

Intellectual Property - France

Valid trademark defence not valid domain name defence

Contributed by **Hogan Lovells International LLP**

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Author

David Taylor



In a January 4 2012 ruling the Paris Court of Appeal decided that while prior continuous use of the term 'Arcotel' as part of a company name, trade name and signage could constitute a valid defence to a claim for trademark infringement, it could not justify registration and use of the domain name 'arcotel.fr'.

Facts

ingess Ingénierie et Gestion, the head of a franchise network of hotels, owned several trademarks, including ARCOTEL, which had either been assigned to it or directly registered by it. Its earliest trademark right consisted of a French trademark filing in the term ARCOTEL TRUCKS CENTRE, dated April 1 1994.

The claimant was informed that Hôtelière Arcotel Mulhouse A36 was using, without authorisation, the term 'Arcotel' as part of its company name, trade name and signage, as well as in the domain names 'arcotel.fr' and 'arcotel-mulhouse.com'. The domain names were 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'.

After unsuccessful attempts and negotiation and the sending of a cease and desist letter to the defendant, the claimant initiated proceedings requesting the court of first instance to prohibit the defendant's use of the term 'Arcotel' and to order the transfer of the domain names to it. The court of first instance rejected these claims on the basis that the assignment of the Community trademarks to the claimant had not been recorded, and that the defendant had used the term 'Arcotel' continuously since September 22 1986.

The claimant appealed.

Decision

Looking first at the trademark infringement claim, the Paris Court of Appeal decided that there had been no such infringement. The court applied the test set out in Article L713-6 of the IP Code, which provides 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 signage 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 first instance decision, ruling that it could not justify prohibiting use of the term 'Arcotel' by the defendant as part of its company name, trade name and signage, given that it had publicly used them for 25 years and was known by that name by suppliers, clients, the French administration and all of its partners.

Turning to the claimant's argument that the domain name should be transferred to it, the court referred to the relevant provisions of the Post and Electronic Telecommunications Code then applicable to French domain names. These 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 a domain name 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 to the claimant, overturning the first instance decision on this point.

Given that the provisions of the 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'.

Comment

This decision is interesting in that it makes a clear distinction between use of a trademark-protected term in a company name, trade name and signage on the one hand, and use in a domain name and 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; but this nevertheless appears to be in line with current French law.

Somewhat unusually, French law contains provisions that are not dissimilar to those found in the Uniform Domain Name Dispute Resolution Policy (UDRP). 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). In most other legal systems, such provisions form part of alternative dispute resolution procedures, and thus do not fall to be decided by a court and are not enshrined in law. It is often observed that a court deciding a case based on trademark infringement may not necessarily reach the same conclusion 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 contains not only 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 to its online use of the domain name. While the French trademark provisions allowed for the defendant's offline behaviour to continue, given the earlier use, the French domain name provisions led the court to order that the defendant 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 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 therefore perhaps be said to be in line with what a theoretical UDRP panel would have decided; 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.

For further information on this topic please contact [David Taylor](#) at Hogan Lovells by telephone (+33 1 53 67 47 47), fax (+33 1 53 67 47 48) or email (david.taylor@hoganlovells.com).

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