

World Trademark Review Daily

AFNIC not liable for failing to 'freeze' domain name
France - Hogan Lovells

Cybersquatting

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In October 2009 AFNIC, the registry for the '.fr' country-code top-level domain, was [ordered to pay compensation to Francelot](#), a company specialised in the management and building of residential housing, for failing to 'freeze' a domain name upon its request. However, in *AFNIC v Francelot*, this decision has been overturned.

Francelot registered the French trademark FRANCE LOTS in 1989. In 1999 it registered the domain name 'francelot.com'. However, in January 2007 it discovered that a private individual - whose details were hidden in the publicly available WHOIS in accordance with French data protection law - had registered the domain name 'francelot.fr'. The domain name was pointing to a parking website which offered links to websites of Francelot's competitors.

In May 2007 Francelot asked AFNIC to disclose the registrant's details and 'freeze' the domain name in order to prevent any use and/or transfer. These requests were denied by AFNIC. In June 2007 Francelot obtained a summary judgement against AFNIC in order to force it to disclose this information (AFNIC has since relaxed its rules and will now generally disclose the registration details of private individuals when presented with evidence of a valid prior right).

Having obtained the details of the registrant, Francelot brought court action for trademark infringement and unfair competition not only against the registrant, but also against AFNIC. Francelot argued that, by failing to freeze the domain name, AFNIC had forced it to bring court proceedings. The domain name was subsequently recovered, but only after Francelot had incurred significant legal costs.

In addition, it was alleged that AFNIC had acted negligently by allowing the registrant to pursue its illegal actions. Finally, Francelot argued that AFNIC and [EuroDNS](#), acting respectively as the registry and registrar of the domain name, had the means, both from a technical and legal standpoint (namely, the AFNIC Charter setting out the registration principles for the registration of '.fr' domain names and the February 2007 government decree on domain names) to freeze the domain name and, therefore, should not be entitled to avoid liability based on their status as technical intermediaries.

After dismissing Francelot's request against the registrant of the domain name for procedural reasons, the Versailles Court of First Instance proceeded to analyse AFNIC's actions to decide whether liability should be found.

First, the court found that AFNIC could not incur liability for failing to disclose the registrant's details upon request. The then-applicable AFNIC Charter, which constitutes a contract between AFNIC, its registrars and registrants, was clearly in alignment with French data protection legislation and specified the conditions under which the details of private individuals could be disclosed (either further to a court injunction or after initiation of dispute resolution proceedings).

Turning to the question of AFNIC's refusal to freeze the domain name, the court found differently. While the arguments relating to the 2007 decree were dismissed given that the domain name had been registered prior to the implementation of this decree and did not, therefore, fall under its scope of application, the court decided that AFNIC was liable based on the terms of the Charter. According to the provisions of the Charter, AFNIC was under an obligation to freeze a domain name if its registration constituted a violation of the Charter's terms.

According to the court, the terms of the cease and desist letter sent by Francelot to AFNIC in May 2007 contained sufficient information for AFNIC to proceed to freeze the domain name. Therefore, by refusing to act upon receipt of the letter, AFNIC had contributed to the unfair competition and loss of goodwill suffered by Francelot.

In May 2011 AFNIC appealed the court's decision. On September 15 2011 the Court of Appeal of Versailles overruled the lower court's ruling and rejected all of Francelot's claims.

Like the Court of First Instance, the Court of Appeal dismissed Francelot's arguments relating to the 2007 decree. First, as stated by the lower court, since the domain name had been registered prior to the implementation of the decree, it did not fall within its scope of application. Under French law, a newly enacted law has an immediate effect, but does not apply retroactively. In addition, for the Court of Appeal, the 2007 decree applied only to registries which had been officially designated, which was not the case for

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AFNIC at that time.

The court also held that AFNIC had not breached any of the provisions of its Charter by refusing to freeze the domain name and, therefore, could not be considered as having committed any tort against Francelot. Francelot alleged that AFNIC was under the obligation to identify any breach of a registrant's contractual obligation under the Charter when registering a domain name, thereby implying that AFNIC should have prevented the registration of the domain name because such registration infringed Francelot's trademark rights. AFNIC replied that it had neither the means nor the ability to decide whether a registrant had actually infringed any third party's rights. The court held that, under the Charter, although AFNIC could check whether a registrant had breached any of its contractual obligations, it had no obligation to do so. Therefore, AFNIC could not be considered liable for refusing to freeze the domain name.

Finally, the court noted that Francelot could have initiated urgent proceedings against the registrant after the latter's details had been disclosed in order to put an end to the alleged infringement of its IP rights.

Although the court did not examine the reasons why AFNIC did not consider itself competent to assess whether the registrant had infringed Francelot's rights, it seems evident that making such assessment should not be within AFNIC's role. This would imply, under French law, that AFNIC would have a duty to investigate how the domain name was used by the registrant – namely, whether the term 'Francelot' was used to designate the products or services covered by the FRANCELOT mark and whether the website at the domain name actually targeted the French public. Given that there are currently over 2 million '.fr' domain names, ensuring that they are correctly used would be an almost impossible task, even if such an obligation was to apply only once AFNIC had been notified of any supposed wrongdoing.

With the recent new Charter on '.fr' domain names, the new French law and associated decree on domain names, as well as the [recently adopted new alternative dispute resolution system](#) for '.fr' domain names, the issues raised by this case may be resolved differently in future. In any event, the decision may help to prevent any future rulings finding AFNIC liable in its role as '.fr' registry.

This decision is also of relevance concerning the potential liability of domain name registries in general, especially after the new gTLD process begins and many new entities throughout the world, including in France, will be responsible for their own gTLD.

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