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French registry and registrar not liable for infringing domain names
France - Hogan Lovells International LLP

Cybersquatting
Domain names

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The Paris Court of Appeal has ruled that AFNIC, the registry for the '.fr' country-code top-level domain, was not liable for failing to freeze or block an infringing domain name upon notice by an interested party without a court order. The court also held that EuroDNS, a Luxembourg-based registrar, was not liable for failing to monitor the registration of potentially infringing domain names, even in the case of well-known trademarks.

Until 2004 it was necessary to prove a 'right in the name' - such as a matching French registered trademark - in order to be able to register a domain name under the '.fr' extension. However, as a result of the liberalisation of the registration rules for French domain names in May 2004, cybersquatters went on a domain name registration frenzy, particularly in relation to well-known trademarks.

In 2008 13 French companies whose well-known trademarks had been frequently targeted by cybersquatters decided to take action by filing a lawsuit, not against the cybersquatters, but against AFNIC (the registry) and EuroDNS (the registrar), for allowing the registration of 129 domain names that were allegedly infringing their trademark rights. The French companies alleged that the registrar had failed to monitor the registration of infringing domain names, and that the registry had failed to freeze or block a domain name upon notice of the existence of the infringing domain names.

In a decision dated August 26 2009, the Paris Court of First Instance held, first of all, that it had jurisdiction to hear the case. EuroDNS had argued that the case had to be heard in Luxembourg, where it had its principal place of business, because the French companies had not demonstrated that France was the place where the tort was committed, as required by the French rules of Civil Procedure. The court, however, reasoned that the fact that the domain names corresponded to the '.fr' naming zone, coupled with the fact that they pointed to websites in French and contained advertising links that also pointed to French websites, was a clear indication that the domain names were targeting the French public, which was sufficient to establish the court's jurisdiction.

The court then examined the two claims brought against EuroDNS based on trademark law, on the one hand, and general tort law, on the other. Firstly, the court rejected the French companies' liability claim against the registrar based on trademark law. The companies argued that EuroDNS was liable for unjustified exploitation of their trademarks under Article L 713-5 of the French Intellectual Property Code relating to well-known trademarks (as in force until December 13 2008), which provided at the time that:

"any person who shall use a trademark that enjoys repute for goods or services that are not similar to those for which the trademark is registered shall be liable in a civil action if such use is likely to cause harm to the owner of the trademark, or if such use constitutes an unjustified exploitation of the trademark".

According to the court, however, the registrar made only a technical use of the trademark, which did not fall within the meaning of 'use' under the aforementioned provision.

Secondly, the court also denied the French companies' subsidiary claim based on general tort law under Article 1382 of the Civil Code. The French companies argued that EuroDNS, as registrar, had acted negligently by failing to fulfil its duty to prevent the registration of infringing domain names, a duty they considered was imposed by the then-applicable provisions of the French Post and Electronic Communications Code (PECC), regulating the allocation and management of French domain names, and EuroDNS' agreement with AFNIC.

Whilst the court ruled that the registrar did not have an obligation to monitor registration of domain names for trademark infringement, as this would impose a heavy burden on the registrar that could hinder electronic commerce, it did rule that, based on the provisions of the PECC, the registrar had an obligation to take measures upon notification of the existence of an infringing domain name. However, the court did not impose liability on EuroDNS because it had never been notified by the French companies of the infringing domain names.

The court's reasoning for imposing such an obligation on the registrar was in part based on Article R 20-44-45 of the PECC, which provided that:

"a name that is similar or identical to an intellectual property right cannot be chosen as a domain name, unless the registrant has a legitimate interest or right in the name and acts in good faith."

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Turning to the question of AFNIC's liability, the court also held that, like EuroDNS, AFNIC had an obligation to take measures, such as to freeze or block a domain name, upon simple notification by an interested party of the existence of an infringing domain name, without a court order. The court's reasoning for imposing such an obligation was also based in part on Article R 20-44-45 of the PECC.

Whilst the court refused to impose liability on AFNIC in the present case (according to the court, the French companies had failed to properly identify the specific measure to be taken by AFNIC for each infringing domain name), the decision raised concerns for AFNIC as, on the one hand, it could be held liable in the future if it failed to freeze or block a domain name upon simple request by a trademark holder, without a decision from a court of law or an alternative dispute resolution (ADR) proceeding and, on the other hand, if AFNIC did proceed to freeze or block a domain name upon a simple request by a trademark holder, it could also be exposed to liability claims from domain name registrants.

Finally, the Court of First Instance rejected the French companies' claim against AFNIC for concealing a registrant's contact information on the WHOIS database. According to the court, AFNIC's WHOIS privacy protection service, which hides the identity of registrants that are private individuals, was imposed by French data protection laws and, in addition, AFNIC provides mechanisms to disclose said details in case of infringement.

The dispute was then taken before the Paris Court of Appeal by the French companies. Like the Court of First Instance, the Court of Appeal rejected the liability claim against EuroDNS based on trademark law. According to the court, EuroDNS could not be held liable as it:

"did not actively participate in choosing a domain name and has never commercially exploited it, neither at the time of registration or thereafter... and therefore the appellants could not claim, based on article L 713-5 of the Intellectual Property Code, that EuroDNS has infringed their well-known trademarks, causing them harm."

In respect of the liability claim against EuroDNS based on tort law, the Court of Appeal also ruled that EuroDNS did not act negligently by failing to monitor the registration of infringing domain names. Like the Court of First Instance, the Court of Appeal held that none of the provisions of the PECC then in force imposed an obligation on the registrar to monitor domain name registrations, and that registrars were not required to implement additional filtering measures for well-known trademarks, even if they had knowledge of the situation by virtue of a previous proceeding. According to the Court of Appeal, such obligations would not only impose a technical and financial burden on the registrar, but would also require such an entity to rule on matters that were outside the scope of its competence (eg, determining whether a trademark is well known).

The Court of Appeal also confirmed the Court of First Instance's finding that the registrar had an obligation to act diligently once notified by a right holder of the existence of an infringing domain name after its registration. In the present case, the court found that EuroDNS had acted diligently upon notification of the court action brought against it and therefore found that EuroDNS was not liable based on general tort law.

However, as regards AFNIC's liability, the Court of Appeal found differently. According to the Court of Appeal's decision, AFNIC does not have an obligation to freeze or block a domain name upon simple notification. The court relied on Article L 45 of the PECC and the Decree of February 19 2010, Annex 1, Paragraph 4, which clearly state that the registry is not authorised to freeze, block or delete a domain name without a decision from a court or an extrajudicial proceeding, such as an ADR proceeding. Therefore, a simple request without a court order or decision is not sufficient to require AFNIC to act regarding an infringing domain name.

The Court of Appeal's finding is also in line with previous French case law, in particular the Versailles Court of Appeal's [decision of September 15 2011](#), in which AFNIC was not held liable for failing to freeze the domain name 'francelot.fr'.

The Paris Court of Appeal's decision, together with the new legal framework set out for '.fr' domain names and a new AFNIC Naming Policy, should help prevent any future rulings finding AFNIC liable in its role as the registry for '.fr' domain names.

The decision is also of relevance concerning the potential liability of domain name registries in general, especially after the new generic top-level domain (gTLD) process ends and many new entities throughout the world, including in France, will be responsible for their own gTLD. It may be that France may be considered as a friendly jurisdiction for domain name registry location in the future.

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Finally, it is important to note that trademark holders have other fast and cost-effective alternatives to recover a domain name rather than pursuing the registry or the registrar, such as filing a complaint under the [Uniform Domain Name Dispute Resolution Policy](#) for gTLDs such as '.com', or the new alternative dispute resolution proceeding for '.fr' domain names (known as [SYRELI](#)), which were specifically designed to resolve cybersquatting disputes such as the present case.

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