective trade marks. Both must be registered before they grant protection to a proprietor. Benelux does not recognise non-registered, common law trade marks.

Trade names are protected in Belgium according to article 8 of the Paris Convention. According to the Belgian Supreme Court *(Cour de Cassation* or *Hof van Cassatie)*, the national courts may only protect a trade name as an industrial property right under the Paris Convention in case there is a likelihood of confusion.[1]

1.1.3 A Benelux trade mark shall confer on the proprietor exclusive rights therein. Notwithstanding the application of the common law of torts, the proprietor of a trade mark shall be entitled to prevent any third party not having his consent from using:

- any sign which is identical with the trade mark and which is used in the course of trade in relation to the same goods or services as those for which the trade mark is registered;
- any sign where, because of its identity with or similarity to the trade mark and because of its use in the course of trade for the same or for similar goods or services as those covered by the trade mark, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark;
- any sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in Benelux and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark;
- any sign which is identical with or similar to the trade mark and which is used other than to distinguish products or services, where such use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

[1] Cass., 21 June 1993, Pas. 1993, I, p. 606 and T.B.H., 1994, p. 153

1.1.4 The most immediate remedy for trade mark infringement is obtaining injunctive relief. Injunctive relief proceedings must be initiated according to the Belgian Judicial Code and be obtained via proceedings on the merits, via summary proceedings or via injunctive relief proceedings under the Trade Practices Act (if the alleged infringer is a seller – which is most often the case).

The Benelux Convention provides for more remedies:

- compensation for all damage caused by the infringement;
- in case of an infringement in bad faith, the trade mark owner may also demand all profits resulting from the infringement as well as holding the infringer accountable for such profits; the court is entitled to dismiss this claim if it is not justified in the circumstances;
- in case of an infringement in bad faith, the trade mark owner may also demand the transfer or the destruction of movable goods that are used to infringe his rights or to produce infringing goods; the same applies to revenues obtained by the infringer as a result of the infringement; the court may order that the transfer occurs if compensation is paid by the plaintiff;
- the court may order that the infringer provides information to the trade mark owner regarding the origin of the goods used for the infringement and regarding all other facts in this regard.

In addition to the remedies provided for in the Benelux Convention, Belgian law offers more remedies:

- criminal sanctions (fines and imprisonment in case of infringement in bad faith – Act of 1 April 1879);
- attachment of infringing goods via ex parte proceedings (*saisie description* or *beschrijvend beslag*); this particularly useful remedy was opened up to trade mark owners by the decision of the Belgian Constitutional Court of 9 January 2002[2].

1.2 Trade Practices Act (unfair competition law)

The Trade Practices and Consumer Information and Protection Act of 14 July 1991 (TPCA) may also be used to act against an unlawfully registered domain name.

The courts have ruled that the registration of a domain name to prevent a third party from registering and using a domain name may constitute a breach of fair trade practices. By its decision of 1 April 1998, the Brussels court of appeal found that the registration of the domain name Tractebel.com by Belgian and American defendants infringed upon the rights of the Belgian company Tractebel. The court issued an injunction on the basis of article 93 of the Act, which prohibits unfair trade practices in general.[3]

If a domain name is used for a website, the domain name may create confusion in the mind of the visitors of the domain name. Consumers may be confused about the origin of the goods or services offered via the website. In this case the domain name and the website may constitute unlawful advertising under the Trade Practices Act.

The registration of a domain name identical or similar to another party's trade marks, trade names or other distinctive signs may also constitute a case of passing off. If the registrant tries to gain visitors to his website because the visitors will be attracted by the third party's distinctive signs, this constitutes an unlawful free ride on that third party's rights.

[2] Arbitragehof / Cour d'Arbitrage, 9 January 2002, case 2 / 2002, n° 2070, available at www.arbitrage.be
[3] Brussels, 1 April 1998, Jaarboek Handelspraktijken 2002, p. 467

2. Unfair registration of domain names

2.1 The Belgian Anticybersquatting Act

On 26 June 2003 the Belgian Parliament adopted the Act regarding the unlawful registration of domain names. Cybersquatting is defined in this Act as:

- the registration without a right or legitimate interest to a domain name, with the purpose to harm a third party or to take unfair advantage of the domain name, provided that the domain name is identical or confusingly similar to, amongst others, a trade mark, a geographical indication or indication of origin, a trade name, an original work of authorship, the name of a company or of an association, a personal name or the name of a geographical entity belonging to someone else.

The Belgian Anticybersquatting Act is applicable to all '.be' domain names, whether they are registered by residents or by non-residents of Belgium, and to names of other domains ('.com', '.eu', '.fr',…) if the registrant is established in Belgium. In a decision of the president of the court of first instance of Brussels of 11 May 2004, the court applied the Anti-cybersquatting Act to the domain names 'VlaamseGemeenschap.tk' and 'Vlaanderen2003.tk'. The '.tk' domain is a country code Top Level Domain that refers to the island of Tokelau. The court found that there was no unlawful registration of the domain names that referred to the Flemish Community in Belgium and that were registered by a former civil servant.[4]

Under the Anticybersquatting Act not only trade marks are protected but also geographical indications or indications of origin, trade names, original works of authorship, the names of companies or associations, personal names and the names of geographical entities. The list of protected signs is not exhaustive; also other signs such as the titles of books or films, the names of events, the names of characters, etc are protected.

The plaintiff must show that the registrant's domain name is identical or confusingly similar to the distinctive sign in which he has rights and that it has been registered without a right or legitimate interest to the domain name, with the purpose to harm a third party or to take unfair advantage of the domain name.

In case of an unlawfully registered domain name, the plaintiff can initiate injunctive relief proceedings with the president of the commercial court or of the court of first instance, depending on whether the defendant is a trader or not. The president of the court will reach a decision in approximately 6 to 12 weeks. He can order the transfer or the cancellation of the domain name, but cannot award any

[4] Pres. Court First Instance Brussels, 11 May 2004

damages. For damages, the plaintiff must initiate legal proceedings on the merits of the case.

2.2 The alternative dispute resolution policy for '.be' domains

The registration of 'be' domain names requires acceptance of the general terms and conditions of DNS Belgium which include an Alternative Dispute Resolution Policy (see www.dns.be).

All '.be' domain name disputes will be settled by the Belgian Centre for Arbitration and Mediation CEPINA. Decisions are drafted in English if the domain name registrant chose this language as the language for ADR proceedings.

If the panel decides to transfer the domain name to the Complainant, then DNS Belgium will do so unless the registrant obtains an order from the regular courts not to transfer the domain name within 30 business days.

3. Invisible trade mark infringement on the Internet

The Belgian courts have ruled that using a trade mark in the invisible code of a website constitutes trade mark use for which the consent of the trade mark owner is required. Unlawful use of a trade mark in metatags may constitute an unfair trade practice and lead to injunctive relief.

In the first case, the president of the commercial court of Brussels enjoined the young telecom operator Intouch from using the well-known mark BELGACOM in the metatags of the Intouch website. Belgacom is the incumbent telecom operator and the biggest competitor of Intouch. The argument that the metatags were inserted by the web designer without Intouch's knowledge was dismissed by the court. The court correctly found that the use of the BELGACOM trade mark was made by Intouch, even if Intouch had hired a third party to design the website. Whether or not the web designer inserted the metatags without Intouch's knowledge is a matter that is irrelevant to Belgacom.

In another case the court of appeals of Antwerp ruled that it is unlawful to integrate the name of a competitor in the metatags of a website. It constitutes an unfair trade practice to use a competitor's name in metatags.

4. Infringement of trade marks in navigational elements

There is no case law in Belgium regarding ad words (navigational elements used for advertising purposes), but legal scholars have argued that where a company is selling ad words that are identical or similar to existing trade marks, this is a use of the trade mark for which consent is required.

5. Conclusions

The courts have become aware that the Internet offers many possibilities for malicious parties to harm the trade marks and other distinctive signs of right owners. Fortunately, the courts have quickly decided that acts like cybersquatting and unauthorised use of trade marks in metatags are unlawful and have granted injunctions on the basis of unfair competition laws. The Belgian Trade Practices Act has proved to be a good instrument to obtain injunctive relief against cybersquatters and other unlawful acts.

Also the Belgian legislature has intervened by adopting the Belgian Anticybersquatting act in 2003. Many cases have used this act to protect intellectual property rights owners.

Author: Tom Heremans

Protection of trade marks used on the Internet: Bulgaria

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1. Trade marks in Bulgaria

According to the Bulgarian Patent Office (the 'BPO') nearly 8,600 trade marks were registered in Bulgaria last year and twice as many registration applications were submitted. Since 2005 the number of registered trade marks in Bulgaria has quadrupled.

2. Legislation and treaties

Trade marks are governed under the Law on Marks and Geographical Indications of 1999 (the 'LMGI'). The LMGI entered into force in December 1999 and replaced the Trade Marks and Industrial Designs Act of 1968, which was failing to reflect economic conditions.

2.1 Law on Marks and Geographical Indications

According to the LMGI 'marks' are 'signs which are capable of distinguishing the goods or services of one person from those of other persons, and can be presented graphically'. The definition lists specific examples, and namely that 'such signs can be words, including names of persons, letters, numerals, drawings, figures, the form of an article or the packing thereof, a combination of colours, sound or any combinations of the above'.

The marks, according to LMGI, may be trade marks, service marks, collective marks or certification marks. As of August 20 2006, substantial amendments to the LMGI entered into force. New provisions have been added introducing the following new types of trade marks: common trade marks and well-known trade marks.

2.1.1 Trade marks can be infringed by:

- the use of the trade mark sign in the course of trade without the consent of the right holder;
- unlawful affixation of the trade mark to a material intended to be used for labelling or packaging, for business papers or for advertising of goods or services without the consent of the right holder;
- machinery or equipment expressly intended or adapted for reproduction of the mark, if the said machinery or equipment will be used to manufacture goods or material intended to be used for labelling or packaging, for business papers or for advertising of goods or services without the consent of the proprietor of the trade mark.

2.1.2 Enforcement

In Bulgaria, there are no specialist IP courts. Cases involving the infringement of trade mark rights fall under the jurisdiction of the Sofia City Court. The procedure progresses through three instances and usually

takes around three to four years. The cost of litigation is comparatively low. The plaintiff can seek:

- establishment of the fact that infringement has occurred;
- the infringing act be suspended;
- compensation (damages) for loss suffered;
- confiscation of the infringing goods, as well as the means used to commit the infringement;
- delivery of the infringing goods;
- a refund of the expenses associated with the storage and destruction of the infringing goods from the infringing party;
- publication of the court decision in two daily publications at the infringer's expense.

A special regime for imposing interim injunctions on suspected infringers, which makes the whole enforcement system faster and more effective, was introduced by recent amendments to the LMGI. However the new rules are suited to apply in cases of trade mark infringement in relation to goods and products and not for cyberspace infringements.

Where trade mark infringement occurs, it is recommended that the rights holder initiates an administrative procedure before the BPO. The procedure is executed by BPO experts, and is comparatively fast and cost effective (the official fee is € 250). The evidence collected can be easily used in subsequent court proceedings.

The Bulgarian Criminal Code includes provisions on trade mark infringement. The available penalties are the confiscation of the infringing goods, imprisonment of up to three years and fines. If the infringing act does not constitute a crime, the prosecutor will initiate administrative proceedings before the BPO.

2.1.3 Remedies

The court can:

- order cessation of the infringement;
- order that the consequences of the infringement be redressed;
- order that compensatory damages be paid (i.e. damage incurred and lost profits);
- order the seizure and destruction of infringing objects; and
- order publishing an appropriate statement in the press and television with national coverage.

2.2 Unfair competition

Actions before the Commission for the Protection of Competition are very effective. The commission is an independent administrative body, which may issue a decision ordering the suspension of the infringing act and imposing a fine. If the infringement continues after the commission has issued its decision, the fine will increase. The procedure is fast and the commission's members are experts. A commission decision may be appealed before the Supreme Court, so a final decision suspending the infringement can be obtained within two years.

2.2.1 The Law on Protection of Competition of 1998 (the LPC) covers the following:

- types of activities which constitute an act of unfair competition;
- remedies.

2.2.2 Types of activities which constitute unfair competition with regard to use of trade marks and trade names in business activities are:

- any activity in violation of law or good practice, if it threatens or impairs the interest of another entrepreneur or customer (general clause);
- any designation of an enterprise which may mislead customers as to its identity through the use of a trade name, name, logo, abbreviation or other characteristic symbol previously used, in accordance with the law, for the designation of another enterprise;
- such designation of goods or services or the absence thereof, which may mislead customers as to their origin, quantity, quality, components, production methods, usefulness, repair, maintenance or other important features of the goods or services as well as concealing risks connected with their use;
- dissemination of untrue or misleading information (relating in particular to goods manufactured or services provided) about one's own enterprise or about another entrepreneur or his enterprise in order to benefit from it or to cause damage;

- advertising, which misleads customers and thus potentially influences their decisions on acquiring goods or services.

2.2.3 Remedies

A court can:

- order cessation of the prohibited acts;
- order that the consequences of the prohibited acts be redressed;
- impose administrative fines.

3. Unfair registration of domain names

3.1 The registration of domain names in Bulgaria gives holders the right to use the name in a .bg country code top level domain **('TLD')**. There are no prohibitions that a domain name cannot be commercially traded. There is no legislation dealing specifically with domain names and the domain name registry. The company that provides .bg domain names registrations is a private entity – Register.bg. To register a .bg domain name the applicant does not need to be a legal or natural person in Bulgaria. An applicant could be a foreign entity, in which case an application or registration for a trade mark in Bulgaria is required.

3.2 According to the 'Registration Rules' of the provider of .bg domains there are 'reserved' names. These include the names of towns and villages which are reserved for their respective municipalities or district governors and the names of countries which are reserved for their respective embassies or consulates. When a requested name is already in use, or appears to be claimed by another applicant, another name should be chosen (for example such names as IBM.BG and COCA-COLA.BG are protected by this requirement). In addition to this the Registry has reserved the following names: bgnic.bg, bg-nic.bg, nic.bg, register.bg, domain.bg, Internet.bg. When a name is requested and the Registry believes such a name is likely to lead to confusion, another name should be chosen. Names containing obscene and / or offensive words or phrases cannot be registered as they are contrary to public interests and good practice.

3.3 The application for registration of domain names is recorded on a publicly accessible database. However there are no opposition procedures to oppose such applications prior to registration. Third parties can only seek a court order to cancel a registered domain. We are not aware of any court cases which have dealt with the cancellation of domain names, including where they conflict with trade marks.

3.4 The .bg provider has no accepted arbitration procedures. The process by which applicants can appeal refusal to register a domain is not regulated and is carried out in accordance with the general provisions of court appeal.

3.5 Generic TLDs and their registration are not subject to any regulatory control in Bulgaria.

3.6 The LMGI mentions 'use in trade activity' of the marks in two cases: (i) where the details of the right to a registered trade mark are defined; and (ii) where revocation of a registration for non-use of the mark is provided for. The LMGI provides a definition of the concept of 'use in trade activity'. This is: (i) placing a trade mark on goods or on packages thereof; (ii) offering the marked goods for sale, including on the market, as well as offering or providing services under such a trade mark; (iii) the import or export of marked goods; and (iv) use of the trade mark in business papers and in advertisements.

3.7 The scope of application of the phrase 'use in trade activity' is consistent with the general understanding of the use of trade marks as provided for in the laws of other European countries too. In addition to the above-mentioned cases, 'use in trade activity' also includes: (1) use of the trade mark in a way that does not appear significantly different from the appearance for which the registration has been granted, and; (2) placing the trade mark on the goods or packages thereof in the territory of Bulgaria, independently of the fact that they are designated for export.

3.8 All of the above provisions, however, have been formulated for application in a real environment and surrounded by national borders. There is a question as to whether hosting a domain name, coinciding with a registered trade mark, for or in a website, constitutes the 'use of the trade mark' according to the above-stated texts of the LMGI. At first glance the response is a simple one – this is a use in advertising – a case stated explicitly in the LMGI.

3.9 Bulgarian industrial property law is applicable to trade mark infringement in Bulgaria. Where trade marks are included in domain names, assessing whether a trade mark has been used in Bulgaria is not as simple as just ascertaining that the domain name in question has the .bg ccTLD or that the website connected with the domain name is only accessible in Bulgaria. Nevertheless, no strict rules have been determined in this respect. Each case must be assessed individually, taking into account, among others, whether an offer was made to Bulgarian customers on the Internet, whether the offer was in Bulgarian and whether the goods or services presented on the Internet site are accessible to Bulgarian customers.

3.10 According to current court practice, where domain names that infringe trade marks are unfairly registered, trade mark proprietors are granted protection pursuant to the provisions of the Law on Protection of Competition ('LPC'). There have been previous decisions in relation to cybersquatting, where the Commission for the Protection of Competition has held that the rules of bona fide trade practice have been infringed, as provided by art. 33, paragraph 2 of the LPC. The Supreme Administrative Court has further confirmed some relevant decisions of the Commission for Protection of Competition. In Decision No. 7509 dated 5th July 2006, the Supreme Administrative Court supported the decision of the Commission for the Protection of Competition with the following arguments: in order to demonstrate that there has been an infringement of art. 33, paragraph 2 of the LPC there must be: 1) a domain with an identical name to the name of the registered trade mark; 2) the domain name has been used for identification in the course of offering goods and services, identical or similar to those identified by the protected trade mark; 3) the domain is located on a web-site accessible by Internet users in the country in which the proprietor of the trade mark is entitled to receive protection.

4. Invisible trade mark infringement on the Internet

4.1 Invisible trade mark infringement refers to use of trade marks in metatags and keywords. Metatags are special HTML tags that provide information about a webpage while the keywords are words or indexes of a specific website, which can be either visible or invisible. The metatags and keywords are used by search engines when they search for relevant web pages. Internet users may be misled and deceived when searching for products and / or services bearing specific trade marks with respect to the relationship between the website containing unauthorised metatags and keywords and the proprietor of the trade mark.

4.2 Where invisible trade mark infringement occurs on the Internet the proprietor of the trade mark may seek protection under the LMGI, to the extent that the trade mark has been used to advertise goods and services without the prior consent of the proprietor of the trade mark. As there is still no established court procedure covering invisible trade mark infringement on the Internet, it is difficult to say how difficult it will be for a proprietor of trade marks to prove the illegal use of a trade mark in metatags and keywords and to prove that customers were misled.

4.3 The proprietor of a trade mark is also entitled to seek protection against invisible trade mark infringement pursuant to the provisions of the LPC as unfair competition. A claimant can base a claim on the grounds of art. 33 of the LPC claiming that the use of the trade mark in metatags and keywords is deceptive and misleading for customers and may damage the interests of the proprietor of the trade mark, or that the use of the trade mark in this manner damages the interests of competitors and consumers. At present there are still no confirmed decisions by the Commission for Protection of Competition for invisible trade mark infringement on the Internet, so it is difficult to assess how effective such protection will be.

5. Trade mark infringement in navigational elements

5.1 Trade mark infringement in navigational elements includes framing and linking using simple and deep linking. These two practices have not been reviewed by the Bulgarian courts in trade mark infringement cases to date.

5.2 As navigational elements can refer website users to another document or a website different to the one they are viewing, they can be misleading and deceptive to customers and users. They may mislead users into believing that the

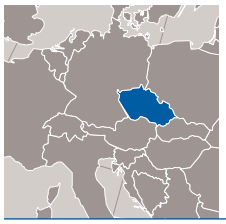
linked or framed website is in some way associated with the business of the proprietor of a certain trade mark. The most efficient protection for the proprietor of a trade mark in such cases is protection granted pursuant to the provisions of the LPC, namely the provisions for unfair competition. The proprietor of a trade mark may claim damages in relation to its interests and the interests of consumers under art. 33, paragraph 2 of the LPC.

6. Conclusions

6.1 The measures which protect trade mark owners from infringement in the LGMI are geared towards so-called traditional methods of infringement and protection. They provide protection in the real environment, where the use of trade marks is associated with the transportation and offer of goods and services.

6.2 In terms of trade mark infringement on the Internet the unfair competition rules are proving to be more efficient at providing protection than the LGMI. A proprietor of a trade mark can seek protection pursuant to the LPC. Protection can be sought from the Commission for Protection of Competition in the first instance and its decisions can be considered by the Supreme Administrative Court on appeal.

Authors: Boris Smolyanov and Boyana Bounkova



Protection of trade marks used on the Internet: Czech Republic

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1. General

Czech law includes two types of protection to owners of trade marks whose rights have been infringed by the registration of a domain name or by another procedure on the Internet. It is possible to seek protection directly pursuant to regulations concerning trade mark rights. It is also possible to protect oneself under the rules on unfair competition.

1.1 Trade marks

1.1.1 The Act no. 441 / 2003 Coll., on trade marks (the 'Trade Marks Act') covers in particular the following:

- definition of trade marks;
- types of trade marks protected;
- circumstances of trade mark infringement.

In addition, the Act no. 221 / 2006 Coll., on remedies related to intellectual property rights (the 'Remedies Act') regulates the remedies available for trade mark infringement.

1.1.2 Trade mark rights

Pursuant to Czech law, a trade mark owner has the exclusive right to use a trade mark in relation to products or services in respect of which the trade mark is protected.

1.1.3 Circumstances of trade mark infringement

Generally, in business relations nobody is allowed to use, without the consent of the owner of the trade mark:

- a designation identical with a trade mark for products or services for which the trade mark is registered;
- a designation which is likely to confuse the public due to it being identical or similar to a trade mark and due to the products or services being identical or similar to products or services designated by the trade mark and designation;
- a designation identical or similar to the trade mark for products and services that are not similar to those for which the trade mark is registered but the trade mark has a 'good reputation' in the Czech Republic.

1.1.4 Remedies

Remedies include:

- withdrawal, permanent removal or destruction of products breaching the trade mark rights;
- cessation of the infringement;
- redressing the consequences of the infringement;
- surrender of unlawfully obtained profits;
- compensatory damages;
- criminal law sanctions.

1.2 Unfair competition

1.2.1 Section 44 of the Act no. 513 / 1991 Coll., of the Commercial Code provides the following:

1.2.2 General definition

Pursuant to the Commercial Code, an unfair competition act is an act breaching good competition morals

and capable of causing harm to other competitors or consumers (the general clause). Unfair competition is prohibited.

1.2.3 Types of activities which typically constitute unfair competition with regard to the use of designations protected by trade marks in a business activity are:

- Misleading advertising
  Misleading advertising is the dissemination of facts concerning one's own or a third-party's company, its products or performance, that is capable of misleading and that benefits one's own or a third-party company to the detriment of other competitors or consumers.
- Misleading designation on products and services
  A misleading designation on products and services is any designation that is capable of misleading people in business relations that the products or services so designated come from a certain country, region or place or from a certain manufacturer and / or that they have special typical features or some special quality.
- Causing confusion
  The use of a company's name which is already lawfully used by another competitor or the use of a designation or a design of products or services that is perceived as typical of a certain company among customers (e.g. also the design of packaging, forms, catalogues, advertisings) or an imitation of a third-party's products, their packaging or performance, if such acts could cause confusion in relation to a different company.
- Abusing the reputation of a company or the products or services of another competitor
  'Abusing reputation' means using the reputation of another entity, its products or services with the aim of achieving a benefit for one's own or a third-party's business activities that would not otherwise be achieved by the competitor.

The above is not an exhaustive list of possible acts of unfair competition in relation to the use of trade marks. Any acts meeting the merits of the general clause (see also below) can also be considered unfair competition.

1.2.4 Remedies

Available remedies include:

- cessation of the unlawful acts;
- redressing the consequences of the unlawful acts;
- compensatory damages;
- surrender of unlawfully obtained profits;
- criminal law sanctions.

2. Unfair registration of domain names

2.1 Trade mark infringement

Trade mark infringement by the registration of an identical or a similar domain name is quite common. Pursuant to the Trade Marks Act, trade mark protection is only possible in relation to the use of the same or a confusingly similar designation for identical or similar products or services and only in a business relations context. Only trade marks *having a good reputation in the Czech Republic* are an exception to this rule as they enjoy, subject to compliance with statutory conditions, protection in relation to all products and services. As a result, trade mark protection is effective only for a certain group of products and services. If a trade mark is registered by an entity e.g. for books, and another entity registers an identical or similar domain name for a website offering fabrics, the owner of the trade mark will probably not be able to

seek trade mark protection. Naturally, this does not exclude another type of protection, against unfair competition (please see below).

The Trade Marks Act sets out the conditions for the use of a designation in business relations. The necessary connection to business relations means that it is not possible to gain trade mark protection against persons registering domain names purely for private purposes. The majority of domain names used by cybersquatters or typosquatters are not connected with any business activity. The websites connected with such domain names are often left blank or include content not related to the trade mark. If, however, the domain name is to become the subject matter of a deal (i.e. a speculative registration or domain grabbing, as the case may be), such behaviour may be considered behaviour in business relations with all the associated consequences.

An issue arises whether or not mere registration corresponds to the notion of 'designation use' and whether it may infringe upon the rights of a trade mark owner. In many cases, the notion of 'use', however, may be understood to include mere registration without having to provide contents of a website. The domain name mainly serves a communication purpose and as such the address is used in communication and advertising, i.e. in business relations, even without real contents.
Please note that Czech trade mark law is applicable to trade mark infringement that occurs in the Czech Republic. Where trade marks are included in domain names, assessing whether a trade mark has been used in the Czech Republic is not as simple as just ascertaining that the domain name in question is registered as a .cz TLD or that the website connected with the domain name is only accessible in the Czech Republic. However, no strict rules have been determined in this respect. Each case must be assessed individually, taking into account, among other things, whether an offer was made to Czech customers on the Internet site, using the Czech language and so on.

2.2 Unfair competition

Unfair competition regulations also provide some protection to trade mark owners. Protection based on unfair competition is much wider than the protection provided under the Trade Marks Act. It may be applied in all cases where registration of a domain name has infringed upon the right of the designation owner but, for various reasons, trade mark protection cannot be used. Protection from unfair competition may be applicable to all competitors notwithstanding whether or not the competitor offers identical or distinctive products and services. It is possible, under certain circumstances, to seek protection of a designation registered for entirely distinctive products or services (for comparison, see above the section on trade marks).
Also, unfair competition regulations protect designations that are not registered as trade marks in the Czech Republic and, therefore, trade mark protection cannot be applied to them. Using provisions concerning unfair competition, it is also possible to protect oneself against unauthorised registrations of domain names identical with or similar to, for example, names of companies, products or services not formally registered as trade marks.

Where domain names are registered unfairly, which may also include trade mark infringement, trade mark owners may claim that the general unfair competition clause was violated, as well as the relevant provisions of the Trade Marks Act.

The following three basic conditions must be met to seek unfair competition protection against an entity unjustly registering a domain name:

- the domain name registration must be an economically competitive activity;
- the registration is contrary to good competition morals;
- the registration is capable of causing harm to other competitors or consumers.

If the registration of a certain domain name meets all of the above criteria, all the claims referred to above may be exercised, notwithstanding whether or not the registered domain name is identical to or confusingly similar with the

registered trade mark. It needs to be noted that, in particular, the expression 'contrary to good competition morals' is relatively wide and needs to be applied reasonably in each case.

3. Invisible trade mark infringement on the Internet

The use of trade marks in metatags, keywords and other invisible elements of websites does not automatically constitute abusive trade mark use or an act of unfair competition. Invisible infringement of trade marks may take place where the trade marks are used to mislead an Internet user in relation to the relationships between a trade mark and an Internet site using metatags or keywords or to show adverts of the trade mark owner's competitors every time the trade mark is typed into a search engine.

In most of these cases, it will not be possible to rely on the relevant provisions of the Czech Trade Marks Act and thus demand trade mark protection but it may be possible to seek protection under the relevant provisions on protection against unfair competition.

4. Trade marks infringement in navigational elements

Navigational elements are very important for the effective operation of the Internet. Whether trade mark infringement has occurred in connection with the use of navigational elements should always be ascertained taking into account the role of these elements in a network. The existence of alleged consent for linking and framing does not mean that they may be used in any way, especially where links or frames include or relate to third party trade marks. Where the use of such navigational elements constitutes an abusive use of trade marks the following covenants apply.

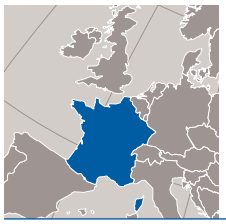
In most cases, it will not be possible to rely on the relevant provisions of the Czech Trade Marks Act to demand trade mark protection but it may be possible to seek protection under the relevant provisions on protection against unfair competition.

Similarly to the practices of invisible trade mark infringement, the use of links and frames is connected with certain, content bearing, Internet sites. Therefore, proving that the use of trade marks in navigational elements was in the course of a business activity should not cause a trade mark owner too many problems.

5. Conclusions

Traditional methods of trade mark protection under Czech Trade Marks Act may not always be effective for the protection of trade marks on the Internet, where their use is not strictly connected with presenting goods or services or is not directly linked to products and services in respect of which the trade mark is registered. In this respect only reputable trade marks are protected regardless of their relation to any goods or services. Until this situation changes, a trade mark owner may use the relevant provisions on unfair competition to protect his trade marks against them being unfairly registered in domain names, invisibly infringed or used in navigational elements. This legislation provides for both civil and criminal law sanctions. As a result, trade mark owners have a wider range of sanctions with which to deter infringement of their trade marks on the Internet.

Authors: Antonin Kazda and Jaroslav Tajbr



Protection of trade marks used on the Internet: France

Table of contents

1. General

1.1 Industrial property law

1.1.1 With respect to trade mark protection, the French Intellectual Property Code (hereinafter 'the Code") covers the following matters:

- types of trade marks protected;
- circumstances of the trade mark infringement;
- infringement action and remedies.

1.1.2 Types of trade marks

A trade mark or a service mark is a sign capable of graphical representation, which serves to distinguish the goods or services of a natural or legal person.

The following, in particular, may constitute such a sign:

- denominations in all forms, such as: words, combinations of words, surnames and geographical names, pseudonyms, letters, numerals, abbreviations;
- audible 'signs' such as: sounds and musical phrases;
- figurative signs such as: devices, labels, seals, selvages, relieves, holograms, logos, synthesised images, shapes, particularly those of a product or its packaging, or any sign identifying a service, arrangements, combinations or shades of colour.

The signs may constitute trade marks, provided that they are capable of distinguishing the products or services designated through their registration.

1.1.3 Circumstances of trade mark infringement

The following shall be prohibited, unless authorised by the owner:

- the reproduction, use or affixing of a trade mark, even with the addition of words such as: 'formula, manner, system, imitation, type, method' or the use of a reproduced trade mark for goods or services identical to those designated in the registration;
- the reproduction, use or affixing of a trade mark for goods or services similar to those designated in the registration if such use would create a risk of public confusion;
- the use of a sign identical or similar to a well-known trade mark, even in respect of goods or services not similar to those designated in the registration, if such use could be detrimental to the owner of the well-known trade mark or constitutes an unfair use of such trade mark.

1.1.4 Infringement action / remedies

- civil infringement proceedings should be brought by the owner of the trade mark; however, the beneficiary of an exclusive right of exploitation may bring infringement proceedings, unless otherwise laid down in the contract, if after formal notice

the owner does not exercise such right;
- any party to a licensing contract shall be entitled to participate in infringement proceedings instituted by another party in order to obtain indemnification of the loss that he has personally sustained;
- infringement proceedings shall be time-barred after three years;
- no proceedings based on infringement by a subsequently registered trade mark the use of which has been tolerated for five years shall be admissible, unless the registration was applied for in bad faith; however, such non-admissibility shall be limited to those goods and services in respect of which the use of the trade mark has been tolerated.

Remedies:
- prevention of further infringement;
- indemnification of damages;
- publication of the judgment in the press;
- where applicable, criminal sanctions.

1.2 Unfair competition

1.2.1 In order to be successful, an unfair competition action must comply with the triple requirement of article 1382 of the French Civil Code. An unfair competition action is based on tort law. The defendant may be found liable under civil law if (i) the wrongdoer committed an actual tort, (ii) the victim has suffered a loss, (iii) a direct link can be established between the loss and the tort.

1.2.2 The use of a trade mark will be deemed to be unfair competition, where the trade mark is used:
- in order, or in a way likely to create confusion with the signs of third parties, their activities or their products;
- in order to disparage, or in a way resulting in the disparagement of a competitor's products or image;
- in order to slavishly copy a competitor's trade mark, name, logo or product;
- in order to unduly make profits by trading on a competitor's goodwill, or to use, in an unfair way, someone's rights in and to a trade mark or logo.

1.2.3 The owner of the trade mark can bring an unfair competition action, provided that such an owner is also a competitor of the defendant. If the parties to the claim are not competitors, the owner of the trade mark can bring his action on the grounds of piracy, a tort, which is also based on Article 1382 of the French Civil Code and consists in unduly making profits by trading on another company's goodwill.

Remedies:
- enjoining the unlawful actions;
- indemnification of damages;
- where applicable, publication of the judgement.

2. Unfair registration of domain names

2.1 Domain names are not governed by a particular provision of the Civil Code, and their legal status is mainly defined by case law. French courts agree to consider domain names as distinctive signs and to apply the rules governing trade names to them. Domain names identify entities on the Internet, just as trade names identify entities in the real world. Any unauthorised use of a domain name that integrates an existing trade mark may give rise to a trade mark infringement or an unfair competition action.

2.2 Domain names with the '.fr' TLD are allocated and managed by AFNIC (French Network Information Centre) which is a non-profit organisation governed by the Act of 1 July 1901. AFNIC has prepared a set of rules governing the registration and maintenance of domain names (the 'Charter') aimed at ensuring, in particular, applicants' compliance with intellectual property rights. This naming charter was recently amended (20 June 2006), and the allocation of domain names is now based on a 'first come first served' basis (the applicant no longer has to provide evidence of its right to use the sign he intends to have registered as a domain name), provided that:

- if the applicant is a corporate entity, its headquarters are located in France or the applicant has certain premises in France and can be identified in certain electronic databases establishing that the entity has a link with France;
- if the applicant is an individual or a corporate entity holding a trade mark registered with the institute of industrial property or a community trade mark, or an international trade mark targeted specifically at the French market;
- if the applicant is an individual (an adult) who has an address in France.

2.3 The Charter provides that a domain name may not infringe third-party rights, in particular intellectual property rights. The applicant bears sole responsibility for checking the requested domain name's compliance with third parties' rights. Aside from the traditional legal channel, two alternative dispute settlement procedures are operated in respect of *.fr*, designated by the acronym, *'ADR for .fr'*.

2.4 When the request covers the registration of a domain name, and the applicant subscribes to the Charter, the registrant of the domain name undertakes to comply with these procedures.

2.5 A complaint can be filed before an ordinary court. Cybersquatting has now been condemned for a long time by courts of law on grounds of trade mark infringement or unfair competition.

2.6 Some courts in their decisions have admitted that the registration of domain names could give rise to an action on grounds of an action in 'fraud', as such registration would constitute an 'instrument of fraud' in the hands of anyone other than the legitimate owner.

2.7 The Court of Paris *(Tribunal de Grande Instance)* therefore convicted, on January 2001, an employee of the broadcasting entity Radio France of fraud. Following an internal briefing within the broadcasting company, announcing the creation of 'France Bleu' – followed by the registration of the domain name 'francebleu.com' – the employee registered the following names: 'francebleue.com' and 'france-bleue.com'. The judges, having dismissed the possibility of an incidental registration of the names, ordered their annulment on the grounds of fraud. The court emphasized the employee's intention to annoy the company.

2.8 More recently, the same court had to deal with a similar cybersquatting case (29 January 2003, *Association clusif vs. P.*) where an employee of one of the companies forming Association Clusif had infringed the trade mark 'Clusif', owned by the association. In fact, the employee had registered several domain names such as 'clusif.net', 'clusif.org' and 'clusif.com'.

2.9 Where a conflict occurs between previously registered and / or used trade marks and a domain name, the reasoning of the court will be different depending on whether (i) the trade mark is a 'reputable' trade mark; or (ii) the trade mark is an 'ordinary' trade mark.

2.10 In the first case, Article L. 713-5 of the Code shall apply. The use of a sign identical or similar to a well-known trade mark, even in respect of goods or services not similar to those designated in the registration, if such use could be detrimental to the owner of a well-known trade mark or constitutes an unfair use of such a trade mark, can result in the unauthorised user being found

liable for infringement (on the grounds of civil liability).

2.11 In the second case, under Article L. 113-3 of the Code, the claimant's action can only succeed if the owner of the trade mark is able to prove that, because the domain name is identical to his trade mark, the public could be confused as to the origin of the services or products offered on the website.

2.12 In other words, the speciality principle must be taken into account. In a case pitting SFR, which owns the 'SFR' trade mark, against another company which had registered the 'SFR.com' as a domain name, the Supreme Court held that *"a domain name shall infringe by reproduction or imitation a previous brand (…) only if the products and services presented on the website are either identical or similar to the ones targeted in the trade mark registration and likely to cause confusion in the public mind."*

2.13 In order to avoid having to demonstrate that the products and services presented on a website were either identical or similar to the products and services targeted in their trade mark's registration, some companies have tried to use the international class 38 (telecommunication) in their trade mark's registration.

2.14 In the *Zebank* case, the Court of Appeals of Versailles provided an insight concerning registrations made under class 38. With the strong expansion of the Internet, one might have anticipated that registering under this class of services would cover all web-based activities. This is not the case: the speciality principle has to be complied with[5]. The Court found that it is necessary to distinguish technical services, which belong to class 38 from commercial activities, which simply use the web as a medium. Therefore, trade marks referring to online activities must, in order to be protected, be registered in their specific product or service class. In brief, one has to compare the contents of the site with the products and services for which protection has been sought.

2.15 The French Supreme Court has had the opportunity to endorse this view in the landmark 'Locatour' case[6]. The main lesson of this case is that a domain name may not infringe a previous trade mark by reproduction or imitation, registration under class 38 being useless, to designate communication services, unless the products and services offered on the website are either identical or similar to the ones designated in the trade mark registration and are likely to cause confusion in the public mind.

3. Invisible infringement in navigational elements

3.1 When one posts a hyperlink on the Internet, this technically involves copying the URL (Uniform Resource Locator), i.e. the domain name of the site or the target document in the HTML code of the source site.

3.2 However, in practice, the name of a site often resembles the name of a protected trade mark. For instance, if the owner of a website intends to refer to the site of the Johnson firm, he shall have to create a hyperlink i.e. technically copy the 'Johnson' trade mark in the HTML code to its own website (e.g. http://www.*Johnson.com*). Therefore, the creation of a hyperlink may lead to direct copying of a trade mark.

3.3 However, this assertion must be moderated. If, in most cases, the posting of a hyperlink requires the reproduction of the target site's URL address (as in our example) in the

[5] Article L713-1 of the Code states that: Registration of a mark shall confer on its owner a right of property in that mark for the goods and services he has designated.
[6] Cass. Com., 13 Dec. 2005, appeal n° G 04-10.143, case n° 1672, FS-P+B+I+R, Sté Soficar vs. *Sté le Tourisme moderne compagnie parisienne du tourisme* : Juris-Data n° 2005-031317.

HTML code of the source site, one must mention that it is technically possible to use the IP number (e.g. 256.345.428.723) of this URL address. Therefore, a link using these numbers cannot be infringing, since it does not copy the trade mark.

3.4 However, some authors believe that any use of another person's trade mark made for commercial purposes through a hyperlink, whether direct (URL address) or indirect (IP address), constitutes an infringement if not authorised by contract. In our opinion, the reproduction of a mere IP address could give rise to an action on grounds of unfair competition or piracy but could scarcely be regarded as a trade mark infringement. To the best of our knowledge, no French court has rendered a decision on that particular point to date.

3.5 The Court of Paris (*Tribunal de Grande Instance*) considered a hyperlink that had copied a trade mark as infringing. In the SA Keljob vs. Cadremploi case, the court held that "*the copying had been done with a commercial goal and was not aimed at informing end users*"[7].

3.6 In these cases, the defendants often try to justify their use on grounds of Article L. 713-6 b) of the Code, which provides that:

"Registration of a mark shall not prevent use of the same sign or a similar sign as:

- *a company name, trade name or signboard, where such use is either earlier than the registration or made by another person using his own surname in good faith;*
- *the necessary reference to state the intended purpose of the product or service, in particular as an accessory or spare part, provided that no confusion exists as to their origin.*

However, where such use infringes his rights, the owner of the registration may require that it be limited or prohibited."

More recently, the Court of Appeals of Paris (Sarl Wolke Inc. & Printers vs. SA Image) held on the grounds of Article L. 713-6 b) of the Code that *"the creation of a hyperlink which, from an Internet address [infringing a competitor's trade mark], leads to the site's main page [of the company that posted the link], which distributes identical or complementary products to the ones sold under the infringed trade mark"* is infringing *"on grounds that it might lead to confusion in the public mind"* and that such reference is *"unnecessary"*.

3.7 A trade mark infringement action may, of course, also be available in respect of deep linking, which would take the Internet's user to a page of the linked site, without letting the user know that he is leaving the linking site to the linked site. This could lead to confusion in the public mind, as the Internet user does not have any access to the front page of the linked website. Deep linking would make it easier than for simple links to prove that the unauthorised link is likely to cause confusion in the public mind as to the relationship between the linking site and the linked one.

4. Metatags and sponsored links

4.1 Metatags

Since the elements reproduced in the HTML code are almost identical, whether in the case of metatags or hyperlinks, it is possible to make a comparison here to metatag infringement. This practice, consisting of the reproduction of trade marks into the source code of a website, in order to drive Internet users conducting searches for these trade marks towards the said website, must be authorised by the trade mark owner. If such use of a

[7] TGI Paris, 3rd ch. 1st sect., 5 Sept. 2001, *SA Keljob vs. SA Cadreemploi : Expertises* Nov. 2001, p. 391. – The use of the link reproducing the trade mark 'is actually made for commercial purposes and not solely for the not-for-profit goal of informing the user.'

trade mark is not authorised, the owner of the trade mark may bring an infringement or unfair competition action. The Court of Appeals of Paris has held that the use of metatags reproducing the trade mark of one of its competitors by a company was infringing on the basis of Article L.713-3 of the Code (Distrimart vs. Société Safi). The Court held that the use of a trade mark as a keyword on the main page of a website amounts to infringement.

4.2 Sponsored links

In spring 2002, a new type of hyperlink appeared which generated a great number of trade mark law decisions, i.e. 'sponsored' or 'commercial' links. This particular kind of online commercial arises when search engine providers auction keywords to advertisers. When the web user's query matches the keyword, a 'sponsored' link pops up and sends the user to the advertiser's web page. In this way, advertisers use common words, as well as terms, which may be the same as, or contain a competitor's trade mark or a company name. Under these conditions, it seems quite obvious that those links can infringe a competitor's distinctive signs, especially when an advertiser buys a keyword linked to a third party's brand in order to appear in a better place in a search engine's results. Therefore, one speaks of a 'squatting location' (i.e. occupation of a site without title) by reference to 'cybersquatting', which exists in the field of domain names.

In France, one of the very first cases involved *Google France vs. Viaticum & Luteciel*. Two companies (*Viaticum & Luteciel*) holders of the 'bourse des vols', 'bourse des voyages' and 'bourse de vacances' trade marks noticed that a Google search for the terms 'bourse des vols' or 'bourse des voyages' showed links which would lead the user to competitors' web-sites such as *Easy jet, Evasion online* or *Air Portal*. Both companies decided to sue Google for trade mark infringement. The Court of Nanterre (*Tribunal de grande Instance*) found for them on the basis of Article L. 713-2 of the Code, since Google had used the *Viaticum* and Luteciel trade marks in circumstances allowing "*direct competitors of these companies to offer to potential clients products and services targeted in the registration of the trade marks*".

The Court also emphasised the fact that Google was a keyword provider via its Keyword advertising software and therefore committed an active act of an infringement. This decision was seen as a warning to web search engines: "*No commercial activity of a search engine may infringe the subjective rights of third parties*". The Court of Appeal of Versailles confirmed this decision in 2005.

Since that date, Google has been condemned in similar cases against *Hôtels Méridien* and *Louis Vuitton*. In the first case, after having considered that Google had an active role in the choices made by the advertiser, by suggesting to add keywords, the court ordered Google to withdraw the 'Méridien' and 'Le Méridien' trade marks from its keyword list suggested by its keyword advertising software[8]. In the second case, Google was severely condemned for misleading advertising and unfair competition as well as for matching the words 'imitation, replica, fake, copies, knock-offs' with 'Louis Vuiton, Vuitton, LV'. The court considered that Google had an active role in the choice of the keywords[9].

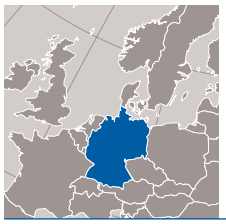
[8] TGI Nanterre, 16 Nov. 2004, Hôtels Méridiens vs. Google France: Juriscom.net
[9] TGI Paris, 3rd ch., 2nd sect., 4 Feb. 2005, Louis Vuitton vs. Google Inc. & Google France: juriscom.net.

5. Conclusions

After a period when the French courts, aiming at punishing any unfair use or infringement of trade mark rights on the Internet, have sometimes given up certain founding principles of trade mark law, such as the principle of speciality, we can observe that they have now returned to a more conservative application of these principles. Traditional means of trade mark protection may not be the most efficient way of protecting trade marks on the Internet. However, when the special trade mark rules do not permit preventing the unfair use of one's protected sign or name, such illegitimate use can be punished on the grounds of unfair competition rules. If the unauthorised user is not a competitor of the trade mark owner, a sanction may be ordered on the grounds of piracy, with no need to prove any intention to cause confusion in the public mind. Finally, the copying of a trade mark on the Internet can be regarded as 'fraud' on the grounds of civil liability.

Not so long ago, the Internet appeared to many people as an area where no legal rules applied. Today, on the contrary, the Internet appears as a place where any rule can be invoked and may serve as the basis for an action against cybersquatting or any method used by persons infringing trade marks on the Internet.

Author: Anne-Laure Villedieu



Protection of trade marks used on the Internet: Germany

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1. General

1.1 Trade mark Act

1.1.1 The German Trade Mark Act (*Markengesetz, MarkenG*) is based on the First Directive (98/104/EEC) of the Council of December 21, 1988 to Approximate the Laws of the Member States relating to trade marks. It provides provisions for all designations used in commerce, meaning not only trade marks but also trade designations and indications of geographical origin. The Trade Mark Act covers acquisition of protection for such commercial designations and provides for circumstances under which certain acts have to be considered infringement of rights to these commercial designations, as well as remedies in such cases.

1.1.2 Pursuant to section 2 of the Trade Mark Act, the following commercial designations are protected:

- trade marks;
- trade designations;
- appellations of geographical origin.

Trade mark protection may be obtained by either by:

- registration of a sign as a trade mark in the register at the patent office;
- use of a sign in the course of trade, provided that the sign has acquired prominence as a trade mark among the trade circles concerned;
- notoriety (fame).

The following can also be protected as trade designations:

- company symbols;
- titles of works.

Company symbols are signs used in the course of trade as a name, company name or special designation of a business establishment or an undertaking. Titles of works are names or special designations of printed publications, cinematographic works, acoustic works, plays or other comparable works. Appellations of geographical origin, finally, are names of places, areas, regions or countries, as well as other indications or signs used in the course of trade to identify the geographical origin of goods and services.

1.1.3 Circumstances of infringement of rights to a designation

The acquisition of a protected trade mark or a trade designation confers upon the proprietor an exclusive right to use the trade mark or trade designation. Third parties are thus prohibited from using the following in the course of trade without the consent of the proprietor of the sign:

- identical signs in relation to goods or services which are identical to those for which the sign is protected;
- signs that, because they are identitical or similar to the protected designation and the goods or services for which the

designation is protected are identical or similar, create a likelihood of public confusion;
- identical or similar signs in relation to dissimilar goods or services, if the designation is well known in the Federal Republic of Germany and provided that the use of the designation without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the well-known designation.

1.1.4 Remedies:
- cessation of infringement;
- compensation of damages;
- information concerning the origin and the channels of distribution of unlawfully marked objects unless this is disproportionate in a particular case;
- information regarding profits and turnover;
- destruction of infringing objects.

1.2 Unfair competition law

1.2.1 The German Unfair Competition Act *(Gesetz gegen den unlauteren Wettbewerb, UWG)* defines the following:
- types of activities which have to be considered unfair in competition;
- remedies.

1.2.2 Acts which are likely to significantly obstruct competition to the detriment of other competitors, consumers or other market participants, are considered unfair competition. In the relevant conflicts, the conduct to be examined can be considered unfair competition especially where there is:
- disparaging or defamatory use of designations;
- imitation of a competitor's signs if there are also other circumstances constituting unfairness;
- intentional obstruction of competitors.

1.2.3 Remedies:
- the right to demand abatement and, in the event of a risk of repetition, cessation of unfair acts;
- damages in the event of culpable (intentional or negligent) conduct.

1.3 General civil law

In this context, section 12 of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*) and section 826 of the Civil Code must also be mentioned. Based on the right to a name provided for in section 12 of the Civil Code, the bearer of a name may demand a remedy of the adverse effect caused by a party that illegitimately contests the right of the bearer of the name to use the name or uses the same name without authorisation. Section 826 of the Civil Code, the provision concerning tortuous acts, ultimately specifies that a party that causes damage to another party with intent and contrary to public morals is obligated to pay damages. In the latter case, the party holding the right is also naturally entitled to cessation and abatement of the detrimental conduct.

2. Unfair registration of domain names

2.1 Registration and use of domain names can generally infringe any of the above-mentioned rights. In particular, the registration and / or use of a domain can be considered an infringement of rights to a designation, unfair competition, an infringement of rights to a name or, finally, a tortuous act in general.

2.1.1 The ubiquitous nature of the Internet can obviously not lead to a situation whereby all conduct on the Internet, wherever it occurs, should have to be judged in accordance with German law. This would, for example, in the area of trade mark law – contrary to the freedom to provide services under Article 49 of the Treaty Establishing

the European Community – lead to an unreasonable limitation of a foreign company's right to cultivate its image. According to rulings of the highest courts, therefore, for German law to be applicable, it is necessary that the conduct to be assessed have an adequate, commercially significant national effect. This would be the case, for example, if it is possible to place orders from within Germany and if deliveries are made to German addresses, if the advertised service is rendered in Germany or if an advertisement recognisably targets German market participants, for example, because it is in German, specifies a German contact address or telephone number or refers to German standards or regulations. The registration of a domain under the country code top-level domain (ccTLD) .de alone is not sufficient to prove a commercially significant national effect.

2.1.2 If the infringement of rights to a designation is committed by the use of a domain, trade mark rights and / or rights to company symbols are usually involved. In the following analysis, both of these rights will be presented together.

- A prerequisite for the infringement of rights to a designation is, first of all, that the owner of the domain uses the designation in trade. A purely private use does not fulfil this prerequisite. In this regard one has to distinguish between active and inactive sites.

Especially in cases involving cybersquatting, inactive sites may be registered but be free of content. This also includes the so-called 'sites under construction'. In such cases, it cannot be inferred solely from the blocking effect of the registration that this is an act committed in trade. That trade is involved can, however, be inferred in such cases from other circumstances. For example, it is recognised that offering a domain for sale – like in the event of cybersquatting – is to be considered trade. It is obviously to be considered trade if domain names are sold commercially or if a domain name is offered for sale to the highest bidder or is auctioned off. Cyberwildcatting is thus to be considered trade in any case.

The same applies to typosquatting. If the site in question were inactive, offering the domain to the holder of the rights to the designation would constitute trade. However, if the site is active, the assessment of whether this constitutes trade or a purely private act will depend on the content of the site. It would be an indication that this is trade if the site contains hyperlinks to other commercial sites or advertising banners. Use of the TLDs .com or .biz alone does not fulfil this prerequisite. It is obviously to be considered trade if goods or services are offered under the domain name.

Also in the event of cybersmearing, a distinction must first be made concerning whether an active or inactive site is made available under the domain name. Here too, offering the domain names of inactive sites for sale constitutes trade. For active sites, it makes a difference whether derogatory remarks are circulated under the domain name by a competitor or by other third parties (former employees). Whereas it is to be assumed in the former case that this is trade, in the latter one will have to assume that the conduct is privately, perhaps politically, or ideologically motivated.

- According to the currently prevailing view in case law, it is a prerequisite for any infringement of rights to designations, regardless of how well known the designation in question is, that a sign is used as a designation. Use of a specific domain name can thus only be prohibited as an infringement of a designation if the sign is used in such a way as to distinguish goods and services provided by one company from goods and services of other companies. Whether use as a designation is deemed to have been made in this sense depends on the content of the site. Inactive sites, which are found in most of the cases involving cybersquatting and typosquatting, are not therefore to be deemed use of a trade mark or a company

symbol as a designation. Claims based on rights to designations against such cybersquatters, cyberwildcatters, typosquatters and cybersmearers can thus be ruled out. Whereas cybersquatters seldom have active sites, this is not the case for typosquatters and cybersmearers. Typosquatting, in such cases, is assumed to be use as a designation in terms of the Trade Mark Act if it is to be considered trade under the principles presented above. This is not true for cybersmearing, in which the designation is not used in the context of the cybersmearer offering a product but to discuss or disparage a company or product.

- In practice, the only relevant case discussed here to which the Trade Mark Act applies is one involving typosquatting. In typosquatting the domain name used by the infringer is not identical to the sign of the holder of the rights, an infringement of rights to the designation can be considered on the basis of the existence of a likelihood of confusion and / or the extended protection of well-known trade marks against unfair exploitation or impairment of a well-known trade mark's distinctive force or reputation. The applicable principles in this respect do not differ significantly from those applicable to offline use. Therefore, when assessing the likelihood of confusion, one must take into consideration all of the circumstances of the individual case, the overall impression given by the opposing signs being of utmost importance. There is an interdependence between the factors which must be taken into account, in particular, the similarity of the signs and the similarity of the goods or services, as well as the distinctiveness of the older sign, with the result that a lower degree of similarity of the goods or services may be compensated by a higher degree of similarity of the signs and vice versa. The TLD is generally not taken into consideration for this assessment, since it does not have any function as a designation.

  The similarity between the domain name in dispute and the protected designation in a case involving typosquatting is obvious. There are more likely to be problems if there is no similarity between goods / services. Claims based on rights to designations are in such cases only possible if the right to a designation in question is a sign that is nationally well known. In such a case, the other prerequisites for the extended protection of well-known trade marks are usually fulfilled without further problems.

- If claims based on rights to a designation are ruled out owing to the fact that trade is not involved or owing to a lack of use of the designation as a designation, the holder of the rights can plead that its rights are protected under sections 12 of the Civil Code in the event of a conflict between a domain name with a company symbol if the opposing signs are identical, as is the case when cybersquatting and cyberwildcatting are involved. In cases involving typosquatting and cybersmearing, therefore, it is not possible to claim protection under sections 12 of the Civil Code. This protection of the right to a name applies regardless of whether an active site is operated under the domain or whether the domain was previously only registered, since the protection of the right to a name already comes into force upon registration. If, for example, a non-entitled party used a designation as a domain, this is a so-called usurpation of a name in terms of sections 12 of the Civil Code. According to rulings of the highest courts, this constitutes unauthorised use of the name.

2.1.3 Since the cases of cybersquatting and cyberwildcatting involve trade, but the applicability of rights to a designation is usually ruled out owing to a lack of use as a designation, trade mark holders may seek to rely on German unfair competition law instead. In typosquatting cases, the Unfair Competition Act can be relied upon where the Trade Mark Act cannot, for example, if the domain leads to

an inactive site, but it can be assumed that trade is involved. Cybersmearing cases can be pursued under the Unfair Competition Act if trade is involved.

- If the owner of the domain name has no interest in the registered domain name that is worthy of protection, blocking the domain can constitute an unfair, intentional obstruction of the owner's right to the designation under section s 3, 4, No. 10 of the Unfair Competition Act. In this respect, however, the circumstances of the individual case must always be considered. The prerequisite is that registering or holding on to the domain name, under the circumstances, can only serve the purpose of enrichment by selling or licensing the domain to a third party that is reliant on the use of this domain for its trade marks or company symbol. Since trading in domain names as such cannot be objected to generally under unfair competition law, there must be other circumstances involved in addition to the mere offer of sale. It is an indication of an intention to obstruct competition if the owner of the domain has registered numerous domain names serving as brand signifiers (cyberwildcatting). In this case, offers to sell the domain names for a significantly higher price than the registration costs often indicate an intention to obstruct or damage others. The same applies with regard to a threat to sell the domain name to another third party or in a foreign country. It is sometimes considered sufficient if the owner of the domain is unable to provide any objective reason for occupying the domain, although this is likely to be going too far. A lack of objective reason can, nonetheless, be taken into consideration in the assessment of unfairness.
- When typosquatters intercept and redirect customers who make typographical errors when searching for the website of the holder of the rights to the designation, this can, in some cases, be considered intentional obstruction pursuant to section 3, 4 No. 10 of the Unfair Competition Act. For this to be the case, however, special circumstances constituting unfairness must be present, such as the exploitation of the reputation of a designation on the opening page. Otherwise, merely redirecting such Internet users cannot be objected to under competition law, since they are not enticed away from the offer made by the holder of the rights to the designation, but simply enticed to the typosquatter's site. Nevertheless, typosquatting can, like cybersquatting, be unfair under competition law as an intentional obstruction pursuant to section s 3, 4 No. 10 of the Unfair Competition Act if it is an unjustifiable blockage of a domain.
- Cybersmearing by a competitor may qualify as an act of unfair competition pursuant to section s 3, 4 No. 7 of the Unfair Competition Act as a defamation or disparagement of the designation of the holder of the rights. Whether the domain itself is to be considered defamatory or disparaging must be assessed in light of the right to freedom of opinion. General defamation or inappropriate derogative or disparaging remarks lacking all objectivity, such as trade markisrubbish.com, are always prohibited. Domains such as stopstarbucks.com, on the other hand, are permissible.

2.1.4 In rare cases in which there is no trade involved, it is possible to consider taking steps against cyberpirates based on wilful unethical damage as tortuous acts pursuant to section 826 in conjunction with the prohibition on harassment contained in section 226 of the Civil Code. In the past, courts have also dealt with cases under this head of liability that should actually have been ruled on under the Unfair Competition Act. This is especially true for cases involving cybersquatting and cyberwildcatting. In such cases and in cases involving typosquatting, the chances of success in a lawsuit depend on the circumstances described above under 2.1.3. If there is no trade present in a case involving cybersmearing, it could also be considered actionable as a tortuous act based on a so-called

interference in established and exercised business operations pursuant to section 823(1) of the Civil Code. Here too, however, freedom of opinion must be taken into account, and as a result the remarks made under 2.1.3(c) apply.

3. Invisible trade mark infringement on the Internet

3.1 The legal permissibility of metatagging has been controversially discussed in court rulings and by legal scholars in recent years. On 18 May 2006, in its IMPULS decision, the German Federal Court of Justice (*Bundesgerichtshof, BGH*) ruled for the first time on the (im)permissibility of using trade marks in metatags. The Federal Court of Justice acknowledged that a trade mark could be used as a metatag in the manner of a designation and prohibited an infringer, based on trade mark rights, from using the contested trade mark in the HTML code of websites on which goods / services for which the trade mark is protected are advertised. An infringer using another's brand as a metatag is using the designation as a reference to the infringer's own products by influencing the selective process of the search engines and thus directing interested parties to the infringer's website. Therefore, it is irrelevant whether the third-party designation is visible to the visitor to the websites.

However, use of third-party trade marks is permissible if the user is using the trade mark as a reference to the intended purpose of the goods and if there are no other indications of unfair competition.

This ruling of the Federal Court of Justice has general significance for the legal assessment of the use of trade marks in non-visible HTML code, which also includes keywording, font matching, etc. This decision significantly strengthened the rights of trade mark owners.

Spamdexing (search engine spamming) is, as an enhanced form of metatagging and keywording, without doubt prohibited if the principles established by the Federal Court of Justice with regard to the use of third-party trade marks in HTML code apply.

3.2 The highest court has not yet clarified whether keyword advertising (purchase of keywords), in which keywords containing trade marks of direct competitors are sold, is legally permissible. The rulings of first instance courts are inconsistent. Three main views have been developed. Some courts consider this form of advertising one's own products as permissible. Other courts consider such conduct to be unfair competition as intentional obstruction pursuant to section 4 No. 10 of the Unfair

Competition Act. A third view considers keyword advertising to be non-compliant with regulations on rights to designations, since in keyword advertising the (third-party) trade mark is used as a reference to one's own websites and thus like a designation. Finally, another view is one consistent with the recent IMPULS decision reached by the Federal Court of Justice, that keyword advertising is also a use of a trade mark that is not visible to the consumer, like metatagging. The only difference is that a listing in the top place of a search result is not achieved by strategic programming of HTML code, but is simply bought.
If the purchase result is presented in a form that is clearly distinct from the other search results and marked as a 'sponsored link' or 'advertising', the keyword advertising is not likely to be different from a – permissible – booking of an advertisement in magazines that, according to the instructions of the advertiser, is supposed to appear next to a journalistic section, for example, about a competitor's product. If, however, the fact that the hit was purchased is concealed from the consumer owing to the specific appearance of the list of search results, it is likely to be assumed that this is an prohibited use of the third-party trade mark.

This will not be clarified until the Federal Court of Justice has issued a judgment on this point. Until then, a trade mark owner can in any case attempt to take action against keyword advertising by strategically selecting the court at which the lawsuit is to be filed.

4. Infringement of trade marks in navigational elements

4.1 In a decision reached in 2003, the Federal Court of Justice dealt with the legality of using links and deep links. In this decision, the Court stated that both links and deep links are generally permissible. If a protected trade mark is used as a link to the website of the owner of the trade mark, this is permissible. It is prohibited, on the other hand, to use the trade mark to link to the sites of a direct competitor, both under trade mark aspects, if the use is considered to be like a designation, and under the aspect of intentional interception of customers within the meaning of intentional obstruction pursuant to section 4 No. 10 of the Unfair Competition Act. The remaining group of cases is characterised by the fact that the trade mark is used for a link to a website that is completely unrelated to the specifically protected goods / services. In many cases, such conduct, assuming that it is competitive, constitutes a violation of the Unfair Competition Act. This is primarily likely to be the case when the consumer is confronted with immoral or pornographic content when he clicks the links designated with the trade mark. In such case, the link can be shown to be unfair based on the general clause in section 3 of the Unfair Competition Act.

Use of trade marks in so-called virtual malls, in which various links to third-party websites are grouped together without their consent in order to make one's own products more attractive, is not an infringement of rights per se. However, if the links show, for example, the original typeface / logo used by the

owner of the trade mark or if the false impression is given that there were business relations between the operator of the website and the owner(s) of the trade mark(s), this would be an allusion to a reputation under section 14(2) No. 3 of the Trade Mark Act or an allusion that is relevant under the Unfair Competition Act. Therefore, each case should be assessed separately. If a trade mark is used in a navigational element that opens contents in a frame, the same principles apply as those concerning links.

4.2 Software-controlled advertising in the form of pop-up ads, pop-under ads or exit pop-up ads has sometimes been considered prohibited per se under unfair competition law by first instance courts. No landmark decision has yet been reached on this by the Federal Court of Justice.

Exit pop-ups, which open a new window when a site is left in order to ultimately prevent the visitor from leaving the websites, are, in the opinion of the Düsseldorf Regional Court, to be considered unacceptably harassing or otherwise undesirable disturbances for an Internet user in view of the time wasted, the annoyance resulting from the harassment and potential that such a pop up will prolong connection to the Internet for the duration of the involuntarily continued visit, which involves costs. According to this view, multiple pop-ups ('mousetrapping') in particular, are unfair competition. In the opinion of the Cologne Regional Court pop-up ads and / or pop-under ads that are generated by software and appear over or under the actually desired Internet windows and contain offers from a direct competitor, constitute, both intentional obstruction and unfair exploitation of reputation, as well as unfair interception of customers. If the pop-up or the mousetrapping is initiated by a consumer's mouse-click on a link that shows a protected trade mark, this is undoubtedly a violation either of principles of trade mark law or unfair competition law, regardless of whether the pop-ups are already inherently considered unfair competition for the above-mentioned reasons.

5. Conclusions

The unique qualities of the Internet have repeatedly caused problems for German courts applying the law. These problems do not, however, change the fact that the protection of a trade mark from prohibited use by third parties on the Internet can be efficiently enforced, whether on the basis of trade mark, unfair competition or civil law. Until relevant decisions have been reached by the highest courts, it is necessary to understand the decisions reached by the first instance courts. Whereas the legal situation regarding the use of trade marks in domain names has been largely clarified by numerous cases in the highest courts, this is not (yet) the case with regard to other areas. With regard to the non-visible use of third-party trade marks on the Internet, the IMPULS decision rendered by the Federal Court of Justice surely points the way.

Authors: Dr. Carsten Menebröcker, LL.M. (NYU) and Alexander Späth

Protection of trade marks used on the Internet: Hungary

Table of contents

1. General

1.1 Act XI of 1997 on the Protection of Trade Marks and Geographical Product Signs ('Act on Trade Marks')

1.1.1 Types of trade marks

- **Common trade marks**: any sign which may be presented graphically, provided that it is capable of distinguishing the goods and services of one undertaking from those of other undertakings, registered in the appropriate register.
- **Collective trade marks:** trade marks which are used by a non-governmental organisation, a public body or association for distinguishing the goods or services of its members from the goods and services of others on the basis of their quality, origin or other characteristic.
- **Certification trade marks:** trade marks used for distinguishing goods or services of a specified quality or other characteristic from other goods and services by certifying such quality or characteristic.
- **Reputable trade marks:** trade marks with a good reputation within the country.

1.1.2 Circumstances of trade mark infringement

On the basis of the exclusive right of the trade mark holder to use the trade mark, the holder may initiate proceedings against anyone who, without his consent, uses in its business operations:

- a sign identical to a registered trade mark in respect of identical goods and services;
- any sign that consumers may confuse with the trade mark due to the identity or similarity of the sign and the trade mark, or due to the identity or similarity of the goods or services; or
- any sign identical or similar to the trade mark in respect of goods or services that are not covered by the trade mark protection, to the extent that the trade mark has a good reputation in the domestic market and the use of the sign would be detrimental to or unfairly exploit the trade mark's distinctive character or reputation.

Where these provisions are to be applied, the trade mark holder is entitled to oppose the use of the sign. In particular the following are prohibited:

- affixing the sign to the goods or their packaging;
- placing goods bearing the sign on the market, offering them for sale, or stocking them for the purpose of placing them on the market;
- providing or offering services under the sign;
- importing or exporting goods bearing the sign;
- using the sign on business papers or in advertising.

1.1.3 Remedies

The following remedies may be demanded by the claimant in an infringement action and depending on the circumstances of the case:

- judicial declaration that there has been an infringement of his intellectual property rights;
- ordering the infringer to stop the infringement and barring the infringer from further infringement;
- ordering the infringing party to provide information concerning the parties involved in the manufacture and / or distribution of infringing products, as well as on business relationships developed and used for the distribution of such products;
- ordering the infringer to provide compensation by public declaration, or in another appropriate manner, and – if necessary – such declaration should be given due publicity by the infringer, or at his expense;
- the reimbursement of unjust enrichment acquired through the infringement;
- the seizure of those assets and materials used exclusively or primarily during the course of the infringement of the trade mark, as well as of the goods or their packaging infringing the trade mark, or demand that they shall be delivered to a particular person, recalled and definitively withdrawn from commercial circulation, or destroyed;
- compensation for damages in accordance with the general rules on indemnification under the Hungarian Civil Code.

1.2 Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices ('Unfair Market Practices Act')

Section 2. of the Unfair Market Practices Act provides that it is prohibited to conduct economic activities in an unfair manner, in particular, in a manner violating or jeopardising the lawful interests of competitors and consumers, or in a way which is in conflict with the requirements of business integrity.

This section is considered a general clause, which declares a general principle that the prohibition of infringement is an elementary rule of business activity. This general clause prohibits all kind of unfair business activity without, actually specifying what will be considered 'unfair' behaviour. This 'catch-all' provision is used in those cases when the relevant behaviour is not regulated elsewhere, i.e. in a more specific clause, by the Unfair Market Practices Act, but where the conduct of business is questionable.

The Unfair Market Practices Act also states that goods or services that appear to be (e.g. outside appearance, packaging, marking, name etc), confusingly similar to a competitor's goods or services, may not be produced, traded or advertised without the prior consent of the competitor. This provision becomes extremely important when counterfeited products are not prohibited by trade mark protection laws.

The provisions of the Unfair Market Practices Act prohibiting imitation can also be applied; this provides protection to competitors in respect of signs that they formerly introduced to the market and are made well-known against competitors entering the market later. However, this provision can only be relied on if the claimant has been using his trade mark in Hungary and can be deemed to be a competitor in respect of a defendant's business activities.

1.3 Act IV of 1978 on the Criminal Code ('Criminal Code')

1.3.1 Trade mark infringement

Pursuant to section 329/D of the Criminal Code, a person who infringes a trade mark by imitation or copying it thereby causes financial damage, commits a criminal offence. This offence can only be committed intentionally.

1.3.2 Violation of patent, utility model, design

Pursuant to section 329/D of the Criminal Code, a person who violates the rights of the holder of a patent, utility design, design or other industrial property right and thereby causes financial damage commits a criminal offence. This offence can only be committed intentionally.

1.3.3 Fraudulent marking of goods

Pursuant to section 296 of the Criminal Code, a person who acquires, keeps for the purpose of distribution, or distributes without the consent of a competitor, goods having the characteristics (such as appearance, packaging, makings, making of origin) with which the goods of a competitor are associated, commits a crime.

This crime can only be committed intentionally.

1.4 Civil Code

It is also possible to rely on the unlawfulness of domain registration taking into consideration the obligations to act and exercise rights in good faith, as prescribed in section 4 of the Civil Code. However, the Civil Code only contains the requirement to exercise rights in good faith in general, and the claimant must specify particular facts and circumstances in any statement of claim.

The provisions of the Civil Code concerning a person's inherent rights and the protection of a person's good reputation (and also companies' goodwill) may be applied in certain cases of trade mark infringement (see below).

2. Unfair registration of domain names

2.1 According to the Rules of Delegation and Registration of Internet Domain Names in the Public Domain **('Rules')** adopted by the Council of Internet Service Providers **('CISP')**, the .hu domain names have to be registered through registrars in Hungary. The registrar publicly announces the applications submitted on a web server before accepting the applications and objections can be made to the delegation of the domain name by the end of the fourteenth day of the public announcement. The registrar registers the domain name announced if no objections are received, or where there is an objection it suspends the proceedings until the dispute is resolved.

If the proprietor of a trade mark requires the registration of a registered trade mark as a domain name, then the above-mentioned two-week announcement period is not obligatory.

2.2 According to the Rules and the relevant acts, the applicants are free to choose any domain names; however they have to act with due care during the selection of the domain name and are responsible for the use thereof not being harmful to other persons' or companies' rights. Therefore, it is expected that the applicant checks the company registry and the trade mark database in order to find out whether the required domain name corresponds to another's company name or trade mark.

Applicants are not entitled to choose a domain name that is supposedly illegal or offensive, horrifying or deceptive in terms of its meaning and / or use. In such cases the registrar must refuse the registration application, and the applicant must choose another name as its domain.

If during the public announcement of an application, the proprietor of

a trade mark does not submit an application for the delegation of a domain identical to the announced domain, the registrar has to refuse the domain name (composed from the trade marks registered by the Hungarian Patent Office) only if it infringes the rights of the holder of the registered trade mark and if – based on the circumstances – the intention of using the domain name in the course of business activity is obvious.

2.3 From time to time, the CISP also has the right to suspend the eligibility of certain names for domain registration, the registration of which may cause an unfair advantage to the applicant. This could also be considered as a way of fighting cybersquatters. A team of legal experts shall examine whether or not the registration and maintenance of such names infringes any valid interests. The trade of domain names (i.e. cyberwildcatting) with the intention to make a profit by transferring rights to use a domain name is also regarded as a business and market activity by CISP.

2.4 The Hungarian court has dealt with unlawful applications for the registration of or use of domain names (cybersquatting) and there have only been a limited number of invisible infringement cases.

With respect to domain name registrations which include a trade mark, one should consider whether a domain name is being used in a business activity. According to the Hungarian courts the registration of a word identical to a trade mark as a domain name can be considered infringement of a trade mark, depending on the actual use of the domain name (business related or not) on the Internet and the particular facts of the case.

As outlined above, in accordance with the general decision 7/2000 (V.31.) of CISP, an application for a domain name can also be an infringement of a trade mark if the application is made with the intention of using the domain in the course of business.

2.5 However, the registration of a domain without an intention to use it for a business activity is generally not considered to be an infringement of a trade mark despite the fact that the Rules for domain registration require applicants to act with utmost care in choosing the domain name and not to infringe a trade mark proprietor's rights. Therefore, whether the domain registration is business related or not must always be considered in the circumstances.

Services provided under a domain name cannot be excluded from the concept of business activities. This is particularly true for the use of signs in Internet advertisements. Accordingly, pop-up ads are deemed to constitute trade mark infringement under the Hungarian laws and can be effectively challenged.

In addition to the issues outlined above (i.e. whether any domain registration can be regarded as use in the course of business if the applicant does not carry on any business), the following practical issues arise:

- whether a mere registration of a domain name can be deemed as use of a trade mark where no activity can be established on the website under the domain name;
- how the relevant class of goods should be interpreted where a domain name is used for preparing a homepage.

Although there are no statutory rules in relation to the above issues, based on the decisions of the Supreme Court the following guidelines can be summarised:

- from the perspective of trade mark law, registration of a domain name (and any assistance in the registration) is deemed to constitute the use of a trade mark;
- an unused domain name does not relate to any group of products or services.

However, in cases where domain names or the content of websites are used in a detrimental way, which infringes the good reputation of a trade mark, the provisions of the Civil Code can be applied. Pursuant to the Civil Code everyone must respect personal inherent rights. The protection of personal inherent rights also covers protection of good reputation, including the

goodwill of companies. Any statement, publication of an injurious untrue fact or of a true fact with a false implication pertaining to another person shall be considered as a breach of the Civil Code and in case of competitors also prohibited by the Unfair Market Practices Act. This means that cybersmearing can be prevented by bringing an action before the court by referring to the above-mentioned provisions of the Civil Code and the Unfair Market Practices Act.

3. Invisible trade mark infringement on the Internet

There is no specific law, or court practice in Hungary on invisible trade mark infringement yet.

The Act on Trade Marks is difficult to apply in such cases, because the trade mark holder must prove that the infringing party used the metatag and keyword during the course of, or for the purpose of its business activity. Moreover, it should also be proven that the trade mark indicated in the metatag or keyword is being used in relation to the goods and services of the registered trade mark. However, if the trade mark used in the keyword or metatag is considered as a 'reputable' trade mark, it would also be possible to successfully challenge such an abusive use based on the Act on Trade Marks, because it is not necessary to prove the use in connection with goods or services indicated in the trade mark register.

With regard to the remedies available for abusive trade mark use in metatags and keywords, section 2 of the Unfair Market Practices Act could be applicable, since it is worded in such a general way that it could be used in all those cases when the fair conduct of business activity is questionable. Nevertheless, as a preliminary condition of a claim based on the Unfair Market Practices Act the trade mark holder should prove to the court that the person using the trade mark in the metatags or the keywords is considered its competitor. Furthermore, the burden of proof is on the trade mark holder to prove the unfair business conduct. This could cause serious difficulties to trade mark holders and it means that they will only be able to successfully win a court dispute when the abusive trade mark user is one of its competitors.

Finally, it is also possible to refer to section 4 of the Civil Code, which declares the general principle to exercise rights in good faith. The trade mark holder must prove that the trade marks contained in the metatags and keywords were used in bad faith, for the explicit purpose of attracting the attention of Internet users.

4. Infringement of trade marks in navigational elements

The abusive use of trade marks in navigational elements can be considered a violation of the Unfair Market Practices Act, and for the same reasons and with the same limitations as mentioned above, the Act on Trade Marks could be used.

We are of the opinion that the use of a frame or a link on the screen may lead the user to the conclusion that the website automatically opened is connected to the website he / she has searched for. Thus, it can confuse the user, affect his / her economic behaviour, and therefore such practices may be damaging to a trade mark holder's interests.

As far as the practice of pop-up advertisements is concerned, proving that the trade mark is used for business purpose seems to be easier. The reason is that pop-up advertisements are generally used to provide business services and generally their purpose is to attract users' attention to a third party's goods or services. Thus, a trade mark holder can easily prove a relationship with the goods and services of the registered trade mark. For all these reasons the Act on Trade Marks could probably be used to challenge trade mark infringements effected through pop-up advertisements.

5. Conclusions

Under Hungarian law the traditional methods of trade mark protection under the Act on Trade Marks may not be sufficient on their own to fight against trade mark infringement on the Internet, because to gain protection under the Act on Trade Marks, the domain name must be used in a business activity, and except for reputable trade marks, must also be used in relation to the relevant registered goods and services.

Thus, in most cases the Act on Trade Marks may not be effective or sufficient, and so the proprietor of a trade mark has no other choice but to rely on the Unfair Market Practices Act or on the Civil Code, to prevent infringement of its trade mark on the Internet.

Authors: Nikoletta Szederjessy and Ágnes Sólyom

Protection of trade marks used on the Internet: Italy

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1. General

1.1 Industrial property law

1.1.1 The Italian Industrial Property Code (hereinafter 'the Code') was implemented by Legislative Decree n. 30 dated February 10th, 2005 (hereinafter 'the Decree'). Note that the Decree has been amended by Legislative Decree n. 140 dated March 16th, 2006 which has implemented Directive 2004 / 48 / EC (the so called 'enforcement' directive). As for trade mark protection, the Code covers the following matters:

- types of trade marks protected;
- circumstances of trade mark infringement;
- remedies in case of trade mark infringement.

1.1.2 Types of trade marks:

- Common trade marks – any sign which may be presented graphically, like words, included persons' names, designs, letters of the alphabet, numbers, sounds, the shape of the product or its packaging, colours and shading, provided that they are capable of distinguishing the products or the services of one undertaking from those of other undertakings;
- Well-known trade marks – trade marks which are known by a large part of the public who must be consistently and diffusely in some relationship with the product / service, even if they do not directly buy the product / service[10].

1.1.3 Circumstances of trade mark infringement

The owner of a trade mark is entitled to forbid third parties, unless agreed by him / her, from using in the course of trade:

- a sign which is identical to the registered trade mark in respect of identical products or services;
- a sign identical or similar to the registered trade mark in respect of identical or similar products if carrying the risk of public confusion, including the risk of association of the sign with the registered trade mark;
- a sign identical or similar to the registered trade mark in respect of products and services, even if not similar, if the registered trade mark is well-known within the country, and if such use would bring an unfair advantage to the user or be detrimental to the distinctive character or reputation of the earlier trade mark.

1.1.4 Remedies:

- cessation of the unlawful acts of manufacturing, trade and use of violating object;
- compensation for damages;
- publication of the judgment;
- criminal and administrative sanctions;
- description;
- seizure.

1.2 Unfair competition

1.2.1 The unfair competition provisions within the Italian Civil

[10] It may be worth pointing out that according to consistent Italian case-law the concept of a well-known / famous trade mark has a broader meaning than if compared with the definition given by the case-law of the European Court of Justice. In fact, according to the ECJ well-known trade marks are 'trade marks known by a significant part of the public concerned by the products or services which it covers' (Yplon case), while in Italy the product / service must be also known by a larger part of the public which must be in some relationship with the product / service even if they don't directly buy the product or service.

Code cover the following:

- types of activities which constitute an act of unfair competition;
- remedies.

1.2.2 Article 2598 of the Italian Civil Code / Acts constituting unfair competition – subject to the provisions concerning the protection of distinctive signs and patent rights, acts of unfair competition are performed by whoever:

- uses names or distinctive signs which are likely to create confusion with the names or distinctive signs legitimately used by others, or closely imitate the products of a competitor, or performs, by any other means, acts which are likely to create confusion with the products and activities of a competitor;
- spreads news and comments, with respect to the products and activities of a competitor, which are likely to discredit them, or treats as his own the good qualities of the products or the enterprise of a competitor;
- avails himself directly or indirectly of any other means which do not conform with the principles of correct behaviour in the trade and are likely to injure another's business.

1.2.3 Remedies:

- prohibition on and elimination of the unfair acts and their effects;
- publication of the judgment can be ordered;
- compensatory damages.

2. Unfair registration of domain names

2.1 According to article 22 of the Code, in Italy, a 'domain name' is now considered a distinctive sign able to identify a specific entity on the web. Mainstream jurisprudence is that its nature and function is to identify the owner of a website and its services. The domain name in the virtual world is equivalent to a distinctive sign in the real world.

There are two aspects which must be considered with respect to domain names: the first one is the procedure to be followed in order to register a domain name; the second one is how a domain name can be protected or, as is more likely, challenged by someone who is the owner of a trade mark which is identical to the registered domain name. It is evident trade mark owners are keen to be entitled to use a domain name that corresponds with their business name, in order to avoid any kind of confusion among customers.

2.2 In order to register a domain name with the ccTLD.it it is necessary to register the name with the Italian Registration Authority (hereinafter 'the Authority'). The registration of a domain name with the Authority is based on a 'first come first served' basis, which means that anyone can register a ccTLD.it domain name, provided that the same name has not been registered before. It is also important to underline that the Authority does not conduct any research in order to verify if the newly registered domain name has already been registered as a trade mark by someone else.

2.3 In case of a conflict between a previously registered and / or used trade mark, and a domain name, we must refer to article 20 of the Code[11] on confusion among signs. In fact, a domain name is considered a 'sign' that can create confusion with all other distinctive signs. According to the relevant Italian case-law the reasoning of the court is different if (i) the trade mark is a well known name, even if it is used in a completely different sector from the sector of the domain name, or (ii) if the trade mark is not a well known name. In fact, in the first case the court is likely to decide in favour of the claimant – the trade mark owner – only because the trade mark has a well known name, as it is undisputed that in this case the domain name can take unlawful advantage from this situation[12]. In the second case, the claimant can succeed only if he / she is able to prove that a domain name identical to his / her trade mark has / could have confused or misled the public as to the origin of the services and / or products offered on the website.

3. Invisible trade mark infringement on the Internet

3.1 *Domain name grabbing* represents the most common case of infringement of trade mark rights on the Internet. However, in the recent years others methods have been developed: for example the use of trade marks as metatags. In recent years some Italian courts have dealt with metatags cases, and the outcome of these judgments contrasts with the view of the majority of legal authors in Italy on this matter. In fact, there is a debate about the enforceability of the provisions concerning 'trade mark infringement' and / or 'unfair competition' in cases featuring metatags and keywords. The majority of authors state that the provisions concerning 'unfair competition' and 'infringement of trade mark rights' should be both applied to these cases.

In the *Genertel vs. Crowe Italia* and *Technoform vs. Alfa Solare* cases, which are the leading cases in the Italian case-law on the use of someone else's trade mark as a keyword for Internet search engines, the competent courts of Rome and Milan decided against the defendants on the basis of unfair competition and not for any trade mark infringement

3.2 At this point it is worth referring to the relevant provisions concerning 'trade mark infringement' and 'unfair competition' in order to understand the reasoning of the courts in the above-mentioned cases.

According to article 20 paragraph 2 of the newly implemented Italian Intellectual Property Code, the owner of a registered trade mark is entitled to forbid third parties from using an identical or similar sign in the course of trade is also entitled to: *'forbid third parties from placing the sign on products or their packaging; to offer goods, to place them on the market or to hold them for this purpose, or to offer or supply services characterised by the sign; to import or export goods*

[11] For the text of article 20 of the Italian Industrial Property Code see under point 1.1.3.

[12] ARMANI.it case. Court of Bergamo, 2003. Mr. Luca Armani was the owner of a little company producing rubber stamps. He registered the domain name Armani.it to build a website for advertising purposes. His business was not in competition with the fashion industry held by Giorgio Armani. The Court decided in favour of Giorgio Armani industry. According to the court, the undisputed appeal represented by the worldwide famous name 'Armani' had attracted in the website of Mr. Luca Armani Internet users who were looking for something related to the Armani fashion group. This fact represents an unlawful advantage for Mr. Luca Armani even if the two undertakings involved in this case do not work in the same sector.

characterised by the sign itself; to use the sign in the business correspondence and for advertising'. Therefore, the owner of a trade mark is entitled to file an injunction in order to stop these acts damaging his / her exclusive right.

As for 'unfair competition', the relevant provision is article 2598 of the Italian Civil Code. This provision concerning unfair competition can be applied only if both the owner of the trade mark and his / her competitor are definable as 'undertakings'.

3.3 As for the specific cases, Genertel S.p.A., an insurance company, claimed that its registered trade mark had been used as a keyword for the web page of a competitor, Crowe Italia. The result was that when 'Genertel' was typed into the search engines 'Virgilio', 'Altavista' or 'Godado', the web page of Crowe Italia appeared.

In this particular case the judge pointed out that 'the use of the word Genertel (…) by Crowe Italia, as a metatag, depends exclusively on the purpose of the defendant, which is to make appear, among the search results of Internet users, its own web page and therefore, its presence on the market of RCA insurance, thanks to the well-known name that Genertel has achieved in the sector, having a strong market share (…) and due to the investments made in advertising campaigns'.

The judge also added that 'there are no doubts as to the fact that even the simple knowledge of an Internet user of other products or services comparable to those of the complainant, knowledge that has been achieved by Crowe Italia through unfair behaviours exploiting the results of the entrepreneurial efforts of its competitor and also offering analogous products and services at more convenient prices, is able to influence the decisions of customers'.

Therefore, the Court of Rome considered the behaviour of Crowe Italia to be a violation of the provisions set forth in article 2598 of the Italian Civil Code concerning unfair competition.

However, importantly, paragraph 3 of article 2598 of the Italian Civil Code refers to 'behaviours likely to injure another's business'. This has been applied in this case, and not paragraph 1 of the same article which refers to unfair competition due to behaviours able to 'confuse' possible customers, as Internet users are aware that Genertel and Crowe Italia are different undertakings.

In many comments about this judgment it has been pointed out that the court has probably underestimated some technical aspects that should be taken into consideration. For instance, the fact that not all search engines use metatags keywords in order to find web pages, and that in any case metatag keywords alone do not guarantee a good rate of selection by search engines.

3.4 In the *Technoform vs. Alfa Solare case*, Alfa Solare placed the word 'technoform' among the keywords of its own website. Technoform argued that case of trade mark infringement, but the Court of Milan decided in its favour pursuant to the provision set forth in article 2598 of the Italian Civil Code.

The court decided this case pursuant to the 'unfair competition' provisions without considering the provisions concerning 'trade mark infringement' as Alfa Solare had not placed the word 'technoform' on any product, and it is not used to identify any service. In fact, according to the court's decision, the word 'technoform' is not visible on the web pages of Alfa Solare, and therefore the Internet user who conducts a search using the mentioned word does not realise that any trade mark infringement has taken place.

In the case, as in the Genertel case, the Court stressed the fact that the use of trade marks as metatags is unlawful and represents a violation of the provisions set forth in article 2598 of the Italian Civil Code, because the defendant took advantage of the advertising efforts of the competitor and also to affect the decisions of its customers.

4. Infringement of trade marks in navigational elements

4.1 Italian courts have not ruled on many framing and linking cases yet. However, there are some aspects concerning these practices that should be emphasised.

4.2 Making a comparison between framing and deep-linking, which is the most harmful case of using trade marks in navigational elements, it can be argued that framing is potentially more detrimental, because the frame displayed on the screen may lead the Internet user to the conclusion that the content of the opened 'frame' is connected with the searched website. This could be a violation of the provisions set forth in article 2598 of the Italian Civil Code regarding unfair competition.

4.3 As for deep-linking, there are some important points made by some legal authors that are worth mentioning. First of all, in deep-linking the home page of the 'linked' website is skipped, with two consequences: (i) the Internet user does not view the advertising messages placed in the skipped home page, and (ii) he / she is not counted as a visitor of the website. The consequence is that the skipped website loses some of its economic value.

Furthermore, as a consequence of deep-linking it is impossible or at least more difficult to identify the owner of the 'linked' website, so that visitors might be led to the conclusion that the information comes from the webpage where the link originated.

5. Conclusions

5.1 For the resolution of disputes arising out of cybersquatting and domain grabbing cases it is possible to follow two alternative procedures: before the ordinary court, or through ADR procedure before the Italian Registration Authority. For all other cases involving metatags, linking and framing, it is only possible to proceed with an action in court.

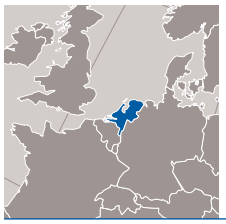
5.2 As for metatags, two aspects must be emphasised: first of all, it can be argued that according to the relevant case-law the simple use of someone else's trade mark as a keyword for search engines on the Internet does not represent, *per se*, an unlawful practice, but will be if it can be proved that the use of someone else's trade mark as a metatag has been made in order to exploit the well known name of the competitor and his / her advertising efforts, diverting the attention of customers who were looking for the competitor. So far, with regard to meta-tag cases, the competent courts have decided on the basis of

'unfair competition' provisions rather than those on 'trade mark infringement', and that is in contrast with the majority of authors who believe both provisions should be applicable to metatag cases.

Secondly, the majority of authors today argue that the use of someone else's trade mark as a keyword for Internet search engines can also represent a case of 'misleading advertisement' pursuant to the definition set forth in article 20 of Legislative Decree n. 206 dated September 6th, 2005 (the so called Consumers' Code). In this article 'misleading advertisement' is any advertising activity, which is in anyway able to mislead someone and affect his / her economic behaviour, and therefore damage a competitor. This argument has been partially considered in the *Technoform* case, where the judge stated that the use of metatags does not directly affect the correctness of the advertising message.

5.3 In framing and linking cases there is a possible violation of the provisions concerning unfair competition. However, as the Italian courts have dealt with only few of these cases, a through investigation of the circumstances in each case is recommended.

Authors: Elena Granatello and Lorenzo Bocedi



Protection of trade marks used on the Internet: Netherlands

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1. General

1.1 Industrial Property Law

1.1.1 The new Benelux

Convention on Intellectual Property came into force on 1 September 2006. It governs the protection of trade marks and designs for Belgium, the Netherlands and Luxembourg. The former Benelux Trade Marks Office and Designs Office have been abolished and their powers have been assigned to the new Benelux Office for Intellectual Property ("BOIP"). The home page of the BOIP is www.boip.int.

1.1.2 There are two types of trade marks in the Benelux: individual trade marks and collective trade marks. Both must be registered before they grant protection to a proprietor. The Benelux does not recognize non-registered, common law trade marks.

Trade names are protected in the Netherlands under the Dutch Trade Name Act (*Handelsnaamwet*). This Act grants the user of an older trade name protection against younger trade names that are confusingly similar.

1.1.3 A Benelux trade mark shall confer on the proprietor exclusive rights therein. Notwithstanding the application of the common law of torts, the proprietor of a trade mark shall be entitled to prevent any third party not having his consent from using:

- any sign which is identical with the trade mark and which is used in the course of trade in relation to the same goods or services as those for which the trade mark is registered;
- any sign where, because of its identity with or similarity to the trade mark and because of its use in the course of trade for the same or for similar goods or services as those covered by the trade mark, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark;
- any sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in Benelux and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark;
- any sign which is identical with or similar to the trade mark and which is used other than to distinguish products or services, where such use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

1.1.4 The most immediate remedy for trade mark infringement is obtaining an injunction through preliminary relief proceedings before the President of the competent District Court in the Netherlands. Preliminary relief proceedings may be initiated if the plaintiff can demonstrate he requires injunctive relief as a matter of urgency. The President may only grant provisional measures (within the meaning of art. 50(6) TRIPs) and will set a reasonable period of time in which final relief proceedings have to be initiated. If final relief proceedings are not commenced in due time, upon the defendant's request the provisional measures will lapse.

The Benelux Convention provides for more remedies:

- compensation for all damage caused by the infringement;
- in case of an infringement in bad faith, the trade mark owner may also demand all profits resulting from the infringement as well as holding the infringer accountable for such profits; the court is entitled to dismiss this claim if it is not justified in the circumstances;
- in case of an infringement in bad faith, the trade mark owner may also demand the transfer or the destruction of movable goods that are used to infringe his rights or to produce infringing goods; the same applies to revenues obtained by the infringer as a result of the infringement; the court may order that the transfer occurs if compensation is paid by the plaintiff;
- the court may order that the infringer provides information to the trade mark owner regarding the origin of the goods used for the infringement and regarding all other facts in this regard.

1.2 Unfair competition

There is no specific Dutch act on unfair competition. Actions against acts of unfair competition can be based on the provisions of civil tort in the Dutch Civil Code, in particular article 6:162. This contains the general rule that any person who commits a civil tort towards someone else is liable for the resulting damages, provided that such person is either at fault or to blame, i.e. either there is wilful intent or negligence on the defendant's part, or blame can be imputed to the defendant pursuant to statutory provisions or generally accepted principles of common law. However, in domain name disputes in the Netherlands claims are generally based on a trade mark right and/or trade name right. Pursuant to Dutch case law, well-known persons can claim a domain name identical to their names, as registration thereof by a third party can be considered a civil tort.

2. Unfair registration of domain names

2.1 Registration

In the Netherlands the Stichting Internet Domeinregistratie Nederland (SIDN), the Dutch Foundation for Internet Domain Registration, is responsible for granting and registering the .nl-domain names. The SIDN has its own regulatory code with rules on the granting of domain names.

In principle, Dutch domain names are granted on a 'first come, first served' basis. Applications for .nl domain names are not reviewed on their content before they are granted.

The holder of a .nl domain name does not actually own the domain name as such, but rather the right therein. The registration of the

domain name with the SIDN creates a contractual agreement between the domain name holder and the SIDN. The right in the domain name can most probably be regarded as the domain name holder's personal proprietary right, based on the contractual agreement with the SIDN. Under Dutch law, such right may be subject to an attachment or a pledge.

2.2 Infringement

In domain name disputes in the Netherlands claims are generally based on a trade mark right and/or trade name right.

In most cases, the use of a domain name is regarded as 'trade mark use'. Therefore, a domain name may not be identical to, or confusingly similar to, a well-known trade mark. Also, a domain name may not be identical to, or confusingly similar to, a less known trade mark, if such trade mark is registered for the same or similar goods and/or services as those for which the website connected to the domain name is used. The foregoing applies similarly to trade names.

According to Dutch case law the mere registration of a domain name that is identical or similar to a trade mark can in principle be regarded as an infringement.

2.3 Dispute resolution

Many disputes over domain names are settled between the parties out of court. If the parties cannot come to a settlement, there are two options to resolve the dispute, namely:

- by presenting the case to the Arbitration Institute for .nl domain names (which is located at the Arbitration and Mediation Centre of the World Intellectual Property Organization (WIPO); or
- by going to the Dutch courts.

In court, most disputes are settled in preliminary relief proceedings.

As of 29 January 2003 each applicant for a domain name is required to sign a registration contract containing a declaration not to infringe the rights of third parties. Such registration contract also subjects the domain name holder to dispute resolution by the Arbitration Institute for .nl domain names in accordance with the .nl domain names arbitration policy (see www.sidn.nl).

3. Invisible infringement of trade marks on the Internet

In a number of Dutch cases, courts have ruled that using a trade mark in the invisible code of a website constitutes trade mark use for which the consent of the trade mark owner is required. However, there are also cases where the Dutch courts ruled otherwise. Still, unlawful use of a trade mark in metatags may constitute a trade mark infringement under the Benelux Convention.

Furthermore, use of a metatag may under circumstances be considered as unfair competition, i.e. a tortuous act under the Dutch Civil Code. This may be the case, for example, where a third party takes advantage by using a distinguishing mark of a competitor as a metatag.

It should be noted, however, that recent developments show that the significance of metatags is fading. For Google and many other search engines metatags have become of limited influence. For others, such as Yahoo!, metatags are still of relevance.

4. Infringement of trade marks in navigational elements

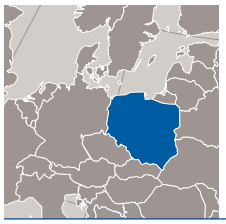
According to Dutch case law, the use of ad words (navigational elements used for advertising purposes) is not regarded as use of a trade mark to distinguish products or services. This leaves the trade mark holder with the option of taking action against the use of ad words identical or similar to a certain trade mark and which are used other than to distinguish products or services, where such use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of that certain trade mark. If the ad words are used for good reasons, such use is allowed.

For instance, in its judgment of 14 December 2006, the Amsterdam Court of Appeal ruled that Portakabin's competitor Primakabin was allowed to use the metatag 'Portakabin' as long as such metatag would lead the user of a search engine directly to the subpage of its website on which it only offered second-hand Portakabin units. The metatag was not allowed to link through to a website which would (also) offer Primakabin´s own products.

5. Conclusions

In the Netherlands, the courts have become aware that the Internet offers many possibilities for malicious parties to harm the trade marks and other distinctive signs of right owners. Fortunately, the courts have quickly decided that acts like cybersquatting and unauthorized use of trade marks in metatags are unlawful and have granted injunctions on the basis of the Benelux Trade Mark Act and, as of 1 September 2006, the Benelux Convention. The Convention has proved to be a good instrument to obtain injunctive relief against cybersquatters and other unlawful acts.

Author: Steffen Hagen



Protection of trade marks used on the Internet: Poland

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1. General

1.1 Industrial Property Law

1.1.1 The Industrial Property Law of 30 June 2000 covers the following:

- types of trade marks protected;
- circumstances of trade mark infringement;
- remedies in case of trade mark infringement.

1.1.2 Types of trade marks:

- common trade mark – any sign which may be represented graphically, provided that it is capable of distinguishing the goods of one undertaking from those of other undertakings, registered in the appropriate register;
- well-known trade mark – a registered or unregistered trade mark known in Poland to a given percentage of recipients of goods or services;
- reputable trade mark – a registered trade mark with a reputation in Poland.

1.1.3 Circumstances of trade mark infringement:

- unlawful use in the course of trade of a sign identical to a registered trade mark in respect of identical goods or services;
- unlawful use in the course of trade of a sign identical or similar to a registered trade mark in respect of identical or similar goods or services if it incurs the risk of public confusion, including the risk that the sign will be associated with the registered trade mark;
- unlawful use in the course of trade of a sign identical or similar to a reputable trade mark registered for any kind of goods or services, if such use would bring an unfair advantage to the user or be detrimental to the distinctive character or the reputation of the earlier trade mark;
- use of a sign identical or similar to a well-known trade mark in respect of identical or similar goods or services, if such use is likely to mislead the public as to the origin of the product or the service.

1.1.4 Remedies:

- cessation of infringement;
- redressing the consequences of infringement;
- surrender of unlawfully obtained profits;
- compensatory damages (i.e. actual damages and lost profits);
- publishing an appropriate statement in the press;
- if the act was culpable, ordering the payment of an adequate amount of money to an organisation, whose activities include encouraging activities in industrial property, for the purpose of encouraging innovation.

1.2 Suppression of Unfair Competition Act

1.2.1 The Suppression of Unfair Competition Act covers the following:

- types of activities which constitute an act of unfair competition;
- remedies.

1.2.2 Types of activities which constitute unfair competition in relation to the use of trade marks and trade names in business activity:

- any activity in violation of law or good practice, if it threatens or impairs the interest of another entrepreneur or customer (general clause);
- any designation of an enterprise which may mislead customers as to its identity through the use of a trade name, name, logo, abbreviation or other characteristic symbol previously used, in accordance with the law, for the designation of another enterprise;
- any designation of goods or services or the absence thereof, which may mislead customers as to the origin, quantity, quality, components, production methods, usefulness, repair, maintenance or other important features of the goods or services as well as concealing risks connected with their use;
- dissemination of untrue or misleading information (relating in particular to goods manufactured or services provided) about one's own enterprise or about another entrepreneur or his enterprise in order to benefit from it or to cause damage;
- advertising which misleads customers and thus potentially influences their decision to acquire goods or use services.

1.2.3 Remedies:

- cessation of the prohibited acts;
- redressing the consequences of the prohibited acts;
- making a single or a series of appropriate statements;
- compensatory damages (i.e. actual damages and lost profits);
- surrender of unlawfully obtained profits;
- if a party is to blame for the act was culpable, ordering the payment of an adequate amount of money for a specific public purpose connected with supporting Polish culture or protecting national heritage.

2. Unfair registration of domain names

2.1 Where a domain name is registered which includes someone else's trade mark, one must consider whether the domain name is being used in business activity. Mere registration of a domain name shall not be treated as a business activity. However, if the domain name is connected with a trade offer or a business advertisement, it may be treated as being used in the course of trade. The same applies to placing a domain name on goods or in business advertisements. The majority of domain names used by cybersquatters or typosquatters are not connected with any business activity. The websites connected with such domain names are left blank or include content not related to the trade mark. Nevertheless, maintaining a domain name in order to sell it to a third party may be regarded as using it in the course of trade. This is particularly relevant and applicable to cyberwildcatting where people register numerous domain names with a view to making a profit from selling them.

2.2 The Polish Industrial Property Law applies to trade mark infringement in Poland. Where trade marks are included in domain names, one cannot assume that the trade mark is used in Poland purely because the domain name has the .pl TLD or that the website connected with the domain name is only accessible in Poland. Nevertheless, no strict rules have been established to resolve this point. Each case must be assessed separately, taking into account, among other things, whether, an offer on the website has been directed to Polish customers, the Polish language has been used and how accessible the goods or services presented on the website are to Polish customers.

2.3 The most difficult aspect of trade mark infringement to prove is the use a sign identical or similar to a trade mark with respect to identical or similar goods or services. With regard to the use of an identical or similar sign in a domain name, only the distinctive part of the domain name should be taken into consideration. Usually, parts of a domain name like 'www'. or .'com' do not have a distinctive character.

The difficulties of establishing the use of a sign in relation to identical or similar goods or services often rules out the possibility of trade mark protection under Industrial Property Law. In cases of unfair registration of domain names, which include trade marks, there are usually no goods or services presented on a given website connected with the domain name. Therefore, it is difficult to prove that the public will be confused. In this respect, protection of trade marks used in domain names will often not be possible under the provisions of Industrial Property Law in relation to common trade marks and well-known trade marks. Only with respect to reputable trade marks will such protection be possible due to the fact that the provisions of Industrial Property Law do not require that the reputable trade mark be used in connection with any particular goods or services to establish infringement.

2.4 The protection of all kinds of trade marks used in domain names is possible on the basis of the provisions of the Suppression of Unfair Competition Act. In order to base an action on these provisions, a trade mark owner must prove that the infringing party has acted within the scope of its business activities, that its acts constitute a violation of law or good practice, and that the act or acts threaten or damage the interests of the trade mark owner.

Showing that the alleged infringer has acted within the scope of its business activities, does not necessarily require that the infringing party has to be a registered entrepreneur. It is sufficient to prove that this party registered the domain name in the course of its business activity, even if it does not act professionally in the business market.

In cases of unfair registration of domain names, which include trade marks, trade mark owners may claim that the general clause of the Unfair Competition Act has been violated as well as particular provisions of the Suppression of Unfair Competition Act. For example, using a trade mark in a domain name registered by a cybersquatter may be treated as a designation of an enterprise which may mislead customers as to its identity through the use of a trade name or name previously used, in accordance with law, for the designation of the trade mark owner.

With regard to cybersmearing, a trade mark owner may base an action on dissemination of untrue or misleading information (relating in particular to goods manufactured or services provided) about the trade mark owner or his enterprise in order to benefit from it or to cause damage. This will be easier to prove due to the character of content usually included on the websites connected with the cybersmearing domain name and the domain name itself.

3. Invisible trade mark infringement on the Internet

3.1 As set out above, the use of trade marks in metatags, keywords and other invisible elements does not automatically constitute abusive trade mark use. Invisible trade mark infringement may take place where trade marks are used to mislead Internet users as to relationships between a trade mark owner and websites which use metatags or keywords or competitor's adverts which appear every time the trade mark is typed into a search engine.

3.2 Industrial Property Law can be used to seek protection against invisible infringement of trade marks. Where trade marks are used in metatags and keywords, proving that they have been used in the course of business activity is usually straightforward as the 'invisible' elements are connected with certain websites and their content. It is also easier to prove that the infringing party has used signs identical to trade marks as metatags and keywords usually correspond word-to-word with trade marks. However, proving the use of a given sign with respect to identical or similar goods or services might not be that easy. Moreover, where such proof is available, the trade mark owner must still demonstrate that Internet users will possibly be confused. Each case should be assessed individually in this respect. The protection of trade marks in such 'invisible' elements might be more effective with respect to reputable trade marks. As indicated above, such infringement does not require proving that the trade mark was used with respect to specific goods or services of the same class as those for which the trade mark is registered.

3.3 Again, the most effective protection against invisible trade mark infringement on the Internet is provided by the Suppression of Unfair Competition Act. The general clause will be applicable as discussed above in the section on unfair registration of domain names. Such infringement should be straightforward to prove as trade marks used in metatags and keywords in connection with given websites include content related to the business activity of the infringing party. Infringement is even more evident with regard to spamdexing. The use of trade marks is unfair unless the infringing party has any legal justification, such as consent, to use a given trade mark. With regard to purchasing key-words from search engines to display adverts, a possible accusation will be that of providing advertising which misleads customers and thus potentially influences their decisions to acquire goods or use services. This is possible due to the fact that the keywords are often 'bought' to display an advertisement (e.g. a pop-up advertisement) any time a given trade mark is searched for on a search engine. The practice of purchasing keywords may lead to the liability of both an advertiser and a search engine operator.

4. Infringement of trade marks in navigational elements

4.1 Navigational elements are essential for the efficient operation of the Internet and their role in possible trade mark infringement needs to be understood in the context of their functional role in networks. The existence of alleged consent for linking and framing does not mean that they may be used without restraint. Trade mark infringement can occur where such tools use third party trade marks in an unauthorised manner.

4.2 The abusive use of trade marks in navigational elements will usually be considered as an act of unfair competition. Similarly to invisible trade mark infringement, the use of links and frames is connected to particular websites, which normally include commercial content. Therefore, proving the use of trade marks in navigational elements is in the course of trade should not cause a trade mark owner too many problems. The issue of whether the use of a trade mark is unfair should always be assessed with regard to specific circumstances. Sometimes, trade mark use may be justified taking into account the relationship between the trade mark owner's website content and the content of the site on which the link appears. With respect to pop-up ads and 'mousetrapping', unfair use of the trade mark should be relatively easy to prove. Any such use of a third party's trade mark must be viewed as a violation of good practice.

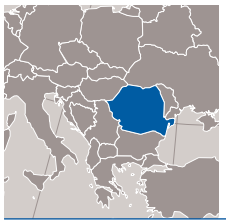
4.3 The guidance set out above in relation to the unfair registration of domain names and the protection provided by Industrial Property Law is also applicable to infringing navigational elements. As a result, protection will be more easily afforded to reputable trade marks. Common trade marks and well-known trade marks may be infringed by pop-up advertisements and mousetrapping, as these techniques are most often used to attract Internet users to a third party's goods or services. In such cases, proof of the use of an identical or similar sign with respect of identical or similar goods or services, where this may lead to public confusion, should be easier to prove than for other methods of trade mark infringement on the Internet.

5. Conclusions

Traditional methods of trade mark protection relying on Industrial Property Law may not be well suited to protect trade marks on the Internet, where their use is not strictly connected with presenting goods or services. In this respect only reputable trade marks are protected regardless of the relationship between the use of

the trade mark and specific goods or services. Until this situation changes, a trade mark owner may use the provisions of the Suppression of Unfair Competition Act to protect his trade marks against their unfair registration in domain names, invisible infringement or use in navigational elements. This act provides both civil law and criminal law sanctions in response to unfair competition, providing a powerful weapon to trade mark owners fighting infringement on the Internet.

Author: Anna Kobylanska



Protection of trade marks used on the Internet: Romania

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1. General

1.1 Trade mark law

1.1.1 The Romanian Law on Trade Marks and Geographical Indications no. 84 / 1998 (Trade Mark Law) covers the following:

- types of protected trade marks;
- circumstances of trade mark infringement;
- remedies in case of trade mark infringement.

1.1.2 Trade marks may consist of distinctive signs such as words, including personal names, designs, letters, numerals, figurative elements, three-dimensional shapes and, particularly, the shape of goods or of packaging thereof, combinations of colours, together with any combination of such signs.

1.1.3 Types of protected trade marks:

- common trade mark – a sign which can be graphically represented, serving to distinguish the goods or services of a natural or legal person from those of other persons;
- certification trade mark – a trade mark that indicates that the goods or services for which it is used are certified by its owner with regard to the quality, material, the method of manufacturing the goods or the means of supplying the services, the precision or other characteristics;
- collective trade mark – a trade mark serving to distinguish the goods or services of the members of an association from those belonging to other persons;
- well-known trade mark – a trade mark that is well known in Romania on the date on which an application for trade mark registration is filed or on the priority date claimed in such an application.

1.1.4 Circumstances of trade mark infringement

The owner of a trade mark may request the competent judicial body prohibit any person not having his consent from using the following in the course of trade:

- any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
- any sign where, because it is identical with or similar to the trade mark or the goods or services on which the sign is affixed with the goods or services for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark;
- any sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in Romania and

where use of that sign without due cause could take unfair advantage of the distinctive character or the reputation of the trade mark or where such use would cause prejudice to the owner of the well-known trade mark.

In enforcing the above, the owner of the trade mark may request that any person be prohibited from performing, in particular, the following acts:

- affixing the sign to goods or to their packaging;
- offering the goods / services bearing the sign, or putting them on the market, or stocking them for such purposes;
- importing or exporting the goods bearing such sign;
- using the sign on business papers and in advertising.

1.1.5 Remedies for trade mark infringement

Where trade mark infringement occurs the remedies are found in the criminal and civil liability provisions. Precautionary measures can also be ordered.

Criminal liability:

- any use of a trade mark that is contrary to honest practices in industrial or commercial activities, and which is an attempt to mislead consumers, shall constitute an act of unfair competition and a person found guilty shall be liable to imprisonment for between one month and two years or a fine of RON 1.500 (approx. € 400).

Civil liability:

- persons found guilty will be required to pay damages in accordance with the general rules of civil law, for the damage caused.

Interim measures:

- customs authorities may order, *ex officio* or at the request of the right holder, the suspension of customs clearance on the import or export of goods on which trade marks are unlawfully affixed;
- the owner of a mark may apply to the competent judicial body to order confiscation or, if appropriate, destruction of products on which the trade marks have been unlawfully affixed;
- the owner of a trade mark may require the infringer to provide recent information on the origin and distribution channels of merchandise to which marks are unlawfully affixed and information on the identity of the manufacturer or merchant and on the quantity of merchandise manufactured, delivered, received or ordered.

1.2 Unfair competition law

1.2.1 The Romanian Unfair Competition Law no. 11 / 1991 (Unfair Competition Law) covers the following:

- types of activities which constitute an act of unfair competition;
- remedies.

1.2.2 Acts of unfair competition pertinent to trade marks

Criminal offences:

- using a company name or a trade mark in such a way that it misleads the public with respect to another legitimately used by another trader;
- putting on the market of counterfeited / pirated products / services, whose trading damages the trade mark owner and misleads the consumer with respect to the quality of the products / services;
- manufacturing in any way, importing, exporting, depositing, selling, offering for sale of products / services that carry false markings with respect to the trade mark, with the intention to mislead.

1.2.3 Remedies:

- the person that commits an act of unfair competition is obliged to cease or remove the act / product, to hand back the confidential documents illegally obtained and, if needed, to pay damages, according to the law;
- infringements may also be sanctioned with fines up to 15,000 RON (approx. € 4,300) or prison.

2. Unfair registration of domain names

2.1 Romanian legislation does not have any specific provisions regarding Internet domain names or cybersquatting. Also, case law on this matter is rather limited.

2.2 Cybersquatting disputes are generally resolved by applying the Uniform Domain Name Dispute Resolution Policy (UDRP). UDRP is applied to cases regarding domain name registrations subject to decisions of the WIPO Mediation and Arbitration Centre. UDRP was adopted by the Romanian registry (i.e. the Romanian National R&D Computers Network, RNC, which operates within the National Institute for R&D in Informatics – ICI) in 1999. There have been several disputes regarding the '.ro' domain name that have been solved by the National Arbitration Forum based on the ICANN Policy.

2.3 In fact, RNC rules provide that any dispute between natural or legal persons regarding the right to use a certain domain name shall preferably be solved first through mediation / arbitration and only then through other dispute resolution means (including in court).

2.4 Recourse to legal courts, although possible, may however present certain shortcomings, such as the time involved (minimum one year in Romania) as well as difficulties resulting from the limited case law developed in this area.

2.5 The route to solve a dispute (in common courts) regarding an abusive registration of a domain name that infringes an owner's legitimate trade mark rights may be:

- a civil action grounded on the principles of tort regulated by the Romanian Civil Code;
- the specific actions regulated by Trade Mark Law and Unfair Competition Law.

2.6 As a matter of background, these are some of the recent cases and how they were resolved:

- through UDRP: Philips.ro, Swissair.ro, att.ro, pizzahut.ro, kfc.ro, coca-cola.ro, praktiker.ro;
- through the National Arbitration Forum: Bloomberg.ro, moneygram.ro, europcar.ro;
- through common law courts: billa.ro, airfrance.ro, and asirom.ro.

All of the above cases have been decided in favour of the trade mark owners. The claims submitted to the arbitration courts (i.e. Philips.ro, Swissair.ro, att.ro, pizzahut.ro, kfc.ro, praktiker.ro, Bloomberg.ro, moneygram.ro, europcar.ro and coca-cola.ro) were grounded on the UDRP principles.

The claims submitted to the common law courts were grounded on the unfair competition principles (billa.ro), on the principles of tort in the Civil Code (airfrance.ro), and on both the unfair competition and the trade mark law principles (asirom.ro).

3. Infringement of trade marks in navigational elements and invisible infringement of trade marks on the Internet

3.1 Romanian legislation does not have any specific provisions dealing with trade mark infringement in navigational elements or with invisible trade mark infringement, and there is no case law in this matter.

3.2 Existing case law on unfair registrations has so far only consisted of 'domain grabbing' cases. Common courts and WIPO arbitrations applied either civil law principles or UDRP principles. These grounds may also be used for disputes relating to navigational elements or invisible trade mark infringement on the Internet.

3.3 If the plaintiff is the owner of a trade mark then he has certain specific legal courses of action available to him to defend his trade mark rights, in addition to a possible action grounded on the principles of tort. Such legal actions result from an extensive interpretation of the law; and are (1) an action in counterfeit, based on Trade Mark Law, and (2) an action in unfair competition, based on Trade Mark Law and Unfair Competition Law. Please note that the provisions of Trade Mark Law are not particularly well suited for the protection of trade marks on the Internet (at least of those that are not well-known), where their use is not strictly connected with particular goods or services.

3.4 Action in counterfeit:

- there are two types of possible actions in counterfeit: one is a civil action, the other a criminal action;
- a civil action can be filed after the trade mark is published in the Official Bulletin of Industrial Property managed by the Romanian Patent and Trade Marks Office (which occurs after the date of filing and prior to the date of registration of the trade mark);
- a civil action is filed independent of the existence of any damages (which differentiates it from an action grounded on the principles of tort), as long as there exists a risk of confusion in public perception; however, the recovery of damages (if such damages occur) is only available for the period after the trade mark's registration;
- a criminal action in counterfeit can result in imprisonment for 3 months to 3 years or a fine of RON 1,500 (approx. € 400); please be advised that the Romanian Criminal Code was amended so as to provide for criminal liability of legal persons, too (the amendment is to enter into force on January 2008);
- a criminal action can be filed only after the trade mark is registered.

3.5 Regarding actions in unfair competition, Trade Mark Law states: 'any use of trade marks [...] contrary to loyal practices in commercial business, in order to mislead consumers, represents an act of unfair competition and is punishable by imprisonment ranging from 1 month to 2 years or by a fine of RON 1,500' (approx. € 400)".

3.6 It is also worth mentioning that an expedited injunction procedure *(procedura ordonantei presedintiale)* is available for conflicts between trade mark owners and holders of domain names. As such, the court could decide to suspend the domain name (as a temporary measure) and even to cancel or transfer the domain name. Seeking an injunction and checking it has been complied with are relatively simple. Moreover, such a procedure could be used (as opposed to an action in counterfeit or an action in unfair competition) where a domain name is unused (such as when the domain name is registered but not active). The main disadvantage of this procedure is that one cannot request and obtain damages. However, the injunction procedure remains a reliable option available for legitimate trade mark owners in cybersquatting cases, primarily due to the fact that the procedure is fast and effective.

4. Conclusions

4.1 Recourse to legal courts is rather inefficient due to the large amount of time lost during the proceedings and to limited case law developed in this area. Nevertheless, it has the advantage of not costing large amounts of money. UDRP proceedings either at WIPO or at the National Arbitration Forum are more expensive (min. € 1,500) but much faster (max. 70 days).

4.2 Given the fact that the use of trade marks on the Internet is often not connected with particular goods or services, the provisions of Trade Mark Law may not be suitable for protecting trade marks on the Internet. The situation may be different for well-known trade marks (which are protected irrespective of the relationship at the infringement and any goods or services). An efficient alternative would be an action in unfair competition.

Author: Valentina David

Protection of trade marks used on the Internet: Russia

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1. General

1.1 The Law on Trade Marks, Service Marks and Appellations of Origin

1.1.1 Russian legislation does not provide for any specific regulation of domain names and there is no legal definition of the term 'domain name'. That is why protection of domain names in Russia is effective only within the framework of trade mark protection and has developed mostly by previous court practice (i.e. although a precedent is not considered to be a source of law in Russia it is, however, common practice that many state courts follow similar rulings issued by higher courts). It is expected that early in 2007 the Russian parliament will approve a draft Chapter IV of the Civil Code, which will deal with domain names among other new specific intellectual property rights.

1.1.2 The Russian Federation ('RF') Law 'On Trade Marks, Service Marks and Appellations of Origin' dated 23 September 1992 as amended (the 'Trade Mark Law') indicates 'unlawful use of a name identical or similar to a registered trade mark' as one of the examples of possible trade mark infringement. This includes the 'use of a name' on the Internet, provided that such a name is used in relation to goods / services identical with or similar to those in respect of which the trade mark in question has been registered. Based on that, Russian courts consider unauthorised use of a registered trade mark in a domain name as trade mark infringement.

1.1.3 Trade marks in Russia may be protected by registering them at national level (i.e. to be valid only in Russia) and at international level (pursuant to the Madrid Convention on International Registration of Marks). State registration of trade marks is granted by the Federal Service for Intellectual Property, Patents and Trade Marks of the Russian Federation ('Rospatent') and is confirmed by a registration certificate issued by Rospatent.

1.1.4 The following remedies may be available to trade mark owners on the basis of a court decision in case of an infringement:

- an order for cessation of an infringement (including an order to remove identical or similar names from counterfeit products, labels, packages or the destruction of such products, labels and packages if removal of the protected trade mark is not possible);
- redressing the consequences of infringement;
- compensation of actual damages and lost profits;
- order for payment of monetary compensation (instead of compensation of actual damages and lost profits) of between RUR 100,000 to RUR 5,000,000 (approximately US $ 3,730 to US $ 186,570);
- publishing an appropriate statement in the press.

1.1.5 In addition, an offender may be subject to administrative fines on the basis of the RF Code on Administrative Violations.

1.2 The Law on Protection of Competition

1.2.1 The Federal Law 'On Protection of Competition' dated 26 July 2006 ('Competition Law') prohibits sale, exchange and other transactions involving goods connected with an unlawful use of the 'results of intellectual creative activity' or the means of identification of legal entities, products, works and services as 'anti-competitive activity'. Thus, the new Competition Law enables cybersquatting to be viewed as a form of anti-competitive behaviour.

1.2.2 RF Federal Antimonopoly Service ('FAS') considers cases of anti-competitive behaviour and issues orders to stop relevant activities recognised as violations of Competition Law. Such orders may contain instructions to those who have infringed others' rights to take certain actions or to abstain from taking certain actions for the purpose of 'restoring the balance of fair competition'.

1.2.3 The following remedies may be available under Competition Law:

- an order to stop the activity in question;
- redressing the consequences of the activity in question;
- making a single or a series of public statements with appropriate contents and in a proper form;
- compensation of actual damages and lost profits.

1.2.4 In addition, an offender may be subject to administrative fines on the basis of the RF Code on Administrative Violations as well as Competition Law.

2. Unfair registration of domain names

2.1 If a domain name is registered in violation of the rights of a rightful owner of corresponding intellectual property rights (an 'IP Rights Holder'), the IP Rights Holder will have to demonstrate in court which specific rights were infringed by the registration. In most common cases the unfairly registered domain name is identical or confusingly similar to a registered trade mark (i.e. in cybersquatting and typosquatting cases). Russian courts considering such an IP Rights Holder's claim concentrate on SLD (second level domain, e.g. russia.com) information and do not take into account TLD (top level domain, e.g. .com, .uk) for the purpose of establishing similarities between the trade mark and the domain name in question.

2.2 As regards SLD, previous court cases have shown that a similarity can be recognised and an IP Rights Holder's claim successful even in cases where the trade mark and the domain name are written in different languages but have phonetic similarity (e.g. when the domain name in Latin script is phonetically similar to the trade mark registered with Rospatent in Cyrillic script). However, trade mark infringement is deemed to take place only when the domain name is used for advertising sales of goods / services which are identical or similar to goods / services in respect of which the relevant trade mark has been registered with Rospatent (e.g. if the domain name is linked to the website where such goods / services are presented).

Trade mark infringement is also recognised if a website, which operates under the domain name reproducing a registered trade-mark, uses a hyperlink to another website where relevant goods / services are actually offered or automatically redirects the user to such a website. Similarity between the domain name and the trade mark, as well as the similarity between the goods / services may be evidenced by court-appointed expert examination (usually Russian courts order such expert examinations to be conducted by Rospatent).

2.3 A situation where there are several claimants or applicants for one specific domain name is especially problematic. For example, a trade mark may be registered by different IP Rights Holders for different groups of goods / services and all of such goods / services may be presented at a website with domain name identical to the respective trade marks. Although such cases are very rare, in the absence of any specific legislation or direct guidance from high courts one cannot predict the outcome of such a case.

2.4 Previous cases demonstrate that a direct claim against a local Internet provider by an IP Rights Holder seeking to stop operation of a specific domain name would be unproductive. There were some cases where domain name disputes have been referred to the WIPO Arbitration and Mediation Center ('AMC') for consideration. As a rule, local Internet providers usually comply with rulings issued by AMC, which may prohibit unlawful use of the domain name. However, cybersquatters may contest Internet providers' actions by filing a lawsuit in to a Russian court on the basis of their service contracts.

2.5 It should be noted that Russian courts recognise and allow enforcement of foreign courts' decisions and arbitral tribunals pursuant to a special procedure. AMC will only be considered an arbitration tribunal for a particular dispute on the basis of a valid arbitration agreement between the parties. As cybersquatters would be quite reluctant to agree to AMC's jurisdiction to hear disputes with IP Rights Holders (for they could simply ignore any request to submit to arbitration from the IP Rights Holder), AMC would be unlikely to serve as a proper venue to consider an IP Rights Holder's claim against a cybersquatter. Hence, the only effective remedy against cyber-squatters in .ru domain zone disputes would be to file a lawsuit with a Russian state court. In consideration of whether the Russian courts have jurisdiction to hear such a case, the following criteria must be taken into account:

- whether the owner of a domain name (i.e. a potential respondent) is located, permanently resides in Russia or has its main assets in Russia; the name and address of the domain name owner may be checked through the 'Whois' service available at the home Internet pages of Internet providers; however, cybersquatters often give misleading information about their names, address, etc; certain Internet providers have a clause in their internal regulations stipulating that false registration data submitted by domain name owners may lead to cancellation of the domain name registration;
- whether the owner of a domain name has its managing body, branch or representative office located in Russia;
- whether a dispute has arisen out of a contract which should have been performed in Russia;
- whether the dispute is 'connected with services provided in Russia via the Internet'; this criterion seems to be very ambiguous since the Internet is a global network and it can be difficult to determine precisely where (in which country) relevant services are actually provided; however, the current Russian court cases show that this provision can be applied in cases when both parties to the dispute are foreign residents but the domain name itself is registered by a Russian Internet provider in the .ru domain zone and thus is consid-ered to be registered in Russia.

2.6 One of the critical issues in suing cybersquatters in Russian courts is evidencing relevant infringement of a trade mark.

Russian courts do not accept simple printouts of Internet pages as admissible evidence. Therefore, an IP Rights Holder has to certify the 'contents of website' via a public notary.

2.7 If the court acknowledges the claim and agrees that trade mark infringement took place, the court will make an order to prohibit maintenance of the corresponding domain name. This ruling is enforceable against the relevant Internet provider, which must cancel maintenance of that domain name. It should be noted that in such a case the domain name in question continues to exist, but is left temporarily ownerless. It is known that certain Internet providers have internal rules which provide that the IP Rights Holder whose claim has been awarded by the court has a pre-emptive right to register the disputed domain name in its name within a certain grace period.

2.8 Some cybersquatters, however, are more 'intelligent' and leave the content of their websites blank or just keep registration of the domain name valid, but that specific domain name itself is not used in connection with any website. This is commonly seen in cases of cyberwildcatting where someone registers numerous domain names with the intention of making profits from their future sale. Such cases do not constitute trade mark infringement because there are no goods / services being offered for sale on a specific website. In this case the only way to protect the IP Rights Holder's rights would be to prove that registration of the domain name constitutes anti-competitive activity. However, it should be noted that Competition Law was enacted only very recently and no similar cases are known to date. Unfortunately, in practice the IP Rights Holders very often refuse to pursue cybersquatters in Russia and attempt to settle these disputes with cybersquatters amicably.

3. 'Invisible' metadata trade mark infringement on the Internet

Russian legislation does not cover these issues at the moment and there are no practical precedents of such cases being resolved in Russian courts. As mentioned above, the use of trade marks (or names similar to trade marks) in metatags, keywords and other 'invisible' metadata elements does not automatically constitute trade mark infringement unless there are goods / services offered on the corresponding website.

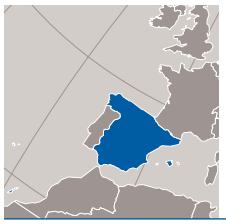
4. Infringement of trade marks in navigational elements

Russian legislation does not cover these issues at the moment and there are no practical precedents of such cases being resolved in Russian courts. However, based on current Russian legislation navigational elements may potentially be considered as an infringement of trade mark under Trade Mark Law. This means that trade mark infringement takes place only if the use of navigational elements directs the user to the websites offering specific goods / services that are identical or similar to goods / services in respect of which the trade mark was registered.

5. Conclusions

Fighting cybersquatters in Russia in the current legislative framework may be approached via protection of relevant trade marks under Trade Mark Law only if corresponding domain names are used for websites offering goods or services connected with the relevant trade mark registered with Rospatent for sale. It might be also possible to apply provisions of the new Competition Law against cybersquatters, but it remains to be seen how FAS would approach these cases.

Author: Sergei Volfson



Protection of trade marks used on the Internet: Spain

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1. General

1.1 Industrial property law

1.1.1 The Trade Marks Act Industrial (Act 17 / 2001) of December 17th covers the following:

- types of trade marks protected;
- circumstances of trade mark infringement;
- remedies in case of a trade mark infringement.

1.1.2 Types of trade marks:

- common trade mark – any sign or device that distinguishes or serves to distinguish the goods or services of one company from identical or similar goods or services of another company in the marketplace;
- well-known trade mark – registered trade mark known in the territory of Spain by target consumers / users of the goods and / or services that such trade mark distinguishes.

1.1.3 Circumstances of trade mark infringement:

- unlawful use in the course of trade of signs that, because they are identical or phonetically, visually or conceptually similar to an earlier trade mark application or registration designating identical or similar goods or services, may lead to confusion in the marketplace, including the risk of association with the earlier trade mark;
- an unlawful use in the course of trade of signs that may lead to confusion in the marketplace because they are identical or phonetically, visually or conceptually similar to an earlier trade name application or registration designating activities related to the goods or services for which the trade mark is filed;
- an unlawful use in the course of trade of signs that are identical to an earlier business sign applied for or registered to designate the same activities as the goods or services for which the trade mark is filed;
- an unlawful use in the course of trade of a sign identical or similar to a reputed trade mark registered for any kind of goods or services, if such use would bring an unfair advantage to the user or be detrimental to the distinctive character or the reputation of the earlier trade mark.

1.1.4 Remedies:

- cessation of the infringement;
- compensatory damages (i.e. actual damages and lost profits);
- adoption of the necessary measures to prevent continuation of the infringement and, in particular, the withdrawal from the market of the goods, packaging, wrappers, advertising material, labels or other documents by means of which the infringement of the trade mark right was committed;
- destruction or the hand-over of the infringing goods;

- attribution to the legal owner of the infringing goods, materials and means seized;
- publication of the decision at the expense of the guilty party, in announcements and notifications to the persons concerned.

1.2 Unfair Competition Act

1.2.1 The Unfair Competition Act covers the following:

- types of activities which constitute an act of unfair competition;
- remedies.

1.2.2 The following activities constitute unfair competition with regard to the use of trade marks and trade names in business activity:

- any activity developed in commerce which objectively violates the requirements imposed by good faith (general clause);
- acts causing confusion with the activity, goods and services or premises of any other company;
- acts that mislead the public as to the nature, manufacture, origin, characteristics, etc of the products / services of any other company;
- acts that denigrate the activity, goods and services of any company, notwithstanding the application to this case of the exceptio veritatis;
- imitation of any third party's product features, but only if such features are protected by an exclusive right (such as an intellectual or industrial property right);
- taking unfair advantage of the reputation of any third party company's commercial features and skills.

1.2.3 Remedies:

- declaration of the illegality of the act;
- cessation of the acts;
- redressing the consequences of the prohibited acts;
- making a single or a series of statements with appropriate contents and in a proper form;
- compensatory damages (i.e. actual damages and lost profits);
- surrendering unlawfully obtained profits.

2. Unfair registration of domain names

2.1 As far as the administrative procedures are concerned, in order to register a domain name with the ccTLD .es it is necessary to ask the Spanish Registration Authority called 'ESNIC' or the 'Authority', to reserve the domain name. The registration of a domain name with the Authority is based on a 'first come first served' basis, which means that anyone can reserve a ccTLD .es domain name, provided that the same name has not been registered before. Note that the Authority does not conduct any research to verify if the newly registered domain name has already been registered as a trade mark by someone else.

2.2 An application submitted to the ESNIC contains an obligation imposed on the applicant to resolve any disputes concerning the registered domain name through an Extrajudicial Dispute Resolution Procedure (hereinafter 'EDRP') regulated by ESNIC by means of a ruling dated November 7th, 2005. This process is similar to WIPO's Arbitration and Mediation Centre. The outcome of the EDRP procedure before ESNIC can be either re-assignation of the domain name,

cancellation of the domain name, or non-acceptance of the complaint. According to the ruling, the previous rights that may be invoked in order to re-assign a domain name are trade marks and commercial names, and also any other industrial property right, civil names and well-know pseudonyms.

2.3 Please note that, as this procedure is not of a judicial character, a complaint can be filed with an ordinary court after the EDRP or directly without recourse to EDRP, or even while the EDRP is taking place. The action may be based on an infringement under the Spanish Trade Marks Act or the Unfair Competition Act.

2.4 According to art. 34 of the Spanish Trade Marks Act, the owner of a trade mark is vested with the right to stop the use of a trade mark as a domain name and in communication networks, but only if any of the conditions described in 1.1.3 (circumstances of trade mark infringement) are applicable to the case.

2.5 If the conditions described in paragraph 1.1.3 are not applicable, the owner of a trade mark will have to rely on the Unfair Competition Act, whose main features have been described above in paragraph 1.2.2, in order to stop the unlawful use of its trade mark (i.e. existence of confusing acts, acts of imitation and taking unfair advantage of the reputation of another company's commercial features).

2.6 We have found several cases in our Spanish jurisprudence where a domain name containing a third party's trade mark has been judicially allocated to the legal owner, under article 34 of the Spanish Trade Mark Act. The cases analysed refer to situations in which either (i) the signs are identical or similar to the goods and services protected, or (ii) a third party has taken unfair advantage of a well-known character or the reputation of someone else's trade mark.

2.7 Finally, for the protection of common trade marks used as domain names or as part of them, it is possible to rely on the Unfair Competition Act where there is no relationship between the goods / services or activities of the company using the domain name unlawfully, and the goods / services to which the trade mark relates.

3. Invisible trade mark infringement on the Internet

3.1 Up to now there has only been one Spanish court case where the court has examined the unlawful use of trade marks in metatags. The court decided that the use of domain names playxboy.com and playxmate.com did, in fact, constitute an illicit use of the well-known trade mark PLAYBOY, of Playboy Enterprises International, Inc. Additionally, the court decided that the use of the terms 'playboy' and 'playmate' as metatags constituted an illicit use of Playboy Enterprises' trade marks. The court accepted there were similarities between the trade mark and domain names and similarities between the services as 'both signs, trade marks and domain names, belong to the same operative area of net access'. The court also found that there was an act of unfair competition as the user of such domains was in fact illegally taking unfair advantage of someone else's registered rights (Sentence of the Provincial Court of La Coruña, number 138 / 2004, dated April 20th).

3.2 According to article 34.3.e) of the Spanish Trade Mark Act, if the conditions set out above in paragraph 1.1.3 (circumstances of trade mark infringement) apply; the owner of a trade mark will be vested with the right to forbid the use of its trade mark as a domain name and in communication networks.

3.3 The provisions of the Unfair Competition Act will also apply if 'invisible' trade mark infringement misleads Internet users as to the relationships between a trade mark owner and the website connected which uses metatags or keywords.

4. Infringement of trade marks in navigational elements

4.1 If navigational elements include trade marks, they may infringe a trade mark owner's rights.

4.2 Each situation must be studied on a case-by-case basis and whether the Trade Marks Act or Unfair Competition Act apply will depend on the specific circumstances.

4.3 The remarks above concerning the applicability of the legislation in regards to registration and use of domain names and to the invisible use of trade marks will be also applicable to trade mark infringement in navigational elements. As well as a distinctive character, a trade mark also has an implicit 'selling power' as part of its advertising role that is also protected. Depending on the facts of each case, it will be necessary to decide whether it is possible to bring an action under the Trade Marks Act or the Unfair Competition Act. Where the case is not a traditional case of trade mark infringement, and the principle of speciality is difficult to apply, the owner of the trade mark will find it easier to claim that the infringing third party is trying to take unfair advantage of its trade mark reputation amongst the public, and so rely on the provisions of the Unfair Competition Act.

5. Conclusions

5.1 For the resolution of disputes arising from the unfair registration of domain names, specific administrative proceedings have been recently created to avoid the necessity of filing judicial actions. The owner of a trade mark has the choice as to whether to use administrative proceedings or proceed in court. Choosing the former does not preclude going to court at the same time as or after the administrative the proceedings.

5.2 With respect to other means of trade mark infringement, depending on the specific characteristics of the case, a trade mark owner can rely on the Trade Marks Act together with the unfair competition rules, or

perhaps only the latter. The decision will depend on the nature of the trade mark that is being unlawfully used (common, well-know or reputed) and the role of the trade mark that the owner is seeking to defend, namely (i) the distinctive role of the trade mark, and / or (ii) the advertising role of the trade mark.

5.3 Finally, there are remedies available under both civil law and criminal law. This provides trade mark owners with a wider range of methods with which to fight trade mark infringement on the Internet.

Author: Maica Trabanco

Protection of trade marks used on the Internet: Switzerland

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1. General

1.1 Trade Mark Act

The Swiss Trade Mark Act (Markenschutzgesetz, MSchG) of August 28, 1992, was enacted on April 1, 1993. It is a modern piece of legislation implementing the principles of the WTO's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). Switzerland is a signatory to the Paris Convention for the Protection of Intellectual Property, to the Madrid Agreement and Protocol, and to the Nice Agreement. While not a member of the European Union, Switzerland's Trade Mark Act is nonetheless well-harmonized with EU Directive 98/104/EEC of December 21, 1988. The Swiss Trade Mark Act covers the protection of trade marks and appellations of origin.

1.1.1 Types of trade marks

A trade mark is a designation capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Trade marks may consist of words, letters, numerals, graphic depictions, three-dimensional shapes or combinations of such elements or with colours.

Trade mark protection may be obtained only by registration, with the exception of notorious trade marks under the Paris Convention.

Appellations of origin are direct or indirect indications of the geographical origin of goods or services, including indications with respect to the quality and characteristics associated with the origin.

1.1.2 Infringement of trade mark rights

A registered trade mark provides its owner with the exclusive right to use the trade mark to identify the goods or services for which it has been registered. Third parties are thus prohibited from doing the following in the course of trade without the consent of the trade mark owner:

- affix the trade mark to goods or their packaging;
- offer, put into circulation or stock goods for such purposes under the trade mark;
- offer or render services under the trade mark;
- import or export goods under the trade mark;
- use the trade mark on business papers, in advertising or otherwise in the course of business.

Trade mark protection covers both the use by third parties of identical designations for goods and services as they are registered and also designations that are confusingly similar to the trade mark for goods and services that are similar to the ones registered.

Famous trade marks enjoy a wider protection. The owner of a famous

trade mark may prohibit others from using its trade mark for any type of goods or services if such use jeopardizes the distinctiveness of the trade mark or exploits or impairs its reputation.

1.1.3 Remedies:

- declaratory judgment about whether or not a trade mark is valid or infringed;
- cessation of infringement;
- compensation of damages and, where necessary, information regarding profits and turnover of the defendant;
- information about the origin and the channels of distribution of unlawfully trade marked objects;
- seizure and destruction of infringing objects;
- action for assignment of a trade mark, if the defendant unlawfully registered the trade mark;
- publication of the judicial award in newspapers or trade journals;
- wilful trade mark infringement may be a criminal offence, resulting in fines of up to CHF 100,000. (approx. € 70,000) or even imprisonment.

1.2 Unfair Competition Act

The Swiss Unfair Competition Act (Bundesgesetz gegen den unlauteren Wettbewerb, UWG) of December 19, 1986, was enacted on March 1, 1988 and has been amended several times since. The goal envisioned by the Act is to safeguard and promote fairness in the conduct of business, not only between competitors, but also between suppliers and consumers.

1.2.1 Unfair acts

According to the Act, any behaviour or business practice that is deceptive or that in any other way violates the principle of good faith is defined to be unfair and unlawful, provided that it affects the relationship between competitors or suppliers and consumers. This general principle is expanded by way of several examples, which include the following:

- deceiving, unfair solicitation or obstruction of competitors, suppliers and customers;
- disparaging competitors or suppliers, their goods, works, services, prices or business relationships;
- making incorrect or misleading statements about a competitor or supplier, about its company name, trade name, goods etc.;
- taking measures that may cause confusion with the goods and services of competitors or suppliers;
- comparing, in an incorrect, misleading, unnecessarily injurious or imitative manner oneself (or the goods, works, services, prices etc.) with a competitor or supplier or their goods etc.

1.2.2 Remedies:

- declaratory judgment about whether or not an act is unfair;
- cessation of unfair conduct;
- compensation of damages and, where necessary, information regarding profits and turnover of the defendant;
- publication of the judicial award in newspapers or trade journals;
- wilful unfair conduct may be a criminal offence, resulting in fines up to CHF 100,000 (ca € 70,000) or even imprisonment.

1.3 General civil law

General civil law also applies to the registration and use of domain names. In this context, the Swiss Civil Code (Zivilgesetzbuch, "CC") and the Swiss Code of Obligations (Obligationenrecht, "CO") must be mentioned. Pursuant to Section 28 CC, a person being impaired by an usurpation of his or her name by another person may sue for cessation and for damages. Similarly, according to Section 956 CO, a company may sue a third party for cessation and damages if its company name is adversely affected.

Finally, the general law on torts (Sections 41 et seq. CO) is applicable, stating that whoever unlawfully causes damage to another, be it wilfully or negligently, shall be liable to cease and desist and for damages. Causing damage in violation of bonos mores also qualifies as a tort. It should be noted that certain acts may at the same time constitute a criminal offence, such as, deep-linking to websites with pornographic or racist content.

2. Unfair registration of domain names

2.1 Domain names in the "ch" and "li" (Principality of Liechtenstein) ccTLDs are registered at a semi-official authority called SWITCH (www.switch.ch). The domain names are reserved on a strict "first come first served" basis. The General Terms and Conditions of SWITCH require the applicant to confirm that its request for registration is lawful but no investigation is carried out. Foreign applicants are accepted.

2.2 Leading decisions

2.2.1 rytz.ch

The facts before the Federal Supreme Court's first decision on domain names of February 11, 1999 (BGE 125 III 91), were about as complex as they can be. An individual of the family name of Rytz had used his name as a company name since 1974 and later incorporated his business into a "Rytz Industriebau AG" in March 1983. The company registered and used the domain rytz.ch. In 1987, another company, "Rytz & Cie SA", was founded, and it registered the trade mark "RYTZ" in 1995. It then claimed violation of that trade mark by Rytz Industriebau AG's use of the domain name rytz.ch. The Federal Supreme Court said that this was a conflict between trade mark rights and company name rights. As there are no statutory provisions specifically addressing such conflicts the court sought to find an equitable solution. Rytz Industriebau AG's earlier company name rights along with its earlier registration, in good faith, of rytz.ch, ultimately tipped the balance in its favour. Rytz & Cie SA's claim for trade mark infringement was denied.

2.2.2 maggi.com

The "Maggi" case (Federal Supreme Court Decision No. 4C.376/2004 of January 21, 2005) neatly aligns with similar decisions throughout most countries, in that the Federal Supreme Court said that the bearer of a family name has no "natural" right to use his name as a domain name if a famous company or institution of that same name exists.

2.2.3 Municipality names: Montana, Luzern, Frick

Several municipalities had to fight for their domain names, which throughout Switzerland are consistently formed as municipality.ch. They were in all but very few instances successful. Examples include montana.ch (BGE 128 III 357), luzern.ch (BGE 128 III 401), and frick.ch (Argovia Commerce Court, 2001, 818). The latter was the most interesting case, because Frick is not only the name of a small countryside town but also a widespread family name in Switzerland. The town succeeded in claiming frick.ch for itself. The court held that the municipality had a better "natural" interest, based on public interest and also on public expectations to find the municipality when entering www.frick.ch.

2.2.4 www.bundesgericht.ch, www.schweiz.ch

The Swiss government has also had its fair share of domain name litigation. The first case (Federal Supreme Court Decision No. 6S.127/2002 of September 2, 2003) involved an individual who had the unfortunate idea to register, of all domain names, bundesgericht.ch (i.e. "federal-supremecourt.ch"). The Federal Supreme Court found a way to decide in its own case and ordered the Defendant to assign the domain. The legal basis invoked was essentially the right of the Court to use its own name, because the Swiss Federal Court ("Bundesgericht") enjoys the exclusive right to its name under a special Act on the protection of governmental emblems ("Wappenschutzgesetz").

2.2.5 artprotect.ch, hotmail.ch and riesen.ch

In one of the earliest decisions regarding a domain name containing a trade mark, the court (a Bern district court; 2000, 28) held that the mere registration of a domain name containing a trade mark was no trade mark-like use and thus would not per se violate trade mark rights. Another court disagreed with that. Microsoft sued the owner of hotmail.ch based on its trade mark HOTMAIL. The court (a cantonal high court, 2000, 26) granted a preliminary injunction, stating flatly that the registration of a domain containing a trade mark violated trade mark rights if the website's purpose was doing business.

The German Storck group owns the trade mark "RIESEN" for candy sticks. Storck re-launched the trade mark during 1999, with great success. One Stephan Riesen had registered the domain riesen.ch already in February 1998. Storck sued for cessation and for transfer of the domain name. The Federal Supreme Court began with the statement that domain names have a function of designating goods and services and that they have to keep an appropriate distance from prior trade marks, so as to avoid confusion or deception. As Stephan Riesen did not use riesen.ch for anything like candy sticks, Storck took the position that "RIESEN" was a famous trade mark and therefore enjoyed a wider protection. The evidence showed that 46% of the Swiss knew what "RIESEN" stands for candy sticks. The court held that this was not sufficient and denied Storck's claim (Federal Supreme Court Decision No. 4C./31 of November 8, 2004).

Of particular interest was the view of the Federal Supreme Court that the mere registration of a domain name is not prima facie evidence for the use thereof in a trade mark-like manner. It follows that trade mark violations by domain names require a very careful analysis regarding trade mark-like use.

2.2.6 djbobo.de

Unfair domain name registrations may violate trade mark rights, (company) name rights, and unfair competition law at the same time. This was confirmed in a decision of November 7, 2002 (Federal Supreme Court Decision No. 4C.141/2002) involving DJ Bobo, the well known pop star and disc jockey. DJ Bobo had registered djbobo.ch as well as several trade marks such as "D.J. BOBO" and "BOBO". DJ Bobo is a pseudonym, but under Swiss law, pseudonyms enjoy name right protection just as the real names do. A former business partner of DJ Bobo's registered djbobo.de and used that website inter alia to sell certain related goods such as CDs and books. By doing so, DJ Bobo's trade mark rights were violated, as was his name right. Giving www.djbobo.de the appearance of an official website supported by DJ Bobo was also held to be the act of unfair competition.

2.2.7 limmi.ch, limmi.com.

The Federal Supreme Court decision 4C.169/2004 of September 8, 2004, is an example for reverse cybersquatting and unlawful use of trade marks. The defendant traded in lemon juice, which was sold by the plaintiff under the "Sicilia" label, the latter being owned by the defendant. When the parties ended their cooperation the plaintiff continued trading in lemon juice, which it sold under its own new label "Limmi". Shortly thereafter the defendant registered the

trade mark "LIMMI" and the domain names limmi.ch and limmi.com. The plaintiff sued for cancellation of the "LIMMI" trade mark and for assignment of the two domain names, and won the case. The Supreme Federal Court shared the plaintiff's position that the defendant had registered the trade mark and the domain names for the mere purpose of obstruction.

2.2.8 berneroberland.ch

The defendant was an advertising and web service shop. It held several domain names, among them berneroberland.ch. "Berner Oberland" is the famous mountainous area in the very heart of Switzerland. The plaintiff represented the tourist agency for Berner Oberland. It sued for cessation of possession and for cancellation of berneroberland.ch. The Federal Supreme Court agreed in its decision of May 2, 2000 (BGE 126 III 239)that the Defendant could not show any proper or otherwise "natural" interest in holding the domain, whereas the tourism agency had an obvious interest in it.

3. Invisible trade mark infringement on the Internet

Invisible trade mark infringements on the Internet in the form of metatags, invisible keywords, spamdexing, purchase of keywords and similar techniques do not usually qualify as trade mark infringements because the metatags and other invisible techniques do not designate goods or services, and do not have the function of distinguishing the goods or services of one enterprise from those of another.

In certain circumstances metatags may violate (company) name rights because they may have the effect of associating or bringing too close to a person or company, certain defamatory or otherwise unacceptable websites or website content.

However, the usual remedy is unfair competition law. The only published court decision is dated April 10, 2001, a decision of the Argovian Commerce Court (2001, 532). The plaintiff owned a trade mark "SODASTREAM" for soda water. His Swiss distributor registered the domain sodastream.ch. He not only continued to use this domain after the distributorship agreement was terminated, but, in addition, registered sodafresh.ch and included metatags for "SODASTREAM" products on that website. The owner of "SODASTREAM" sued for trade mark infringement and for unfair competition, and was successful. The court reasoned that metatags helped to promote sales and thus qualified as a trade mark-like use. The coexistence of sodastream.ch and sodafresh.ch and associated metatagging was held to obviously create confusion and deception and thus was an act of unfair competition.

4. Infringement of trade marks in navigational elements

The techniques of framing, linking and deep-linking may violate trade mark rights, (company) name rights, and may constitute an act of unfair competition.

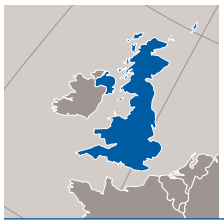
No decisions in this regard have been published in Switzerland. It is interesting to note that in the "maggi.com" case, the owner of maggi.com placed a well-visible link to maggi.ch on its website, along with the question "Are you looking for Maggi products of Nestlé?". The case was decided in favour of Nestlé/Maggi based on trade mark law ("Maggi" being acknowledged as a famous trade mark), name right and unfair competition law.

5. Conclusions

The courts quickly recognized that while no specific legislation exists regarding domain names – contrary to trade mark law, unfair competition law and (company) name law – domain names nonetheless clearly have a designation function so that conflicts are inevitable and need to be resolved. Enforcement of trade mark rights against domain names requires the use of that domain name in a trade mark-like manner, which is hardly ever true for metatags and similar techniques, and may or may not be true in the case of links and other navigational elements. Personal and company name rights are different in that respect. As soon as the bearer of the name is impaired, his or her rights are violated and "name-like" use is not required.

Infringement of designation rights (trade mark, name) by domain names is often complex because Swiss law has no statutory rules for resolving conflicts between trade marks, (company) names and other designation signs such as domain names, trade names or appellations of origin. The Swiss Federal Tribunal has repeatedly and consistently said that it shall decide such cases on a case-by-case basis, looking for an equitable solution. An equitable solution is one which favours the one having the better "natural" cause, and is disadvantageous to the one who behaves unfairly. Indeed, court practice says that even in the absence of trade mark or (company) name infringements unfair competition law will always apply if proper conduct of business is at stake. As a result, many cases involving domain names are, if one looks closely, decided on the natural merits of the case, relying on principles of unfair competition law. Each and every individual case must therefore be looked at very carefully.

Author: Robert G. Briner



Protection of trade marks used on the Internet: United Kingdom

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1. General – Background to protection of UK trade marks

1.1 Registered trade marks

1.1.1 The law governing the protection of UK registered trade marks, whether used on the Internet, or on goods, or on traditional hard copy advertising, is contained in the Trade Marks Act 1994. The provisions of the Act include the following:

- the criteria to be satisfied for a trade mark registration to be granted;
- what actions can constitute trade mark infringement;
- the remedies available.

1.1.2 Registration:

- for a trade mark to be registrable, it must be a sign capable of being represented graphically and capable of distinguishing goods or services of one undertaking from those of other undertakings;
- trade marks are not registrable if they are deceptive, descriptive or devoid of any distinctive character, or which have become customary in the current language or established practices of the relevant trade;
- registration will be refused for trade marks which are identical to other trade marks which are registered (or applied for) and used in relation to identical goods or services; registration will also be refused for trade marks which are similar to a registered trade mark, or are used in relation to similar goods or services, but only where there is a likelihood of confusion between the two trade marks; where a trade mark is identical or similar to an earlier trade mark, but it is being used on goods or services which are not similar, the trade mark will be refused registration if the registered trade mark has a reputation in the UK and the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, its distinctive character or reputation.

1.1.3 Trade mark infringement

The basic legal principles governing the infringement of a registered trade mark are the same whether the infringement occurs through use on a website or in relation to services or on goods.

The general position is that a registered trade mark is infringed if someone uses, without the owner's consent, an identical or similar trade mark in the course of trade in the UK in relation to identical or similar goods or services. If the trade mark used is only similar to the registered trade mark, or is used in relation to goods or services that are only similar to those for which the trade mark is registered, there must also exist a likelihood of confusion in the public mind.

If the trade mark used is identical or similar to a registered trade mark, but the use is in connection with

goods or services that are not similar to those for which the trade mark is registered, to show infringement it must also be established that the registered trade mark has a reputation in the UK and the use takes unfair advantage of, or is detrimental to, the registered trade mark's distinctive character or reputation.

To show trade mark infringement, the owner of the registered trade mark will need to show that the later trade mark is being used 'in the course of trade'. This means use by way of business, and not necessarily use as a trade mark. For example, in relation to use on a website, this includes:

- offering goods or services using a trade mark (e.g. calling your online business 'Nike Goods Co');
- offering goods or services on a website which uses the trade mark as its domain name (e.g. using the domain name 'nikegoodsco.com');
- use of the trade mark in advertising (e.g. banner advertising for 'Nike Goods Co' on another website).

Relevant defences to trade mark infringement that may apply where the (otherwise infringing) use takes place online include:

- where the trade mark is the user's own name or address; or
- where the trade mark is being used to describe the kind, quality, intended purpose or other characteristics of the goods or services, provided that such use is in accordance with honest practices in industrial or commercial matters (e.g. a banner advertisement for a website could say that the website sells Nike shoes, but it couldn't suggest that the website was associated with the Nike company);
- the use of the mark in the case of comparative advertising (where a business mentions a competitor's product / services by name in comparison to its own) is also permitted, provided the comparisons are fair and accurate.

1.1.4 Remedies

The most important remedy available for trade mark infringement is an injunction to stop the unauthorised use of the mark. Other remedies include damages or an account of the defendant's profits from the infringement.

1.2 Other protection for trade marks

1.2.1 Trade mark protection may also be available in the UK whether the mark is registered or unregistered through the law on passing off. Passing off prevents one person from taking advantage of the goodwill (reputation) of another person by 'passing off' his goods or services as being those of (or being connected to) that person. It applies equally to infringement on the Internet or elsewhere.

1.2.2 To establish a claim in passing off, the following must be shown:

- that the person claiming has goodwill / reputation in the name or trade mark used on goods or services in the UK;
- that there has been a misrepresentation made to the public which has lead (or is likely to lead) the public to believe that the goods or services offered are the goods or services of the person claiming; and
- that damage will be suffered (or is likely to be suffered) by the person claiming as a result of the misrepresentation.

1.2.3 The remedies available under an action in passing off are similar to those in an action for trade mark infringement (i.e. an injunction, damages, or an account of profits).

1.3 Alternative Dispute Resolution for domain names

1.3.1 Where the use of a trade mark complained of is use in a domain name, as an alternative to a court action a trade mark owner may also use one of the Alternative Dispute Resolution procedures available for domain names.

1.3.2 For top level domains (e.g. .com, .org) a complaint may be made under the Uniform Domain Name Dispute Resolution Policy (UDRP) where a domain name has been registered in bad faith. This is an international system established for settling domain name disputes and has been available for use since 1 January 2000. The UDRP system requires that domain name owners formally arbitrate each dispute

where a trade mark owner raises claims of cybersquatting, i.e. the registration of a domain name and subsequent use of the name in bad faith (see section 2.2 below).

1.3.3 In the UK, proceedings to resolve a domain name dispute for a .uk domain name may be commenced using the Dispute Resolution Service (DRS) of Nominet, the registry for .uk domain names. The DRS requires that the complainant must show that there has been an 'abusive registration', which is similar to the UDRP's bad faith requirement. An abusive registration of a domain name is one which, by the existence of the registration or its subsequent use, has caused unfair detriment to a person or has given the registrant an unfair advantage.

1.3.4 Using the UDRP or DRS has the advantage of being cheaper and quicker than claiming for trade mark infringement or passing off through the courts. However, it has the disadvantage that the only remedy available is the cancellation or transfer of the infringing domain name.

1.3.5 The remainder of this note only looks at actions for trade mark infringement and passing off. However, the majority of cyber-squatting and typosquatting actions will be resolved through the use of alternative dispute resolution.

2. Unfair registration of domain names

2.1 As a domain name is frequently used to identify the source of information on a website, its use is often equivalent to that of a trade mark. As such, the unauthorised use of a domain name that incorporates an existing trade mark may give rise to trade mark infringement (where the trade mark is registered) or a claim for passing off.

2.2 Cybersquatting

The practice of registering domain names that incorporate well-known marks or brands of third parties for the purpose of extorting money from the existing owners of such marks is well-established.

2.3 The law on disputed domain names was established in the case of *British Telecommunications v One In A Million* [1998]. In this case it was held that the registration of domain names could give rise to an action in passing off on two grounds:

- if the registration of a domain name would represent to those consulting the register that the registrant is connected or associated with the registered name and is therefore the owner of the goodwill in the name; or
- if the domain name would constitute an 'instrument of fraud' in the hands of anyone other than the 'true' owner.

Whether the domain name constitutes an instrument of fraud will depend on the circumstances of the case and whether the name is so distinctive that it could denote only one trader. For a non-unique name, the court will look at various factors, including the intention of the registrant and their use of the domain name, to determine whether or not fraudulent activity has taken place.

The ruling in *One In A Million* was subsequently applied in *Global Projects Management Limited v Citigroup Inc.* [2005]. In this case the court took a further step in favour of trade mark owners by declaring that the domain name in question was an instrument of fraud, despite the fact that the registrant was not attempting to sell the domain name or use the domain name in any way.

2.4 In respect of an action for trade mark infringement, the use of the domain name by the defendant must be 'in the course of trade'. It was confirmed in *One In A Million* that 'the use of a trade mark in the course of the business of a professional dealer for the purpose of making domain names more valuable and extracting money from the trade mark owner is a use in the course of trade'. The mere holding of a domain name (for the purpose of selling it to the highest bidder) could therefore constitute trade mark infringement. The other elements required to show trade mark infringement (as set out above in section 1.1) must also be shown.

2.5 Typosquatting

A variation on the practice of registering trade marks as domain names is typosquatting, which involves the registration of domain names, which include modified or misspelled trade marks. This practice takes advantage of the spelling mistakes made by Internet users when typing domain names (e.g. amazone.com instead of amazon.com). An action for passing off may be possible for typosquatting in the same way as for cybersquatting. An action for trade mark infringement is also possible, although it is unlikely that the trade mark used will be identical to the registered trade mark. As a result, for the reasons explained above, a likelihood of confusion in the public mind must also be shown.

3. Invisible use of trade marks on the Internet

3.1 In addition to the visible trade mark infringement through inclusion in domain names, there may also be an 'invisible' trade mark infringement through the unauthorised use of a third party's trade mark or logo in metatags, or in the hidden text of a website so as to be invisible to users. The possible trade mark infringement through the use of metatags and keywords is considered below.

3.2 Metatags and invisible text

Metatagging, the practice of embedding well-known trade marks into the program language of a website to ensure that customers conducting searches against those marks will be automatically directed to that site is, in effect, the invisible equivalent of cybersquatting. Where a trade mark is used in a metatag without the owner's consent to attract custom to a third party website, it may be possible to bring an action in trade mark infringement or passing off, although there is limited judicial guidance available in the UK on the significance of using an unauthorised trade mark in metatags. In a recent Court of Appeal decision there were doubts raised as to whether the invisible use of a trade mark can constitute 'trade mark use', or whether there can be a misrepresentation or confusion caused for the purposes of passing off where the use of the mark is invisible (*Reed Executive plc and another v Reed Business Information and others* [2004]).

3.3 Keyword registration

It is possible for keywords to be registered with search engines or Internet directories (e.g. Google Keyword advertising) so that an advertisement for a website appears when the keyword is searched for. Where the keyword registered with the search engine or Internet directory is a registered trade mark, this could technically give rise to trade mark infringement or passing off.

The issue was raised in the *Reed* case where a Yahoo! keyword had been registered. The keyword registered was not identical to the registered trade mark and, as a result, it was necessary for the court to decide if there had been a likelihood of confusion. In deciding on this point, the court held that the public are used to a random selection of sites being displayed when a search is carried out. The court went on to find that the public do not therefore necessarily assume there is a connection between the terms searched for and the websites that appear in the search results and, as a result, there was no likelihood of confusion and no trade mark infringement or passing off. The position may, however, have been different if the keyword registered had been identical to a registered trade mark and used in relation to identical services as, in that case, there would not have been the need to show confusion.

4. Trade mark infringement in navigational elements

4.1 Simple link

The creation of a link from one site to the homepage of another site (simple link) may provide grounds for an action in passing off where a link is presented or used in such a way that it creates confusion as to the relationship between the two sites, e.g. that the owners of the sites are commercially connected. A claim for trade mark infringement may be possible where the link is presented in the form of a registered trade mark owned by another party in circumstances where the use is unfair or detrimental to the trade mark.

4.2 Deep-linking

An action in passing off may also be available in respect of deep-linking, i.e. a link, which takes the user directly into part of the linked site beyond the homepage. There is arguably a greater chance of success than with a simple link, as the deep-linking is likely to lead the user to think that the content of the linked site is part of the linking site, which could cause damage to the reputation and brand image of the linked site and its owner. However, the fact that deep-linking does not actually prevent access to the homepage of the site and that a website owner can place advertising on any page of the site, may be raised in defence of a passing off claim. The general position with regard to trade mark infringement is the same as that described above for simple links.

The legal status of hypertext links was considered in the Scottish case of *Shetland Times Limited v Wills* [1997] in relation to a possible infringement of copyright. In this case the court granted the Shetland Times an injunction preventing the Shetland News from including on its website hypertext headlines taken

from and linking to, the Shetland Times' website. Although the case was settled and so does not constitute binding authority, links to the Shetland Times' homepage were permitted as part of the settlement, indicating that there may be no legal objection in principle to simple links. However, the case did not indicate whether the act of deep-linking could amount to a breach of copyright.

4.3 Framing

The act of framing, which allows users to view multiple webpages on a single display screen, may also provide grounds for a claim for trade mark infringement or in passing off, as it suggests a relationship between the two sites that have been linked. Framing normally involves a seamless transition between the linking and the linked site and so it could be argued that there is a greater risk of confusion than in the case of simple or deep-linking. However, such a claim may be defended with the argument that web users are accustomed to switching between sites and are therefore not likely to be genuinely confused. The greater risk of confusion in the case of framing in comparison with linking may also make trade mark infringement easier to establish (where it is necessary to show confusion, e.g. where the trade mark used is not identical to a registered trade mark).

5. Conclusions

The approach adopted in recent years by the UK courts to a variety of forms of trade mark infringement demonstrates the courts' growing intolerance of the opportunistic as well as the more inadvertent infringers of the trade mark rights of others on the Internet. The legal means of challenging the unauthorised use of a trade mark on the Internet in the UK is available through the traditional actions for trade mark infringement or passing off. Although the UK courts have generally found in favour of trade mark owners in domain name disputes, there are very few court decisions on whether the invisible use of a trade mark on the Internet through metatags and keywords can constitute trade mark use and infringement or passing off. This area of the law, in the UK at least, therefore remains relatively uncertain.

Authors: Nick Beckett and Philip Carnell

Contact details

Austria
Egon Engin-Deniz
CMS Reich-Rohrwig Hainz
Ebendorferstrasse 3
1010 Wien
T +43 1 404 43 155
F +43 1 404 43 9155
egon.engin-deniz@cms-rrh.com

Belgium
Tom Heremans
CMS DeBacker
Chaussée de la Hulpe 178
1170 Brussels
T +32 2 743 69 73
F +32 2 743 69 01
tom.heremans@cms-db.com

Bulgaria
J. David Butts
CMS Cameron McKenna EOOD
Tsar Osvoboditel Blvd. 14
1000 Sofia
T +359 2 921 99 48
F +359 2 921 99 19
david.butts@cms-cmck.com

Czech Republic
Antonin Kazda
CMS Cameron McKenna v.o.s.
Karolíny Světlé 25
110 00 Prague 1
T +420 296 798 872
F +420 221 098 000
antonin.kazda@cms-cmck.com

France
Anne-Laure Villedieu
CMS Bureau Francis Lefebvre
1-3, villa Emile Bergerat
92522 Neuilly-sur-Seine Cedex
T +33 1 47 38 40 19
F +33 1 47 38 55 44
anne-laure.villedieu@cms-bfl.com

Germany
Friedrich Graf Luckner
CMS Hasche Sigle
Stadthausbrücke 1-3
20355 Hamburg
T +49 40 37 63 00
F +49 40 37 63 04 05 09
friedrich.luckner@cms-hs.com

Hungary
Nikoletta Szederjessy
Ormai és Társai CMS Cameron McKenna LLP
Ybl Palace 3rd Floor
Károlyi Mihály utca 12
1053 Budapest
T +36 1 483 48 30
F +36 1 483 48 01
nikoletta.szederjessy@cms-cmck.com

Italy
Elena Granatello
CMS Adonino Ascoli & Cavasola Scamoni
Via Michelangelo Buonarotti 39
20145 Milano
T +39 02 480 111 71
F +39 02 480 129 14
elena.granatello@cms-aacs.com

The Netherlands
Steffen Hagen
CMS Derks Star Busmann
Pythagoraslaan 2
3584 BB Utrecht
T +31 30 21 21 630
F +31 30 21 21 157
steffen.hagen@cms-dsb.com

Poland
Anna Kobylanska
CMS Cameron McKenna Dariusz Greszta sp. k.
ul. E. Plater 53
00-113 Warsaw
T +48 22 520 55 74
F +48 22 520 55 56
anna.kobylanska@cms-cmck.com

Romania
John Fitzpatrick
CMS Cameron McKenna SCA
24 Paleologu Street
Sector 3
030552 Bucharest
T +40 21 317 2279
F +40 21 317 2280
john.fitzpatrick@cms-cmck.com

Russia
Sergei Volfson
CMS Cameron McKenna LLP
Building 1A, Korobeinikov Pereulok 1
114054 Moscow
T +7 495 258 5000
F +7 495 258 5100
sergei.volfson@cms-cmck.com

Spain
Miguel Angel Rodriguez
CMS Albiñana & Suárez de Lezo
C/Génova, 27
28004 Madrid
T +34 91 451 92 76
F +34 91 442 60 45
marodriguez@cms-asl.com

Switzerland
Robert G. Briner
CMS von Erlach Henrici
Dreikönigstrasse 7
CH-8001 Zürich
T +41 44 285 11 11
F +41 44 285 11 22
robert.briner@cms-veh.com

United Kingdom
Nick Beckett
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London EC1A 4DD
T +44 207 367 2490
F +44 207 367 2000
nick.beckett@cms-cmck.com


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