

DOMAIN NAMES AND INTELLECTUAL PROPERTY

This article addresses the domain names of the second and subsequent levels in the address space of domains of the first level **.KZ**, adopted for the Republic of Kazakhstan while Kazakhstan's joining ISO (International Standardisation Organisation) pursuant to the Resolution of the Cabinet of Ministers dated 19 April 1994, and being the official abbreviation of the Republic of Kazakhstan, adopted as the international references in the registration of industrial property (trademarks, inventions, etc.), and in customs documents, and numbers of transit automobiles, etc.

As was defined by RosNIROS, "*domain* is an area of space of hierarchic names of Internet, which is served by a set of domain names servers (DNS) and has centralized administration. A domain is identified by its name».

As the Internet developed, the significance of the domain name has increased dramatically, and the concept of a domain name is transforming from mere "address" indication to an identifier of certain persons, services, and goods provided at this address. A domain name acquires the features of a trademark, trade name, or brand, and, *de facto*, it is a means of individualization of a certain business entity, its goods and services.

The meaning of a domain name concept has been expanded and affirmed by the court practice. Thus, Italian court gave its interpretation of a domain name, saying that (i) a common address depends on the location, while the web-address is selected by an applicant, provided that it is not identical to any other address name; (ii) a web-address may be often guessed, since in order to enter a site of a firm, its name should be typed. Therefore, a domain name is not a common address, it is rather a sign, which, like a poster in a shop indicates the "place" of goods and services for sale¹. A domain acquires features, which characterize industrial property.

The registration of domain names in Kazakhstan is delegated to "Kazakhstani Net Information Centre" («KazNIC»), and is carried out in compliance with a common procedure of personal filing an application without obtaining any preliminary permissions, upon mechanical search for the similarity of the claimed name, with previously registered domain names.

Pursuant to the established procedure, as described in the Domain Names Registration Rules of KazNIC, an applicant (the "Registrant") (or any individual or legal entity) acknowledges, by signing an Agreement on Registration of a Domain Name, that the information in his application is true and accurate, and does not affect the rights of any third party, and agrees that any disputes arising in connection with the use of trademarks, service marks, or trade names as domain names, will be resolved pursuant to the Procedure for Resolving Issues in Dispute dated 1 January 2000, published on the site of KazNIC, **nic.kz**.

Pursuant to the above Agreement, KazNIC is not liable to the registrant for any loss incurred or suffered by the applicant as a result or in the course of working under this Agreement. It is also contemplated that KazNIC may delete the domain name of the registrant, if it contains any false or misleading information, or conceals or omits any information.

The domain name may be transferred from one organisation to another, both for compensation, or free of charge, pursuant to two separate registration agreements.

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Should a dispute arise as to the validity of the registration of a domain name, and sufficient evidence as to the rights of a third party to the trademark registered as a domain name be presented to KazNIC, KazNIC will check the priority of the trademark and the domain name registrations, and if the trademark has an earlier priority, it will send an inquiry to the owner of the domain name whether or not he has a trademark, which can be possibly registered for other class of goods and services, and thus existing in parallel with the trademark of a third party. Should any such trademark exist, and the date of its registration precedes the date of notice submitted to the third party as to violation of its right to the trademark, KazNIC will assist the registrant in registration of a new domain name, and within 90 days will enable him to switch gradually to a new domain name.

In the event that within 90 days the dispute between the parties is not resolved, KazNIC will suspend the use of the domain name in dispute pending the resolution of the dispute between the parties.

Despite the fact, that the Procedure for Resolving Issues in Dispute states that the rights of a third party to its trade name may be infringed, the list of documents stipulated in the Procedure for Resolving Issues in Dispute includes documents required for registration of the trademark, thus excluding all other intellectual property and individualisation of legal entities and individuals from KazNIC's administrative procedure.

Thus, the following issues have been excluded from the administrative proceedings of the Procedure for Resolving Issues in Dispute:

- Geographical names;
- Appellations of origin of goods;
- Trade names and names of non-commercial organisations; and
- Names of citizens.

However, as there are alternative ways for resolving trademark disputes, besides the administrative procedure, the grounds for all above disputes are addressed below.

1. **Trademarks**

The term "trademark" also includes a service mark as described in the Trademark Law, which is related to services, rather than the goods.

Pursuant to the Joint Recommendations as to the terms and conditions of protection of widely known trademarks, adopted by the Assembly of Paris Union for Industrial Property Protection² and WIPO Assembly of 20-29 September 1999, the participating countries undertook to protect the widely known trademarks from conflicting domain names, at least from the moment when this trademark became widely known in a member country. Article 6 of the Recommendations stipulates that the domain name shall be deemed as conflicting with a widely known trademark, if such domain name or a substantial part thereof reproduces, imitates, translates, or transliterates a widely known trademark, and has been registered or used in bad faith. The owner of a widely known trademark shall have the right to demand (pursuant to a decision of a competent agency),

so that the registrant of the conflicting domain name cancel the registration of this name, or transfer this name to the owner of widely known trademark.

Pursuant to Law No. 456-1 ZRK of the Republic of Kazakhstan “On Trademarks, Service Marks and Appellations of Origin”, dated 26 July 1999 (“Trademarks Law”), the owner of the trademark has an exclusive right to use it, which means, that the trademark may be applied on the goods, for which it is registered, and/or on their package, and production, use, import, storage, offer for sale and sale of the goods with the trademark, and its use in the advertisement, printed matters, on official letterheads, posters, and while demonstrating at exhibitions, and otherwise introducing the trademark into the business circulation. Offer of the trademark for sale may be also deemed as the use thereof. As is seen from the definition in the Law, this is not an exhaustive list of actions implying the use of the trademark.

PEPSI, HONDA, PANASONIC, TOSHIBA, LEGO are the examples of registration of other companies’ trademarks as domain names in **.KZ** address space.

2. **Geographical Indications**

Geographical indications include any indications pointing to the place of production of goods (including, for example, image of the Tour d’Eiffel as an indication of Paris or Yassau Mausoleum for Turkestan), however only word symbols are important for the issue under consideration.

Names of cities, regions and countries can be registered as domain names. Thus in Kazakhstan, private companies have registered as domains the names of practically all large cities. Accordingly, this is probably the case when public property has been monopolized by certain companies. In our opinion, such registration is contrary to public and state interests, and domain names identical to official geographic names must be either in republic or municipal ownership, and used for sites of city and oblast akimats. We believe that private companies and organisations can use derivative or compound names for “geographic” domains.

3. **Appellations of Origin of Goods**

Appellations of origin of goods (the «AOG»), defined in the Trademark Law is a particular case of a geographical indication used for designating goods, whose special properties are solely or mainly connected with the place of manufacturing, including climatic conditions and/or human factors.

All actions as set out above for trademarks apply to the AOG.

The Trademark Law provides for exclusive rights to the AOG, and at the same time, the exclusivity of this right include the right to use the same AOG by several persons carrying out business in one geographic region and producing similar products.

The domain name “Saryagash” registered in the name of Asem-I JSC producing mineral water, which is at the same time, is the owner of the appropriate AOG may serve as an example of registration of the AOG as a domain name in Kazakhstan. The AOG such as Champaign (**champaign.com**) and Cognac (**cognac.com**) have been registered under **.COM**.

Nevertheless, AOG are being registered as domain names in the names of other companies, e.g., in Russia Narzan (**narzan.ru**) was registered in the name of a Kislovodsk company providing

4. Trade Names and Names of Non-commercial Organisations

Under Article 38 of the Civil Code, a legal entity shall have an exclusive right to use its trade name, and any other person illegally using somebody else's trade name shall, on demand by the owner of the right to the trade name, cease using it and compensate for any damages incurred. Under the term as defined in the abovementioned Article, a “trade name” is a characteristic of the commercial organisations only; alongside given that the rights of non-commercial organisations (including state agencies, public funds, political parties, etc.) to their own names cannot be prejudiced, and, therefore, in our view, in this case, by analogy, one can apply the provisions of the law relating to the protection of rights to trade names.

Pursuant to the Domain Name Registration Rules, under «a person illegally using somebody else's trade name» is understood a legal entity or an individual who registered somebody else's trade name as domain name in its own name, and such shall be deemed to be a violator of the lawful rights of the owner of such trade name.

In Kazakhstan, in addition to the domain names lawfully registered and coinciding with the names of the company-registrant, there are cases when third parties have the domain names ABNAMRO (in fact, this domain is offered for sale on the relevant site), XEROX, COMPAQ, SONY (also coinciding with the trademarks) registered and, one can hardly call the actions of such registrants as consistent with the business ethics rules.

Legal practice in other countries suggests that the presence of a trade name is a sufficient ground for withdrawal of the domain name from its illegal use. For example, Moscow Arbitration Court upheld the action filed by Quelle AG against Trade Firm Tandem-U LLC and ruled to transfer the name quelle.ru to Quelle AG, with an obligation of the defendant to refrain from further use of the plaintiff's trademark and name in the Internet. By the judgement, the court also upheld the action filed by Film-Making Concern Mosfilm against RosNIIROS seeking prohibition of the use and registration of domain names containing the trade name of Film-Making Concern Mosfilm.

However, not always court judgements are ruled in favour of owners of the means of individualisation, in particular in favour of holders of trademarks. Thus, for several years Eastman Kodak Company is trying to obtain and award to cancel the registration of Kodak domain name registered in the name of Mr. _ . Grundula.

5. Names of Individuals

According to Article 15 of the Civil Code of the Republic of Kazakhstan of 27 December 1997, a name of an individual does not imply exclusivity of the rights of such individual to its use, however, an individual has the right to seek prohibition to use his/her name if his/her name is used without his consent, and damage incurred by such individual as a result of unlawful use of his/her name shall be subject to compensation.

An example of such conflict with a name may be found in the registration as domain names of the names of such well-known celebrities as Madonna, Tina Turner, Julia Roberts (domain **juliaroberts.com** coinciding with her registered trademark has been registered by her impresario Russell Boyd and thereafter transferred to Julia Roberts pursuant to the court judgement). A law firm Abbot & Bayer founded by Alexander Tyukalov registered the domain names such as Vyakhirev, Deripaska, Alekperov under **.RU**. Based on the trial of the dispute relating to the

the name of the famous British writer into his own name, WIPO formulated a rule to be used when considering disputes, saying that a name of a famous person is his/her trademark that does not require special registration. The list of domain names pending settlement of disputes in the Arbitration and Mediation Centre contains the name of Madonna (**madonna.com**). Just recently a dispute regarding the name of Dodi al Fayed (**dodialfayed.com**) (a friend of the princess Diana who were killed together in the car accident) has been settled and the domain was transferred from Robert Boyd (Robert Boyd who also registered the name of Al Pacino **alpacino.com** in his name) to Harrads Limited, which has an appropriate trademark.

Not all the citizens whose rights are being infringed in such a manner request that such registration of a domain name be cancelled or transferred into their possession. Thus, for example, Cherie Blair, a wife of the British Prime Minister Tony Blair whose name was intended to be used as the name of an erotic site (**cherieblair.org**), is not going to take any actions unless anything insulting against her personally is used on this site.

In our view, the use and correlation of its use with exclusivity to a particular means of individualisation are determining criteria with regard to the usage of the means of individualisation.

Unlike the Civil Code, the Trademark Law of the Republic of Kazakhstan gives a more general definition of the use of trademarks and AOG through a definition of the introduction into a business, which, in our opinion, includes the registration of somebody else's means of individualisation (both of a legal entity and an individual) or means of individualisation of goods and services produced by any legal entity or an individual by a third party, as the registration itself materially limits the rights of valid owners to use the means of individualisation, because a valid owner will not be able to use the same as domain names should such owner wish to create a Kazakhstani site in order to market and advertise its goods, to provide information to potential and existing clients through the site with the name identical to the means of individualisation. Furthermore, the registration of somebody else's means of individualisation in one's own name jeopardise its lawful use, and accordingly, infringes the rights of its valid owners, i.e. the same can be named as «preparation to commission of offence». The countries where disputes as to domain names are quite numerous, introduce strict sanctions for such infringements, and for example, in the USA one can be fined in the amount of up to US\$100,000 for illegal registration of a domain name.

However, now only industrial property (trademarks and AOG) undergoes substantive expert examination prior to registration, whereby not only identical, but also confusingly similar registered objects are being identified. When legal entities are registered, no such check is held to verify whether there is already a company with the same name, as a consequence, in Kazakhstan, there are more than two hundred and forty companies named Arai, three Susyndars, and one hundred and eleven Igiliks registered only in Almaty and Almaty Oblast. Theoretically, a company who was registered first under such name, has a priority and an exclusive right to the trade name, and therefore, it has a right to require that all other companies having the same name be re-registered under any other name, however, we are not aware of any case where many companies were re-registered pursuant to the request of the company first registered under a certain name.

International legal system of protection of exclusive right to the means of individualisation upon settlement of disputes in connection with the use of domain names is growing. Thus, for example, WIPO has established an Arbitration and Mediation Centre for settling disputes as to domain names, however, currently, this Centre considers only disputes relating to .com, .net, .org

Zealand, St. Helen Island, Republic of Trinidad and Tobago, Tuvalu and Western Samoa, respectively). Disputes as to use of domain names under other addresses are being considered by national jurisdictions.

To date (at the end of August 2000) 1162 claims have been filed with the Centre, 55% of cases have been resolved (in 61% cases, domains were transferred to the plaintiffs, 15% of claims were dismissed, 23% of claims were withdrawn, and 1% files were closed). Majority of claims has been filed in the USA, the number of applicants from other countries is continuously increasing.

Kazakhstan, on one hand, has a good legislative base in order to ensure efficient protection of rights in the event of illegal registration and use of domain names, on the other hand, in case of any obvious violations of the rights of owners of trade names and trademarks, court practice will show in what manner and how effectively these rights can be exercised.

Summing up the methods of protection against illegal use (including registration in one's own name) of somebody else's means of individualisation and intellectual and industrial property, we may say that valid owners of the rights may require that the infringers be brought to civil and criminal responsibility, or indemnify against moral damage, lost profit, or imposed a penalty in accordance with Article 199 of the Criminal Code of the Republic of Kazakhstan, in the event one incur material damage. (*_Ye. Kaudyrov and Yu.A. Bolotov*)