

Domains & Domain Names 2020

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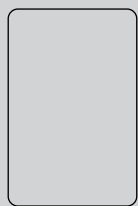
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Lexology Getting The Deal Through is delighted to publish the seventh edition of *Domains & Domain Names*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Switzerland and Ukraine.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Flip Petillion of Petillion, for his continued assistance with this volume.



London
March 2020

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REGISTRATION AND USE OF DOMAINS AT CCTLD REGISTRY

Registry

- 1 | Which entity is responsible for registration of domain names in the country code top-level domain (ccTLD)?

The ccTLD in Germany is .de. It is handled by the registry DENIC eG (see www.denic.de).

Method

- 2 | How are domain names registered?

Applicants may register .de domain names directly with the registry DENIC, or with any provider who is either a DENIC member or who works with a DENIC member.

The registration of a .de domain name creates a direct contractual relationship between the registry and the applicant. The contents of the domain contract are determined by DENIC's Domain Terms and Conditions and its Domain Guidelines.

Duration

- 3 | For how long is registration effective?

The registration is effective for one year, but it can be extended.

Cost

- 4 | What is the cost of registration?

The cost of the registration depends on the provider and the prices offered by them (or DENIC, which is usually more expensive). Prices range from about €10 to €120 per domain name per year.

Transfer

- 5 | Are registered domain names transferable? If so, how? Can the use of a domain name be licensed?

Yes, registered domain names are transferable. To transfer a domain name, the provider must file a request for transfer with DENIC, which will provide the Auth-Code. This, in turn, can be used by the new domain name owner to register the domain name for themselves.

In Germany, the use of a domain name may also be licensed.

ccTLD versus gTLD registration

- 6 | What are the differences, if any, with registration in the ccTLD as compared with a generic top-level domain (gTLD)?

There are no specific eligibility requirements to register a .de domain name. The most relevant differences are: (1) there are no ADR or arbitration proceedings in place for .de domain names; (2) a DISPUTE entry

is available; and (3) WHOIS information is not made generally available, but only upon request and the substantiation of a legal interest in obtaining data.

Registrants' privacy

- 7 | Is the registrant's contact information freely available? Can the registrant use a privacy service to hide its contact information?

No, the registrant's contact information and other WHOIS data are not freely available. Privacy services may be used to hide the registrant's contact information. However, given that WHOIS data is not generally available, there is no need to do so.

PRE-LITIGATION ACTIONS

Disclosure of registrants' private details

- 8 | If a registrant's contact information is hidden, under what circumstances will it be disclosed? What processes are available to lift a registrant's privacy shield?

Public authorities (to some extent) and third parties that can prove a legal interest in obtaining the information, particularly in trademark or copyright infringement claims, have a right to receive this information. In these cases, a formal request is to be filed with DENIC that must contain documentary evidence substantiating the right on which the applicant relies.

For further information and the forms to be used, see www.denic.de/en/service/whois-service/third-party-requests-for-holder-data/.

Third-party notification

- 9 | Are third parties (such as trademark holders) notified of a domain name registration or attempt to register a domain name? If so, how? If not, how can third parties receive notice?

No. As a strict first-come, first-served mechanism applies. Third parties, such as trademark holders, are not notified. A notification can only be received by putting domain name monitoring services in place.

Notice to the registrant

- 10 | Is there a need to notify the domain name registrant before launching a complaint or initiating court proceedings?

Not necessarily. However, for procedural and cost reasons, sending a warning letter before taking any legal action is highly recommended. The risk of the registrant transferring the domain name to another party after receipt of a notice can be avoided with the DISPUTE entry.

Provisional measures

11 | What provisional measures are available to prevent a domain name being transferred or cancelled during proceedings?

The registry can, upon request, prevent the transfer by placing a DISPUTE entry.

A rights owner claiming infringement of their rights to a name or trademark by way of registration of a certain domain name can place a DISPUTE entry with DENIC. However, this is subject to certain requirements; for example, the rights owner must have obtained information on the registrant, and when requesting a DISPUTE entry, documentary evidence on the rights on which the rights owner relies (eg, the trademark register, an excerpt from the commercial register) must be submitted. Moreover, measures to enforce the rights against the registrant must be taken, otherwise the DISPUTE entry may be deleted after a period of one year.

The effects of a DISPUTE entry are limited: the domain name cannot be transferred to any third party but the party that has filed the request for a DISPUTE entry, and the domain name for which a DISPUTE entry is placed will be immediately and automatically transferred to the holder of the DISPUTE entry if it is cancelled or released. Even if a DISPUTE entry is placed, the respective domain name can still be used by the registrant and the domain name remains active.

12 | Can domain names be seized? If so, under what conditions?

Yes, domain names – or, more precisely, the contractual claims of the registrant against DENIC – can be seized. This requires a court decision to that effect, mostly in proceedings on the enforcement of judicial orders.

TRANSFER OR CANCELLATION

Procedure

13 | What is the typical format for a cancellation or transfer action in court litigation (domains registered in either a ccTLD or a gTLD) and through ADR (ccTLD only)?

Actions based on claims for the cancellation or transfer of a domain name must be filed with the German civil courts. ADR proceedings are not available for .de ccTLDs (unless explicitly agreed upon by the parties).

The typical format of domain name court proceedings is that a main court action is filed, which is then served on the defendant, who is required to respond within a deadline of about two months. This is followed by another round of briefs, usually up to two per party. Around nine to 12 months after the court action was initiated, an oral hearing takes place during which all relevant factual and legal issues are discussed. If no witness testimony is necessary (which applies to a majority of the cases), the court will issue its decision approximately two to three months after the hearing. Discovery is not available in Germany.

Choosing a forum

14 | What are the pros and cons of litigation and ADR in domain name disputes? What are the pros and cons of choosing a local forum to litigate a gTLD dispute compared with the ICANN ADR format for the gTLD?

ADR proceedings for .de domain names are not available. However, disputes involving gTLDs may also be brought to German courts, assuming they are competent (ie, the parties are located in Germany and the infringing acts were committed in Germany).

The pros for litigation in German courts are:

- that claims may be brought for:
 - transfer or cancellation;
 - an order to cease and desist;
 - information; and
 - the payment of damages and the reimbursement of costs;
- the decision is fully enforceable in these claims; and
- the reimbursement of at least part of the fees incurred.

The cons of litigation are:

- relatively long proceedings;
- substantially higher costs (which will not be entirely reimbursed, even successful cases); and
- difficulties in notification and enforcement of any court decisions (especially in countries where many 'domain grabbers' are located).

Appeal

15 | What avenues of appeal are available?

A decision issued by a German court can be appealed to a second instance and, in certain circumstances, a further legal appeal may be brought to the German Federal Supreme Court (BGH).

Who may claim

16 | Who is entitled to seek a remedy and under what conditions?

The rights holder (eg, the registered owner of a trademark, the company in relation to its company name) is entitled to seek a remedy. Exclusive licensees are entitled to do so as well (no recordation of a licence is necessary, but existence of a licence must be proven). Other third parties are entitled to seek a remedy if the claims are assigned and if they are explicitly entitled to sue on behalf of the rights owner.

Who acts as defendant

17 | Who may act as defendant in an action to cancel or transfer a gTLD in local courts?

The registrant acts as defendant.

When a registrant is based outside Germany, an authorised recipient for the service of documents – who is located in Germany, with a German address for service and notification – is to be appointed upon the request of a rights holder to ensure that formal service can be arranged for the domain holder domiciled abroad.

Typically, the registrar and the registry are not liable for the registration of an infringing domain name and, thus, are not the suitable defendant. However, when the claims are for more than cancellation or transfer, particularly in cases of a trademark infringement relating to the content of a website, anyone that is liable for this content may be sued.

Burden of proof

18 | What is the burden of proof to establish infringement and obtain a remedy?

This depends on the actual remedy requested and the basis of the claims being raised.

If a domain is used in a manner that infringes the rights of third parties to use a sign or that can be regarded as unfair in the course of trade, actions can be taken against the use of this domain. In some exceptional cases, asserting a claim for cancellation or transfer is also possible.

Trademark infringement

When the registration and use of a domain name infringes rights in a trademark (ie, if the domain name or the website under a certain domain name represents a sign similar to a trademark and is used for identical or similar goods or services), claims for injunction (including an obligation to remove infringing content), information, damages, etc, can be asserted (see sections 14 and 15, German Trademark Act).

However, German law does not provide for a claim for the transfer of the domain name in cases of trademark infringement. This is because case law recognises that a domain name can also be registered for a bona fide use that does not infringe the trademark rights. This may apply to cases of criticism, non-commercial or descriptive use, or where the sign is used outside of the scope of similarity of the goods or services protected by the trademark (if it is not a mark with reputation). For this reason, no general prohibitions against the registration and use of a domain name can be derived from trademark law and, accordingly, no claim for transferring a domain name can be established.

Infringement of rights to use a name and claiming for transfer

The situation is different in the case of an infringement of the right to use a name pursuant to section 12 of the German Civil Code. This applies if the domain name corresponding to a personal or company name (not a product 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.

Thus, it is possible to successfully enforce a claim for the transfer of the domain name in an infringement of the right to use a name.

Claims under competition law

Registering and using domain names can sometimes also be seen as unfair and, accordingly, claims for injunctive relief may be asserted based on the German Act Against Unfair Competition. Transfer claims under unfair competition law can also be taken into consideration in evident cases of abuse or targeted impairment. Thus, cases of domain grabbing are particularly seen as acts of unfair competition and are prohibited.

Remedies

19 | What remedies are available to a successful party in an infringement action?

The cancellation or transfer of the domain name, provided that the rights to a name are infringed, or the holding and use of the domain name are considered an act of unfair competition or bad faith. Injunctive relief is available, as is information on the scope and extent of infringing acts, damages and the reimbursement of (at least part of the) legal fees.

Injunctive relief

20 | Is injunctive relief available, preliminarily or permanently, and in what circumstances and under what conditions?

Yes, injunctive relief is available, as is information on the scope and extent of infringing acts, damages and the reimbursement of (at least part of the) legal fees.

Under German law, preliminary injunctions may be requested by initiating respective court proceedings in clear-cut cases of rights infringement. A respective request for a preliminary injunction is to be filed within the urgency period of (typically) one month of gaining first knowledge of the infringing acts. Decisions are rendered within a few days, ex parte (ie, without hearing the defendant), provided that prior to initiating the preliminary injunction proceedings, a warning letter has been sent to the infringer (unless there are other exceptional circumstances). If a preliminary injunction is issued by the court, the decision is

immediately enforceable (and most hosting providers remove infringing content upon request once a preliminary injunction has been issued).

Calculating damages

21 | How is monetary relief calculated?

Generally, there are three ways of calculating damages.

- Infringers' profits: the profits made by the infringer, with only the portion of the profits stemming from the infringement compensated in the form of damages.
- Hypothetical licence: the licence fee that would hypothetically have to be paid by the infringer if it is assumed that the rights owner granted a licence for the (infringing) use.
- Lost profits: losses incurred by the rights owner because of the infringing acts.

Criminal remedies

22 | What criminal remedies exist, if any?

Trademark infringement, including in relation to the content of a website, is a criminal offence. Thus, the use and registration of a domain name may also be subject to criminal charges, namely a fine or imprisonment. However, these cases are very rare and criminal authorities seldom take action.

Limitation period

23 | Is there a time frame within which an action must be initiated?

Actions based on unfair competition claims must be filed within a six-month period of gaining knowledge of the infringement. Actions on the basis of trademark and name infringement must be filed by the end of the third year following the infringing act and gaining knowledge of it.

Expiry of rights and estoppel

24 | Can a registrant's rights in a domain name expire because of non-use? Can a registrant be estopped from bringing an infringement action? In what circumstances?

Domain names are not subject to any use requirement.

An estoppel may apply under the concept of acquiescence (ie, when the rights holder, although being aware of infringing acts, has not taken any steps to enforce its rights for an unreasonably long period of time (at least five years, depending on the circumstances)), and, therefore, the infringer has reason to assume that their use of the sign will not be challenged by the rights holder.

Time frame for actions

25 | What is the typical time frame for an infringement action at first instance and on appeal?

The duration of first-instance proceedings is typically nine to 12 months as of filing. If service abroad is necessary, it may take longer. Appeal proceedings take around 15 to 18 months.

Case law

26 | Is a case law overview available on procedural or substantive issues? Does the case law have a precedential value?

Case law is published through various media (by the courts, in legal journals, by attorneys, etc) and overviews are available in legal books, commentaries or other publications. However, neither any authority nor DENIC publish any official overview.

Case law does not have a formal precedential or binding effect. However, courts usually take previous decisions into account, particularly if guidance is given by higher courts, such as the BGH.

Appointment of panellists

27 | Can parties choose a panellist in an ADR procedure involving a ccTLD? Can they oppose an appointment?

If ADR is mutually agreed upon, parties may also agree upon a certain arbitration procedure, and this governs the appointment of panellists.

Costs

28 | What is the typical range of costs associated with an infringement action, including pre-litigation procedures, trial or ADR, and appeal? Can these costs be recovered?

It is not possible to give an estimate of the potential costs as they vary depending on the fees agreed upon, the circumstances of the case, the amount of evidence to be reviewed and submitted and whether service abroad (with translations, etc) is necessary. The cost of a warning letter (pre-litigation) is likely to be at least €300. The costs of first-instance proceedings (including preliminary injunction proceedings) typically start at around €5,000, but may be substantially higher in complex matters. The costs of appeal proceedings are usually higher.

While a 'loser pays' system applies, the costs incurred may only be recovered to a limited extent (ie, only the attorneys' fees due under the German statutory fee schedule are reimbursable).

UPDATE AND TRENDS

Hot topics

29 | Are there any emerging trends or hot topics regarding domains and domain names in your jurisdiction?

The German Federal Supreme Court (BGH) rendered a decision in 2018 on the use of trademarks as part of a domain name by spare parts dealers (BGH, judgment of 28 June 2018 – Case No. I ZR 236/16 – *keine-vorwerk-vertretung*).

The applicant offers vacuum cleaners and accessories under the well-known trademark Vorwerk. Although the defendant was not part of the applicant's marketing organisation, it offered spare parts and accessories for the applicant's products, particularly spare parts from third-party manufacturers, under a domain that contained the trademark but expressed that there was no direct connection ('*keine-vorwerk-vertretung.de*' means 'not a Vorwerk representative').

In its decision, the BGH confirmed that the use of the domain name '*keine-vorwerk-vertretung.de*' was an infringing use of the well-known trademark Vorwerk. This is because the domain name was intended to make customers aware of the defendant's offer and to distract them from the plaintiff's online shop. The delimitation of the content of the domain '*keine-vorwerk-vertretung.de*' with respect to Vorwerk by the components 'not a' and 'representative' did not contradict the conceptual link.

The defendant was also unable to rely on a bona fide use of the trademark. Suppliers of accessories and spare parts may use the manufacturer's trademark in their own advertising only if they are referring to the intended purpose of their goods. They must 'keep trademark use to a minimum'. Generally, they are only permitted to refer to the manufacturer's trademark without highlighting it, such as in using 'suitable for' or 'fits to', or providing similar clarifications.

The BGH has now expressly extended these principles to include the use of trademarks in domain names of spare parts and accessories dealers, and has stated that use of the trademark in the domain name exceeds the allowed amount of trademark use. Therefore, a supplier



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of spare parts and accessories may only mention the manufacturer's trademark in the text of the website, not in its domain name.

According to this ruling, there are few situations conceivable in which it is lawful for a spare parts dealer to, for example, use the manufacturer's trademark as a distinguishing element in its own domain.

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