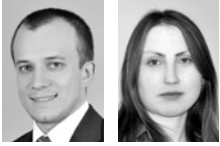


OUTBOUND INVESTMENT TO UKRAINE

Legal protection against cybersquatting in Ukraine



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Due to somewhat incomprehensive IP laws along with uncertainty of legal protection rendered under the national justice system of Ukraine, cybersquatting has evolved into a profitable and widespread business. Lack of information about legal remedies for the enforcement of IP rights provokes legitimate trademark holders to buy-out the squatted domain rather than to seek redress in the legal order.

In legal terms in the Ukraine, a domain name is defined as a name used to address computers and resources on the internet. Whereas generic top level domain names (gTLD), e.g. *.com*, *.info*, *.net* and *.org* are essentially open for registration to anyone in the world, the country code top-level domains (ccTLD) have a geographic or country designation. The delegation and administration of domain names in Ukraine, i.e. in the .UA domain, is performed under the special policy elaborated in compliance with the effective ICANN rules. These set registration of a corresponding trademark in Ukraine as a prerequisite for the assignment of a second-level private domain in the .UA zone, e.g. *abc123.ua* or *xyz0.ua*. The given restriction prevents the proliferation of cybersquatting and the conquering of domain space in the public domain .UA in bad faith.

On the other hand, the third-level names in the .UA domain – for example *abc123.com.ua* or *xyz0.kiev.ua* – are assigned under the rule of free registration and the requests are processed on a first-come-first-served basis. Since no documents are required for the assignment of third level domain names, their delegation is performed under the good faith presumption. This suggests that assignment of a domain does not constitute violation of the rights to the trade mark or rights to the commercial indications used by

the business entities, with both enjoying protection under the IP laws of Ukraine. The selection of the domain name is left to the discretion of the registrant who also bears full liability should the rights or legitimate interests of third parties be violated by the domain name at issue being assigned.

Once the domain dispute has arisen, the following avenues are open for the parties to settle the conflict:

- amicable agreement achieved by negotiations or mediation;
- court protection: initiating a lawsuit with the competent court by filing a claim on prohibiting the use of the domain at issue;
- arbitration proceeding through submitting a dispute to the arbitration court; and

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- administrative proceeding with the Antimonopoly Committee of Ukraine: through lodging a claim on protection against unfair competition realised through the unauthorised use of a trade mark or commercial name resulting in consumers confusing the competing business entities.

Only a few domain disputes are known to have been resolved in Ukraine in the court order. The fact of poor court practice in this respect may be attributed to the popular trend that the legitimate holders of trademarks or commercial names focus primarily on non-legal ways of resolving the domain disputes. Only recently the legal mechanisms for the protection and enforcement of IP rights have been incorporated into the national laws and implemented into the legal system of Ukraine. Nowadays the owner of a registered trademark may commence legal proceedings for trademark infringement to prevent unauthorised use of the

trademark and profiting from the goodwill thereof.

Under the Law of Ukraine *On the protection of rights to the marks for goods and services* the trademark is recognised as being used if applied in the advertisement, on Internet and domain names, in particular. Moreover, the unauthorised use of signs identical or similar with the trademarks in domain names is recognised as violation of rights of the trademark holders.

As far as commercial and unfair competition matters are concerned, the violated rights may be enforced under Article 4 of the Law of Ukraine *On the protection against unfair competition*. It lays down the terms under which the use of names serving to identify natural persons or legal entities in business activities, including trademarks and commercial names, is recognised as unfair competition and sanctioned on a commercial scale.

To summarise the legal practice of resolving domain disputes in Ukraine, the claims of the complainants are mostly satisfied whereas on average 80 % of claims are decided in the complaining party's favour. In terms of resolving domain disputes in the Ukraine, an effective and competent jurisdiction is being modernised and developed. Although the ultimate choice of how to settle the dispute rests with the parties concerned, the following still applies: *a domain not reclaimed in the court costs the plaintiff far more.*

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