

World Trademark Review Daily

Valid trademark defence is not valid domain name defence
France - Hogan Lovells International LLP

Domain names
Infringement

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The Court of Appeal of Paris has [held](#) that, while prior continuous use of the term 'arcotel' as part of a company name, trade name and signboard could constitute a valid defence to a claim of trademark infringement, it could not justify registration and use of the domain name 'arcotel.fr'.

Claimant Ingress Ingénierie et Gestion, the head of a franchise network of hotels, owned several trademarks, including ARCOTEL, which had either been assigned to the claimant or directly registered by it. The claimant's earliest trademark right consisted of a French trademark filing for 'Arcotel Trucks Center' dated April 1 1994.

The claimant was informed that the defendant, Hôtelière Arcotel Mulhouse A36, was using, without authorisation from the claimant, the term 'arcotel' as part of its company name, trade name and signboard, as well as in the domain names 'arcotel.fr' and 'arcotel-mulhouse.com'. The domain name 'arcotel.fr' was registered on October 12 2006, and pointed to an active website offering services which were identical to those specified in the claimant's trademark registrations containing the term 'arcotel'.

Further to the unsuccessful negotiation attempts and cease and desist letter sent to the defendant, the claimant initiated proceedings requesting that the court of first instance prohibit the use of the term 'arcotel' by the defendant and order transfer of the domain name 'arcotel.fr' to it (as well as the other domain name). The court of first instance rejected these claims on the basis that, essentially, the assignment of the Community trademarks to the claimant had not been recorded and that, most importantly, the defendant had used the term 'arcotel' continuously since September 22 1986.

The claimant appealed to the Court of Appeal of Paris.

Firstly, looking at the trademark infringement claim, the Court of Appeal decided that there could not be any such infringement. The court applied the test of Article L713-6 of the [French Intellectual Property Code](#), providing that:

"Registration of a mark shall not prevent use of the same sign or a similar sign as:

- a) A company name, trade name or signboard, where such use is either earlier than the registration or made by another person using his own surname in good faith;*
- b) The necessary reference to state the intended purpose of the product or service, in particular as an accessory or spare part, provided no confusion exists as to their origin.*

However, where such use infringes his rights, the owner of the registration may require that it be limited or prohibited."

The court noted that the defendant had established that it had used the term 'arcotel' as part of its company name, trade name and signboard since 1986. The claimant argued that such use should be prohibited in light of the detrimental confusion that was likely to arise in the mind of the public that the defendant was part of the claimant's network. The defendant's hotel Arcotel Mulhouse A36 used to be part of a network of about 20 Arcotel hotels owned by a company called Sogecer Investissements, which went into liquidation. Subsequently, the hotels in this network were sold to different entities, including the claimant, but the defendant's hotel had retained its name. Thus, the court rejected the claimant's argument and upheld the decision at first instance, ruling that it could not justify prohibiting use of the term 'arcotel' by the defendant as part of its company name, trade name and signboard, given that it had publicly used such company name, trade name and signboard for 25 years, and that it was known by its suppliers, clients, the French administration and all its partners under that name.

Secondly, turning to the claimant's argument that the domain name 'arcotel.fr' should be transferred to it, the court referred to the relevant provisions of the French Post and Electronic Telecommunications Code, then applicable to French domain names, which essentially provided that a French domain name which infringes an IP right protected in France cannot be registered, unless the registrant has a legitimate interest in the name and acts in good faith.

On the basis of this provision, the court considered that, while the use of the term 'arcotel' could not be separated from the name of the hotel and its physical premises, the use of this term in the domain name

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could be separated from the hotel and could thus create a risk of confusion with the claimant's trademark. On this basis, the court ordered the transfer of the domain name 'arcotel.fr' to the claimant, thus overturning the decision at first instance on this point.

Given that the provisions of the French Post and Electronic Telecommunications Code do not apply to the generic extension '.com', the court rejected the claimant's request in respect of 'arcotel-mulhouse.com'.

This decision is interesting in that it makes a very clear distinction between use of a term protected by a trademark in a company name, trade name and on a signboard on the one hand, and use in a domain name and on an associated website on the other. Given that the defendant's use offline was deemed to be acceptable by the court, but that its use online was not, this would appear to be rather contradictory; this nevertheless seems to be in line with the current French law.

Somewhat unusually, French law contains provisions that are not dissimilar to those found in the [Uniform Domain Name Dispute Resolution Policy](#). The UDRP is based on the rather loose notions of bad faith and lack of legitimate interests (as opposed to the more objective concept of trademark infringement) but, in most countries' legal systems, such provisions form part of alternative dispute resolution procedures and, therefore, do not fall to be decided by a court and are not entrenched in law. It is often remarked upon that a court deciding a case based on trademark infringement may not necessarily reach the same result as a panel deciding a case based on the UDRP. However, the two systems usually exist side by side - courts of law are not generally called upon to consider issues of bad faith and UDRP panels do not usually concentrate on trademark infringement.

However, French law not only contains provisions relating to trademark infringement, but also some general UDRP-like provisions, hence why the court was able to apply one set of rules to the defendant's offline use of the term 'arcotel', and another set of rules to its online use concerning the domain name. While French trademark provisions allowed for the defendant's offline behaviour to continue given the earlier use, French domain name provisions led the court to find that the defendant must stop using the domain name. The court's reasoning on this was not particularly clear, but if (for example) the defendant was well aware of the claimant and its use when it registered the domain name 'arcotel.fr' in 2006, the defendant could perhaps not be said to have registered the domain name in good faith, as required under French law. The court's transfer order could perhaps be said to be in line with what a theoretical UDRP panel would have decided, but nevertheless this does not sit easily with the court's acceptance of the defendant's offline use. This highlights the difficulties of French courts when attempting to reconcile traditional infringement provisions on the one hand and more recent domain name provisions on the other.

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