
Domain Name Law
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IP Brochure

Nowadays, the domain name is far more than a web address. It usually is an important part of the trademark and communication strategy and entire business concepts along with “brands” are created around the domain name or together with it. Domain names indeed are not equal to the classical intellectual property right. Anyone thinking about a new company or product designation nowadays will always check whether the registration of a corresponding domain is possible.

In this context, the right of domain names plays an essential role. On the one hand, it is the interface between (modern) marketing measures, IT and the protection as well as enforcement of trademarks and other signs; on the other hand, aspects under competition law are also of great importance. It is particularly essential here to establish strategic and legal possibilities to expand a stable, sustainable and efficient portfolio of domains.

With the help of the right of domains it is possible to ensure that domains containing trademarks and signs cannot be registered and/or used by third parties for unfair or abusive purposes.

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1. Legal status of a domain name

Disputes over the legal status of domain names have gone as far as the Federal Constitutional Court in Germany (German Federal Constitutional Court, decision of November 24, 2004 – 1 BvR 1306/02 – ad acta.de) and as far as the European Court of Human Rights in Europe (ECHR, judgment of September 18, 2007 – 25379/04, 21688/05, 21722/05, 21770/05). According to this, domain names as such are not yet recognised as intellectual property rights. However, according to the case law of the German Federal Court of Justice, domain names fall under the protection of property. Protection of a domain name excludes others from using the same domain name and forms part of the proprietor's assets. Therefore, domain names are also alienable and can be seized. However, merely registering a domain name does not establish any right to use a name or a sign, although the use thereof may establish such a right. The domain name does not just function as an address – it can also perform the function of identification, i.e. of individualizing the proprietor or the goods and services offered under the domain name and distinguish them from others. Using the domain name may therefore create a right to use a name or sign.

2. Registration of a domain name

The registration is made by mere conclusion of a contract with a corresponding provider of domain names. These providers, also referred to as "registrars", are authorised by the respective central registry (in Germany DENIC, for example) to register domain names on behalf of their customers. It usually is not possible to register domains with the central registry by oneself; this rather happens via the registrar as agent. An according fee is to be paid to the registrar, which varies significantly depending on the registrar or the domain ending (so-called "top-level domains", see below in this respect).With a few exceptions, the principle "first come, first served" applies for the registration. This means that basically anyone can register a domain name that has not already been assigned to a third party before. Therefore, it usually is not necessary to provide proof of any kind of authorisation to use this domain name. When the application of the domain name is filed, it is not examined whether rights of third parties possibly are conflicting here. Therefore, basically anyone can apply for domain names that are formed out of a trademark or include it.Nevertheless, the registration (at least the registration of a .de domain) has to fulfill specific formal requirements. For foreign proprietors of a domain, for example, it is necessary to specify a contact person residing in Germany (the

so-called “Admin C”), who is authorised to receive correspondence relating to the domain name. If the formal requirements are not fulfilled, e.g. providing incorrect address data, the domain may be deleted – also upon request of a third party.

3. Top-level domains

A domain name basically consists of two elements, the so-called top-level domain and a second-level domain. The sign “on the right side of the period” entered in the address line of the browser is considered as top-level domain, which are in particular signs such as .com, .net, .org. In addition to these general terms designated as top-level domains, numerous so-called country code top-level domains (ccTLD) exist as well, for example .de, .at and .it. The second-level domain is what is written “on the left side of the period”.When the registration of domain names (or their protection) is at issue, the second-level domain regularly is the subject matter of the discussion. Therefore, the actual domain name that can be registered (under the top-level domain) always is the second-level domain. Hence, the domain name “bardehle.de” consists of the second-level domain “bardehle” and the top-level domain “.de”.Besides the “classic” top-level domains .com, .net, .org or .de and other ccTLDs, “new” top-level domains (“newgTLD”) have been established since 2014. This happened in the light of the fact that the registry organization ICANN (Internet Corporation for Assigned Names and Numbers), who is responsible for domain names worldwide, liberalised the allocation of top-level domains. Only about 200 different top-level domains existed in the past. In a large and very complex allocation procedure each interested company was provided with the opportunity to register a top-level domain according to its free choice. This is the reason why it is possible nowadays to register domains under more than 1,200 top-level domains (but not all of them are freely available and accessible to third parties).Consequently, numerous new top-level domains were created, for example .shop, .bank, .auto or .music. Moreover, a plurality of new geographical domains was established, such as .berlin, .bayern or .paris. In addition, trademarks and corporate designations (of their owners) could also be registered as top-level domains. This is why some companies could register own top-level domains for their trademarks and use them for their own purposes (so-called brandTLDs). Familiar examples are .google, .ebay, .bmw or .coke.The special feature of these new top-level domains is that the allocation of second-level domains (e.g. bardehle.bayern) is a private matter and not controlled by a more or less official registration authority. As far as the allocation of the domains

and their administration is concerned, the proprietors of these top-level domains have to fulfill strict requirements of the ICANN relating to technical, organisational and legal aspects. In the end, the allocation of these new TLDs is however based on a free, contractual decision. Therefore, the proprietors may (in the course of limitations under antitrust law) exclude the allocation of domains to third parties as a whole or they can link it to the fulfillment of certain requirements. In case of doubt, the proprietor of a “brandTLD” will therefore reserve the allocation of domains for himself and will not grant access to any third party. Another possibility: top-level domains as .bank, for example, are only allocated to companies that conduct business in the financial sector.

4. Protection of the domain

First of all, the consequence of the legal status of the domain names as outlined above is that the registration of a domain as such does not yet have any legal but only technical effects. The proprietor of a domain does not acquire an absolute right, but rather only a right to use under the law of obligations based on a corresponding contract with the registrar or the registry and a claim against the registry granting the proprietor a right to use this domain and to exclude a third party from using it. The domain proprietor’s legal position reasoned under the law of obligations can also be transferred, which is why a sale or assignment of a domain is possible as well.Nonetheless, using the domain may create a right to use a sign. This is because case law recognises that domain names have a function of identification as well. Anyone offering goods or services under a certain domain can therefore acquire a right to use a sign with precluding effect towards third parties, especially rights to use a name or company Designation or a work title.Since the domain itself is not the right in rem, it cannot be infringed by other domains or signs. However, an infringement of rights to use a sign (that can be reasoned by using the domain, otherwise according to the general rules) caused by the registration and use of domains by third parties can be taken into consideration. For the right of domain names, it is therefore primarily essential whether the registration and the use of domain names infringes rights in existing signs having the earlier priority (trademarks, company designations, names and also rights to use a sign acquired through the use of the domain).

5. Typical examples of infringement of rights by domain names

Even though it seems that there are endless cases where rights to use a sign are infringed by the registration and/or use of domain names on the internet, certain cases are typical and can be found a lot.Here are some typical examples:

- Domain Grabbing: Domain names that contain or consist of protected signs of third parties are often applied for. Content then is reproduced on the websites that is connected to the actions of the proprietor of these rights. This extends from defamatory content to so-called “sponsored links”, i.e. references to websites of third parties or offering imitations of the products of the proprietor of the sign, and ranges to (imitated or original) spare parts or accessories.
- Abuse: Domain names with signs of third parties are frequently used for abusive and unlawful purposes (primarily occurring with well-known trademarks). Spam or phishing e-mails are often sent under such domain names in order to impose the false impression on the targeted public that this is a message of the actual trademark proprietor. By this, the internet user rather is tempted to read the e-mail or to open attachments that are possibly infected with viruses.
- Blocking: A third typical example is the targeted registration of domain names that include signs of third parties in order to prevent the proprietor of the corresponding rights to use the sign to acquire this domain himself. The aim of this approach is to sell the domain to the proprietor of the rights to use the sign at a later point in time, and regularly for excessive prices.

6. Possible claims

If a domain is used in a way that infringes the rights of third parties to use a sign or that is to be regarded as an unfair act in the course of trade, actions can be taken against the use of this domain. In some exceptional cases, it is also possible to assert a claim for cancellation and/or transfer.**a. Infringement of trademarks and signs**
As the registration and use of a domain can infringe rights to use a sign, the usual claims resulting from an infringement of a sign can be asserted. Thus, if the domain shows a sign that is similar to a trademark and if the domain is used for goods or services that are equal to those that are protected under the trademark, claims can be asserted from Secs. 14, 15 German Trademark Act.No claim for transfer resulting from a trademark: However, according to the German case law, no claim for

transferring the domain exists when it infringes rights to use a sign. This is because case law recognises that a domain can also be registered for a use that does not infringe rights. This may apply for cases in which a critical examination of the trademark or the goods and services of the trademark proprietor is made or in which the domain is not used in the course of trade. Also, cases in which a sign is used outside the scope of similarity of the protected trademark (provided that it is not a well-known trademark) do not lead to prohibitory claims under trademark law. For this reason, no per se prohibitions against the registration and use of a domain can be derived from trademark law and, accordingly, no claim for transferring a domain can be established.**b. Infringement of rights to use a name / Claim for transfer**
The situation is different when an infringement of the right to use a name pursuant to Sec. 12 German Civil Code exists. Thus, unauthorised registrations of domains can be evaluated in accordance with the rules regulating unauthorised use of a name. This means that an infringement of the right to use a name by the registration of a domain exists if the name is used without authorisation, causes confusion among the relevant public as regards its allocation and, moreover, infringes the interests warranting protection of the holder of the name. However, asserting claims under the right to use a name in general only is possible provided that the sign asserted actually is a name within the meaning of Sec. 12 German Civil Code. This applies for company designations but not for mere product trademarks.However, the scope of application of the right to use a name is limited to specific cases. Hence, claims can be ruled out when actions in the course of trade are concerned. Claims under trademark law have priority here. Since it is in accordance with the case law that regularly no claim for transfer of the domain can be asserted under trademark law (see above), the German courts found that the right to use a name – even when acting in the course of trade – has to apply when a legal consequence (namely transfer of a domain) is desired that does not exist according to the German Trademark Act. For this reason, it is possible to successfully enforce a claim for transfer of the domain in the event of an infringement of the right to use a name.**c. Claims under competition law**
Registering and using domains can also be seen as an unfair act and accordingly claims for injunctive relief can be asserted. Transfer claims under competition law can be taken into consideration as well in striking cases of abuse or targeted impairment. Thus, cases of domain grabbing are particularly seen as targeted impairment.

7. Legal protection against right-infringing domains

Claims for infringement of domains can be asserted in court without further ado. Nonetheless, it regularly is more difficult to effectively enforce the claims against the registration and/ or use of the domain. This is because the proprietors of infringing and/or abusive domains often (actually or seemingly) reside in states where the enforcement of rights and/or the enforcement of a judgment of a German court is not possible at all or only under unreasonable circumstances. Therefore, asserting claims before German courts often amounts to nothing.Remedies can therefore be provided by out-of-court dispute settlement mechanisms:**a. UDRP**

According to the allocation terms set up by the organization ICANN for numerous domains, especially for the most widespread top-level domain .com, but also for all "NewgTLDs" (but certainly not for .de domains), alternative dispute resolution proceedings can be invoked against infringing domains and domains that were applied for and used in bad faith. The proceedings have the intention to cancel or transfer the domain and they are based on the regulations of the Uniform Domain Name Dispute Resolution Policy (UDRP) as arbitration rules.According to the UDRP, the cancellation or transfer of a domain can be requested if (i) the domain is identical with an older sign of the appellant or if there is a likelihood of confusion, (ii) the proprietor of the domain does not have an own right or legitimate interest in the domain and (iii) the domain was registered in bad faith and is still used in bad faith today. The constellations mentioned above (item 5) are regularly accompanied by bad faith.The UDRP provides for rather simple and cost-efficient proceedings with electronic communication only, short periods for filing and no oral hearing. Thus, proceedings can often be closed after 6 to 8 weeks. Moreover, the most convincing advantage is the possibility of the direct and simple enforcement of the arbitration award (when the proprietor of the domain does not initiate regular court proceedings within 10 working days after the decision has been served). The decision of the arbitration court is not only binding for the proprietor of the domain but also for the registrar. As a consequence, the registrar managing the domain is under the obligation to implement the decision, *i.e*. to immediately carry out the cancellation of the domain in dispute or to transfer it to the appellant. Failure to do so may result in a complaint against the registrar filed with ICANN. The proprietor of the domain does not have to be involved anymore. Therefore, it is ultimately not obstructive if the proprietor of the domain is factually not within reach.

b. URS

ICAN created a second out-of-court-procedure for settling a dispute concerning the new top-level domains (newgTLD, see above item 3), namely the Uniform Rapid Suspension System (URS), which is applicable for these domains in addition to the UDRP (and to the court proceedings, of course). The aim is to provide proceedings that are faster, lower priced and more effective for enforcing rights in obvious cases of bad faith. A complaint according to URS is intended to suspend the domain, *i.e*. the domain proprietor cannot fill the domain with content anymore so that it becomes useless. However, this suspension is temporary. Thus, anyone who is interested in using the domain in dispute should initiate a transfer in the course of UDRP proceedings.**c. Dispute entry for .de domains**

A special feature of the .de domain names is the so-called dispute entry that is supposed to facilitate the enforcement of possible rights against the proprietor of an infringing domain and/or a domain that was registered in bad faith.Such a dispute entry can be requested with the registry for .de domains (DENIC). It has two effects: (i) the proprietor of the domain is prevented from transferring the domain to a third party (it only is possible to transfer it to the holder of the dispute entry) and (ii) in the event of cancellation or release by the proprietor, the domain automatically goes to the holder of the dispute entry. For this reason, the transfer can already be achieved with the help of the dispute entry by asserting a claim for cancellation, although according to German law as described above, in case of a trademark infringement or anti-competitive violation regularly no transfer can be required but at best a cancellation of the domain. This especially refers to cases in which the domain is cancelled due to formal errors (*e.g.* wrong data of the proprietor). It is advisable to initiate the dispute entry as soon as knowledge of an infringing domain is obtained; in any case before contacting the proprietor of the domain. Otherwise, there would be a risk that the proprietor of the domain transfers the domain to a third party, e.g. after receiving a warning letter, which would make legal proceedings considerably more difficult.

Contact

Munich

Prinzregentenplatz 7
81675 München
T +49.(0)89.928 05-0
F +49.(0)89.928 05-444
info@bardehle.de

Barcelona

Avenida de Diagonal 598, 3º 1ª
08021 Barcelona
T +34.(0)93.4 57 61 94
F +34.(0)93.4 57 62 05
info@bardehle.es

Duesseldorf

Breite Straße 27
40213 Duesseldorf
T +49.(0)211.478 13-0
F +49.(0)211.478 13-31
info.duesseldorf@bardehle.de

Paris

SO Square Opéra
5 rue Boudreau
75009 Paris
T +33.(0)1.53 05 15-00
F +33.(0)1.53 05 15-05
info@bardehle.fr

Hamburg

Bohnenstraße 4
20457 Hamburg
T +49.(0)40.271 4468-0
F +49.(0)40.271 4468-50
F +49.(0)40.271 4468-50
info.hamburg@bardehle.de

Yusarn Audrey Singapore Office

4 Shenton Way
#14-03, SGX Centre 2
Singapur 068807
T +65.(0)63.58 28 65
F +65.(0)63.58 28 64
enquiries@yusarn.com

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