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INTELLECTUAL PROPERTY THE INTERNET AND ELECTRONIC COMMERCE
LEGAL PROTECTION OF DOMAIN NAMES

*Document prepared by Mr. George Dimitrov, Legal Consultant,
Orbitel, Sofia*

INTRODUCTION

The present work aims to provide clarification on the possible legal means of protection of the domain names, provided by the Bulgarian law presently in force and by the laws of some jurisdictions of the continental roman law system.

1. LEGAL NATURE OF THE DOMAIN NAME

On the first place, prior to search the possible successful means for protection of domain name holders' rights, it should be analyzed the legal nature of the domain name.

From a technical point of view it is clear that the domain name is an alphanumerical association of certain IP address, which association is technically made by the respective registration institution (so called 'registrars'). However, up to now there is no serious doctrinarian research giving clear answer on what the domain name is from a legal point of view.

In Bulgaria there is no legal definition, neither court practice in this respect. Such definition neither exists in other jurisdictions. There are several court decisions of other jurisdiction courts trying to explain the legal nature of the domain.

Court Practice an Doctrinarian Views

Maybe for the first time the Circuit Court of Fairfax County tried to qualify the domain names in its decision under *Umbro Int'l, Inc. v. 3263851 Canada, Inc./NSI case*¹, the court finds that the domain name is used to be a form of "intangible intellectual property". It becomes clear that the court reaches such a conclusion due to the following reasons: i) the domain names could be evaluated as such, and ii) under U.S. regulations for trademark protection, the interested domain name holder could apply and be granted with registration of the domain as a trademark in the Patent and Trademark Office.

Some authors find the domain name economically similar to real estate, and for this reason the efficient protection for them is somewhere closer to real property law than traditional trademark law.²³

Otherwise approach the problem courts in jurisdictions within the so-called 'continental legal systems', like France, Germany, Italy, etc.⁴ Bulgarian legal system also falls within this family. In such systems the answer should be searched in the contractual nature of the relationship.

¹ *Umbro International, Inc. v 3263851 Canada Inc.*, 1999 Va. Cir. LEXIS 1; 50 U.S.P.Q.2D (BNA) 1786 (Circuit Court of Fairfax County, Virginia) (February 3, 1999).

² Yee K., 'location.location.location: a Snapshot of Internet Addresses as Evolving Property' 1997 (1) *The Journal of Information, Law and Technology (JILT)*. <http://elj.warwick.ac.uk/jilt/intprop/97_1yee/>

³ Lipton J., 'What's in a (Domain) Name? Web Addresses as Loan Collateral', 1999 (2) *The Journal of Information, Law and Technology (JILT)*. <<http://www.law.warwick.ac.uk/jilt/99-2/lipton.html>>

⁴ See some court decisions on domain name dispute cases at: <http://www.online-recht.de>; <http://www.netlaw.de/>; <http://www.legalis.net>; <http://www.nic.uk/news/legal/index.html>; <http://www.dominiuris.com>; <http://arbitr.wipo.int/domains/decisions/index.html>.

Theoretical Analysis

To answer the touchy question should be analysed the figure of the right over the domain name from a theoretical point of view.

Under Bulgarian doctrine the subjective right shall be considered a legally recognized and guaranteed possibility of the legal subject to demand respective behaviour or result from the legally obliged person(s)⁵. On the other hand the doctrine recognises the dividing of the subjective rights on two main types: absolute and relative.

Any subjective right shall be considered absolute provided the obligation towards the right holder falls upon unlimited number of liable persons. For example the property right holder shall be entitled to demand from any third person not to hinder and intrude him to exercise its property rights and to derive benefits from the usage of its property. Such absolute right is the copyright.

On the contrary – towards any relative right holder corresponds an obligation of an exact person. Such rights arise from contractual relationships, torts, etc. The buyer as a right holder under a purchase contract shall be entitled to demand the transfer of the title and handing-over of the belonging – subject to the contract, only from the seller but from nobody else.

Is the domain name an absolute right?

The answer of this question shall be negative. As mentioned above legal protection of any absolute right over intangible good depends on the law - whether there exist or not legal attribution of the good to a certain person in such a way that he can enjoin any other person from using it. While there is no explicit legal provision under Bulgarian law for creating, protecting and regulating such a right over a domain name in a way that the right holder can oppose it to any third party, it shall not be considered an absolute right and cannot be protected as such.

Is the domain name a relative right?

In my opinion the right over a domain name shall be considered as a relative right. This deduction is based on the analyses of the relationships between the actors within the Internet market.

If somebody is willing to register a domain name he/she should enter in agreement with an organization accredited by the ICANN⁶ for the generic top level domains (gTLD) like .com, .org, .net, respectively by its supporting organizations for country code TLDs (ccTLD) like .bg, .de, .fr, etc. Such accredited registrars also act through authorized agents.

As main obligations of this agreement could be mentioned: 1) for the applicant - payment of registration and/or yearly fee and 2) for the registrar – to accord the registered domain name to the registrant; to administer the domain name server; to administer and keep up to date the whois database; to associate the domain name with certain IP address – all these

⁵ Pavlova, M., General Civil Law, Book I, 1997, page 67.

⁶ The Internet Corporation for Assigned Names and Numbers (www.icann.org).

coming to provide the registrant with the possibility to use the registered domain name. Each registrar has its own contractual terms of service.

Considering the above said it could be stated that the registration of a domain name is based on the contractual relationship between the applicant and the registrar.⁷ The very registrars explicitly envisage this fact. Network Solutions describes a domain name in terms of a contract with the registrant - for the registrant to use the name in question in accordance with the service contract⁸

Under Bulgarian law this contract shall be considered valid, as far its object, terms, legal consequences agreed do not contradict to the law. There is special provision in our Law on Obligations and Contracts providing freedom of contracting.⁹ As contract for specific result, the contract shall be qualified as kind of service contract.¹⁰

The Virginia Supreme Court in *Network Solutions, Inc. v. Umbro International, Inc.*¹¹ also found that the domain name is a service contract, but not property and hence cannot be subject to garnishment.¹²

In the popular “Pitman case”¹³ the High Court of Justice of the UK held that the domain name holder could not base a claim on the grounds of property right. In later case the claimant Pitman Training Limited brought an action against Pitman Publishing Division of Pearson Professional Limited based on to unlawful transfer of the domain name ‘pitman.co.uk’ by the registrar Nominet UK to the defendant. The court found that such claim is groundless due to lack of contractual relationship between the claimant and the defendant. The contract for registering a domain name exists and hence is binding only between the domain name holder and the registrar. On the other hand the court held that in any case the domain name holder could only claim from the registrar indemnification due to breach of contractual terms, but not to claim transferring back of the domain name.

The above findings are also further supported by other U.S. court in *Rose Marie Dorer and Forms, Inc., v. Brian Arel* case.¹⁴ Nevertheless the court is trying again to see into the

⁷ See Hourigan, P, ‘Domain Names and Trade Marks: Disputes from an Australian Perspective’; Fitzgerald, A, Fitzgerald, B, Cook, P and Cifuentes, C (eds), ‘Going Digital: Legal Issues for Electronic Commerce, Multimedia and the Internet’, Prospect Media, New South Wales, 1998, p77.

⁸ See for example terms of the contracts with Network Solutions, Inc. (http://www.networksolutions.com/en_US/legal/service-agreement.jhtml), with DIGSYS (www.digsys.bg), with Nominet (<http://www.nic.uk/ref/terms.html>), with DeNIC (<http://www.denic.de/doc/DENIC/agb.en.html>), DIGSYS (www.digsys.bg).

⁹ See Art.9. of the Bulgarian Law on Obligations and Contracts.

¹⁰ On the same opinion Bubert, Imke and Buening, Matthias, *Domain Name Issues – European Jurisdiction*, ESPRIT Project 27028, Electronic Commerce Legal Issues Platform (ECLIP - <http://www.jura.uni-muenster.de/eclip>).

¹¹ 259 Va.759, 529 S.E.2d 80 (Va.2000).

¹² An appellate case vs. the decision of Virginia District Court under *Umbro Int’l, Inc. v. Canada, Inc.* case. See supra fn.1;

¹³ *Pitman Training Limited and PTC Oxford Limited v. Nominet U.K. and Pearson Professional Limited (Pitman Publishing Division)*, High Court of Justice, 1997 F1984, WIPR, 1997; (<http://www.nic.uk/news/pitman-judgment.html>).

¹⁴ *Rose Marie Dorer and Forms, Inc., v. Brian Arel*, 03/09/99, No.98-266-A, 1999 U.S. Dist. LEXIS 13558.

legal nature of the domain a new kind of intellectual property, there are some very important conclusions: i) the court recognizes that as new form of intellectual property the transfer of title could be performed only by new registration, i.e. by entering in new contract with the registrar; ii) the domain name is not a property right; iii) the domain can only be give to its holder contractual rights, and iv) the domain name cannot be evaluated as such but as a contractual right.

Having in mind the above considerations, it should be only now searched the legal means and ways to protect the domain name holders.

2. PROTECTION OF DOMAIN NAMES

While the right over a domain name is a contractual relative right arising pursuant to contractual relationship, the right holder is entitled to demand only from the registrar to fulfill its obligations and nothing else from third parties, except not to hinder the fulfillment of the obligations of the parties (art.21, para.2 of the LOC).

Therefore protection of the domain name towards third parties should be searched in other directions.

It is undisputable that the domain name is a wording sign. Under Bulgarian law as such it could benefit from protection that is granted to the right holders of signs considered as absolute right: e.g. copyright, trade or service mark right, right to a personal or trade name, etc.

On the other hand, protection could be searched in tort or unfair competition law.

2.1. Registration as a trade or service mark.

In Bulgaria there is no legal obstacle a domain name (as sign) to be registered as a trade or service mark at the Patent office after its registration as a domain¹⁵, unless it fails to fit the requirements of the Law on Marks and Geographical Indications (LMGI).¹⁶

First of all Bulgarian law provides that any sign (including the domain name) could be registered as trademark if it could be capable for distinguishing the goods or services of the sign holder (domain name holder) from those of other persons and can be represented graphically. As sign consisting of words, including the names of persons, or letters, numerals, etc., the domain name would be capable for registration as a mark.

The PO shall not register the full domain name as URL with prefixes like “ftp://”, “http://”, “www” due to lack of distinctive quality of these elements and suffixes having the

¹⁵ E.g. Orbitel™ registered in Bulgarian PO as trademark 3 years after the registration of the domain name orbitel.bg with the local registrar.

¹⁶ Law on Marks and Geographical Indications is published State Gazette No. 81 of 14.09.1999, in force as of 15.12.1999 (http://www.bpo.bg/engl/Mark_law_engl.htm).

country code like “.bg”, “.uk”, “.de”, etc., because they represent geographical origin. This approach is followed by almost all EU jurisdictions.¹⁷

Secondly the PO would not register the domain as a mark, provided it consist exclusively of indications that have become customary in everyday language or established commercial practice in the Republic of Bulgaria; that consist exclusively of signs designating the kind, quality, quantity, composition, intended purpose, value, geographical origin, time or process of manufacture of the goods or the manner of rendering of the services, or other characteristics of the goods or services; that are contrary to public policy and the principles of morality; that may deceive users as to the nature, quality or geographical origin of the goods or services; that consist of or include full or abbreviated official names of States or intergovernmental organizations, or imitations thereof, or name of the Republic of Bulgaria or of Bulgarian State authorities; that consist of or include official control and warranty signs where such are used to mark identical goods; that consist of or include the name or a representation of historical and cultural monuments of the Republic of Bulgaria, as specified by the Ministry of Culture; that consist of or include religious symbols that are well known in the Republic of Bulgaria, or equivalents thereof, etc.¹⁸

Almost the same are legal requirements in other jurisdictions within the ‘continental law family’.

‘Dressed’ like a trade or service mark, the domain name would be considered an absolute right, and would benefit from all the legal means for protection of trademark provided by the law against any third party. As infringement shall be considered any usage of the domain name by other person in his business activity, without the consent of the holder (Art.11 of the EC trademark directive). The holder of a mark is entitled to bring an infringement action against any third infringing party. Apart of the above, some infringements are subject to administrative and even criminal liability.¹⁹

It should be paid attention on the question what exactly usage of the domain name registered as well as a trade or service mark, shall be considered infringement by usage “in business activity without the consent of the holder”. Obviously usage of a domain by third party to associate goods or service on accredited to the domain website shall be considered infringement, but not the mere use of the domain name in a URL or as an e-mail address. Furthermore it should be used for identification of particular goods and services within the registered classes.

Needless to say the trade/service mark protection of the domain name would shield its holder only for the classes of goods and/or services that the mark registration is granted by the PO.

In difference to some other jurisdictions’ approach (e.g. Germany), the Bulgarian law cannot create an absolute right to the user of the domain name as an unregistered trademark prior to submission of the application for registration at the PO.

¹⁷ Viefhues, Martin, Kennzeichenrecht in: Hoeren, Thomas, Sieber, Ulrich, Handbuch Multimedia-Recht, München, 1999, Ch.6, №274; and Cruquenaire, Internet: la proplématique des noms de domaine, Ing.-Cons., 1997, p. 222.

¹⁸ See Art.11 of the LMGI.

¹⁹ See Art. 81 of the LMGI and Art.227 of the Criminal Code.

2.2. Protection against already registered marks.

Under Bulgarian law it is very difficult to protect the domain name holder against rightful user of an already registered trade or service mark.

This is due to the fact that the newly enacted in Bulgaria LMGI does not protect the user of a mark or sign against registered user of such provided the former has used it in a business way prior to the later. In this respect our LMGI differs from the legislative solutions in other jurisdictions²⁰, but is in conformity with Article 4, Para.4, i."b" of the EU directive 89/104/EEC on trademarks.

Exception of this rule constitutes protection of domain names used as marks (in a business way) and registered as such with no coverage on the territory of Republic of Bulgaria, but would be regarded as well-known 'famous' under the meaning of Art.6bis of the Paris Convention. Further successful protection could be reached against registered marks if are identical or similar to a domain name and is intended for goods or services that are not identical or similar to those of the sold by the website with the said domain name where that domain name as mark is well known on the territory of the Republic of Bulgaria and where use without due cause of the mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or repute of the domain as earlier mark.

In jurisdiction where such rights of the prior user are granted, a successful protection could be achieved.²¹

2.3. Protection against other domains.

Very interesting question arises whether domain name could be defended against similar domains, subdomains or if there is conflict of similarity between gTLD and ccTLD. In Bulgaria there is no actions brought to court due to this reason, but there are such cases in other jurisdictions.²²

The common conclusion is that in these cases the right of the domain was not protected as such but due to its 'dressing' with other rights – usage as trademarks or corresponding to trade names.

Under Bulgarian law a domain cannot be protected and opposed against similar such on common grounds.

²⁰ Such jurisdictions are: Greece (Art. 4 para. 3 lit. a Greek Trademark Act), France (Art. L 711-4 French Copyright Act), Finland (Sect.14, para.1, i.4 of Finnish Trademark Act), Germany (sect. 11, 12 German Trademark Act) and others.

²¹ See - Décision - Tribunal de grande instance de Paris, 3ème chambre - 2ème section - 13 novembre 1998, AGAPHONE c/ COTTIN, SARL BURODAFER et C.T.S (http://www.legalis.net/legalnet/judiciaire/tgi_paris_131198.htm); Microcaz c/ Oceanet et S.F.D.I., TGI Mans,29/06/1999.

²² In France - Framatome v. Association Internaute, Jérôme D. Olivier L., Xavier B., TGI Paris, 25/4/1997 (http://www.legalis.net/legalnet/judiciaire/ord_0497.htm) and in Spain - Court of first instance Bilbao, 30/12/97 (ozu.com), reported on the web site "I*legal issues" (<http://www2.echo.lu/legal/en/news/9802/chapter10.html> - 2)

3. CONCLUSION

As it become obvious the problem of the protection of domains is still outstanding. There is no particular legislation in this respect, but the problems in Bulgaria are just about to be faced.

On the other hand the usage of domains could lead to international conflicts. Therefore it is badly needed a particular legislative approach.

Furthermore it should be made hard effort in harmonization of the legislations of the different jurisdictions in this respect.

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