

Kluwer Trademark Blog

Fighting Bad Faith Domains and Company Names in FYR Macedonia

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Just as with any other violation of law, domain name and trademark squatting will be discouraged or encouraged depending on the efficiency of legal protection given to legitimate IP rights holders. When legal remedies are not available or are not effective, bad faith trademark and domain name applications will increase substantially, prompting legitimate right holders to take alternative paths to defend their interests or abandoning the risk infested market altogether until legal situation improves.

In the Balkans region, Macedonia (FYROM), which already experiences political turmoil and civil unrest, is one of the countries where trademark holders experience frequent problems due to inefficiency or intended protectionism of courts and administrative bodies. Trademark owners are experiencing problems due to substantial delays in processing of oppositions, however it is the lack of protection when it comes to domain name squatting and Internet related trademark infringement that clearly stands out. Due to lack of investment in IPR awareness, overall inefficiency of the legal system and lack of accountability, one may experience difficulties in Macedonia that are rarely seen in other European countries. Here are some of the most bizarre problems foreign companies faced there when confronting cyber squatters.

Contesting a bad faith domain registration and the use of this domain name is a “mission impossible”. The national top-level domain authority (MARnet) changed its internal Rules several times since 2015, each time to make alternative domain name disputes more difficult to resolve and each time without clear transitional provisions, which in turn detrimentally influenced pending proceedings and caused a lot of confusion regarding legal remedies. With recent changes to the Rules, the alternative domain name dispute resolution system was abolished altogether, meaning that the trademark holders must now file a court action to achieve a bad faith domain name cancellation or transfer of ownership.

If a trademark holder is facing an infringer who went so far as to include the trademark in question into a local company name or even a surname (sic) a rightful trademark holder will face an additional problem since Macedonian courts are likely not to qualify such use as a trademark infringement. They would not even investigate the way the surname or a company name is used by the alleged infringer, but would be content to allow such use simply holding that this falls under the general limitation of the scope of trademark rights. Even if a company name or a surname is changed during related litigation in a way to include a well known trademark, this has, so far not been considered as bad faith conduct by Macedonian courts!

Another problem can happen due to transliteration from Cyrillic to Latin letters. An unfortunate trademark holder could be faced with a sign similar to his trademark being a part of a Macedonian infringer's (company) name in phonetic Cyrillic, that when transliterated to Latin is exactly the same as the plaintiff's trademark. According to Macedonian court practice, this would not be a case of trademark infringement regardless of the manner of use of such company name, because transliteration of a registered company name apparently falls under fair use of a (company) name, which limits trademark rights. So, if someone's company name is '???? ????', it cannot be excluded that his use of 'Coca Cola' would not eventually be considered as "legitimate" company name use which limits trademark rights. Amazing.

If you think that contesting a company name or a change of a surname (consisting of a well-known trademark) is a way to tackle above trademark rights limitation problem, you would be surprised to learn that unless the defendant clearly uses this "company name" or a "surname" on the legal market and in bad faith, the courts would not order the change of name, but would consider this as a legitimate use of a personal name or a company name. If the defendants are not found to be making profit in commerce, they will be able to change their names to John Coca Cola, Mary Levi Strauss, Charles Microsoft or Katie Apple etc. and then register any domain name or a trademark without much obstacle.

In Macedonia, the competence of the court is often determined by the defendant's domicile or home address (no exclusive jurisdiction for trademark matters), so local courts will demonstrate various degrees of knowledge in IP matters. This means that trademark holders could even have their temporary injunction requests being (initially) refused or delayed or they would not be decided on in ex parte proceedings, which will allow a domain name holder or infringer enough time to simply transfer the domain name to another entity (for which another local court is competent). A very unfortunate trademark holder may have several injunction requests (and lawsuits) rejected (because the defendant was no longer the holder of the infringing domain name), before eventually obtaining an injunction that would block the domain name for the duration of main proceedings. To obtain an injunction, the trademark holder needs to prove that the injunction is necessary in order to prevent irreparable harm that would occur to the plaintiff through the continued use of the domain name by the defendant. However, Macedonian courts regularly refuse interim injunction requests because they seem to believe that serious damage is unlikely to occur unless both entities are acting in the same marketplace and declare profits, as explained in continuation of this article.

Trademark holders could face difficulties proving infringement of their trademarks through domain names, even when domain names are used for advertising identical services. For example, in one of the recent cases the court refused a lawsuit (including prohibition claims) because at the time of court's deliberation the domain name was no longer active, was transferred to a third party or the content was (temporarily) removed. In another case the court refused to acknowledge infringement because the plaintiff did not prove material damage yet and therefore the fact that someone else was using his trademark as a domain name and in trade, could not be a "damaging". If the content within a domain name is not infringing, trademark holders have even greater difficulty proving that the domain name itself is infringing, that it caused any damage or constitutes an act of unfair competition or that it should be cancelled due to bad faith conduct and lack of a lawful reason to it. The reason for this is inappropriate application of trademark law when dealing with domain names, which results in Macedonian courts wrongfully applying the "use in the commerce" criteria when deliberating on cyber-squatting.

For similar exaggerated and literal understanding of the “use in commerce” criteria, reasoning of Macedonian courts often include one of the most surprising arguments for a refusal of a lawsuit aimed at a domain name and trademark infringement, and that is that a “defendant did not declare any profit in the previous fiscal year”, and therefore clearly did not use the trademark on the market or in commerce, hence infringement could not have happened. The same logic may apply if the defendant is an NGO, non-profit organization or a natural person without a registered business activity. An unemployed natural person is an even better example. It seems that according to Macedonian court’s logic, infringement can only happen between legitimate and active companies that are duly declaring their business results for taxation purposes.

Another interesting argumentation of Macedonian courts when assessing infringement through domain names is, that if the plaintiff (trademark holder) is a known multinational company and the defendant (registrant of the domain name) containing a well-known trademark is a small local workshop, confusion or unfair competition could not happen between the two entities of considerably different size. If the workshop is active in a field not directly competing with the holder of the well-known trademark and is using the domain name to promote unrelated goods or services, establishing unfair competition or infringement through domain name would prove to be close to impossible. “Taking unfair advantage of or detriment to a reputable trademark” is a rarely sanctioned infringement under Macedonian court practice when it comes to trademark- and cyber-squatting.

Since securing a legal protection in Macedonia can be tricky, trademark holders are advised to rely on the first-to-serve principle to the maximum in Macedonia (and any other similar jurisdiction) i.e. to register any IPR in every possible way, form, variation and in every available official register in order to protect their position. This would include registering a domain name that could be found to be infringing upon your rights if registered by a third person, a trademark in several forms and versions (3D, in color, word, slogans), copyright, design and utility model/patent that can meet registrability requirements and to then maintain these rights until situation in Macedonia improves, which will inevitably happen in not-so-distant a future.

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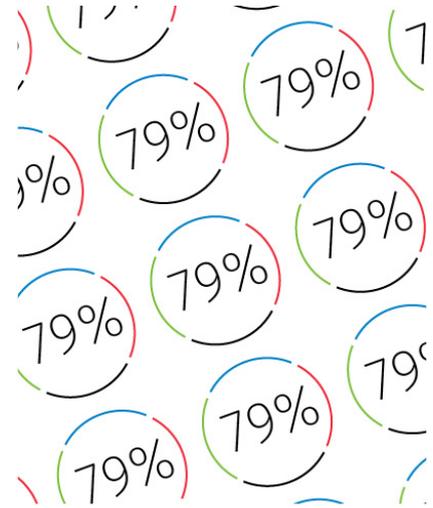
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