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### **Incorporation of Trademark into Domain Name: Cybersquatting in .RU Zone**

There is a constant growth of the number of companies which either have already begun to use Internet in their business or would like to benefit from publishing their information in the Web. This fully applies to food industry companies. Many restaurants consider it is necessary to have a Web-page to attract customers by presenting menus, informing about the restaurant's interior or quality of service. Home and office food delivery business also requires "representation" in the Web. Recently the mass media informed about acquisition of www.pizza.com address (domain name) for more than 2.5 million dollars. The mentioned facts highlight commercial importance of domain names, especially in a food industry which is now a fast developing industry in Russia. However, some rules and procedures related to domain names are not very well determined in the Russian legislation. This uncertainty shall be taken into account by persons who use or intend to use Internet in their business.

#### **1. Domain names: general aspects**

It is wide known that there is a unified domain names (addresses) system in Internet. This system allows users to connect to existing information resources and computers. For instance, by typing an address www.pepsi.com one can connect to and get information about the famous soft drinks producer. As a general rule any domain name reflects either some distinct features of a website owner or of website content, or in case of a commercial entity's website, of the goods or services. Domain name is an effective instrument for attracting potential customers to the website.

The basic rules of registration and maintenance of domain names worldwide are codified in an international document, adopted in 1999 by the Internet Corporation for Assigned Names and Numbers (ICANN): the Uniform Domain Name Dispute Resolution Policy (UDRP). The UDRP is recognized by registrars of domain names and apply to everybody who registers domain names in the .com, .org, .net gender zones, including Russian site administrators. However, the popular in Russia .ru zone is not covered by the UDRP. In this zone any domain name is registered in accordance with the document titled RU-2. Rules of Domain Names Registration under RU Domain, issued by the Russian non-profit organization Coordination Center of TLD RU.

#### **2. Problem of cybersquatting**

Registration of a domain name is a procedure which is on the first come, first served basis: a domain name cannot be registered if it repeats an earlier registered domain name. But according to the RU-2 rules the registrar of domain names does not check whether or not the new domain name repeats some existing registered trademark. Consequently, even a domain name which incorporates a trademark, a company name or a service mark may be registered. This gives rise to such type of fraud as cybersquatting, which has become problematic in a Russian segment of Internet.

Briefly, cybersquatting is, first, a practice of registering domain names which contain another person's trademark, etc., with an aim to sell such domain names to interested persons. Secondly, this is a creation of domain names which are slightly different from famous brands. Here the aim is to mislead the customers and make them to visit the web-page: koka-kola.ru, mkdonalds.ru, pepsy.ru, etc. Every human being makes mistakes.

Thus, there is always a possibility that someone mistypes a famous domain name. A cybersquatter can gain profit not only from possible sale of such 'misleading' domain name to the relevant trademark owner, but also from the advertisements on this web-page.

Unlike the UDRP, which includes concrete rules and procedures aimed to resolve possible disputes between trademark owners and owners of domain names (s. 4 of the UDRP), the Rules of Domain Names Registration under RU Domain (which is applicable to the .ru zone) does not contain detailed regulations in this regard. Section 4.2. of the RU-2 Rules talks that "to prevent any possible breaches the User shall be recommended before filing the application to make sure that there are no trademarks or intellectual property objects similar to the domain name to be registered". This wording does not entail any obligation of the registrar to check the issue, equally, it does not prevent registration of a new domain name in case it turns out that the domain name incorporates any existing trademark. Section 4.4. of the RU-2 Rules contains a closed list of reasons upon which the registrar is entitled to refuse registration:

- (1) presence of the domain name in the Register;
- (2) presence of the domain name in the reserved names list;
- (3) use of words inconsistent with public interests, humanity principles or moral as a domain name (in particular, words of obscene content, slogans of antihuman character insulting human dignity or religious feelings).

The Russian Civil Code clarifies this issue. Under art. 1484 (2) of the Civil Code talks, in particular, that a person, who has exclusive right to a trademark, can use this trademark in a domain name. From this follows, that is not allowed to incorporate any trademark into a domain name if the owner of the trademark has not consented to this. The priority of interests of trademark owners over interests of owners of domain names, which follows from art. 1484 (2) of the Civil Code, is balanced by the provision of art. 1483 (9) of the Civil Code. The latter article talks that a trademark cannot be registered in case if this trademark (registration of which is requested) "is identical" to a domain name registered earlier. To summarize, the approach of the current Russian legislation to cybersquatting is as follows. First, there is no absolute prohibition to register a domain name identical to an existing trademark. Secondly, a title to a previously registered trademark has priority over a title to a similar or identical domain name; hence, the owner of such trademark is entitled to dispute the registration of an infringing domain name. Thirdly, a trademark cannot be registered if it is identical to an earlier registered domain name (certainly, if the owner of such domain name has agreed to the registration of the identical trademark, this trademark may be registered).

The above analysis of the Russian regulations leads to the conclusion that effective protection from unauthorized use of trademarks in the .ru zone will normally entail intensive legal disputes with cybersquatters. Hence, trademark owners shall be ready to be involved into litigations if they wish to have success.

### **3. Protection from cybersquatting**

Compared with the rules of the UDRP, which establishes an extrajudicial way of resolving disputes between trademark owners and owners of domain names (s. 4), in Russia these disputes are tried by state courts. Administrative panels, which are appointed by providers as extrajudicial body for trying a domain name dispute under the UDRP, normally includes experts in the fields. By contrast, it is evident that state courts do not usually hold such high level of expertise in domain name disputes. Consequently, there is a risk that state courts offer less fast and less reliable resolution of the disputes. This is the main negative implications of the approach now adopted in Russia.

At the same time, it should be noted that Russian court practice in the field of domain names disputes is fast evolving. Now it includes a large number of cases. A wide known example is a case about the www.coca-cola.ru takeover, which finished successfully for the owner of the trademark. On the whole, this and other similar

cases show that trademark owners have good prospects to win over a cybersquatter in a Russian court. Russian court practice acknowledges their interests in the Web.

So, what shall be taken into account for the purpose of protection from cybersquatting in a .ru zone?

If a company has encountered cybersquatting, negotiations with a cybersquatter always remain an option. At the same time, an innocent trademark owner shall not be afraid of a litigation. A resolution of the dispute in a court can be effective, it can save money and put a final end to any infringing attempts. A number of considerations support this statement:

Under s. 9 of the RU-2 Rules, the registrar shall prevent any transfer of a domain name to a third party in case a suit has been brought in respect of this domain name. This restriction remains in force for the period of the litigation, but no more than for consecutive 45 days. This regulation establishes a some sort of security for the claimant who brought an action against cybersquatter;

After receipt of the court decision hold against the cybersquatter, the registrar shall immediately, and irrespective of the consent of the cybersquatter, terminate the right of the latter to administer the domain;

A court decision gives a trademark owner a priority right to register a relevant domain name in his or her own name with any registrar within 60 days after the effective date of the decision.

In order to prevent cybersquatting, owners of domain names shall adhere to an elementary rule: timely make payments for prolongation of the domain name registration. It happens sometimes that an owner of a domain name simply forgets to pay for such prolongation.

To summarize, there are three basic rules of protection from cybersquatting:

1. Not waiting too long before appeal to a court;
2. Prompt registering the domain name on a basis of a court decision against a cybersquatter;
3. Making proper payments for prolongation of a domain name registration.

A simple thing, which has to be remembered, is that an owner of an earlier registered trademark has a right to prevent use of identical or similar domain name. As shown above, trademarks and domain names do not exist in parallel and independent worlds, a title to a trademark has good prospects to be protected against abuses in the Web.

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