

In *Pie Optiek v Bureau Gevers* (Case C-376/11, May 3 2012), Advocate General Trstenjak has opined on the interpretation of Article 12(2) of Regulation 874/2004 relating to public policy rules concerning the implementation and functions of '.eu' top-level domains and the principles governing registration - and, in particular, the registration of an '.eu' domain name by licensees of prior rights.

The opinion focuses on two questions formulated by the Belgian Court of Appeal in a reference for a preliminary ruling.

Pie Optiek sprl, a Belgian vendor of spectacles and contact lenses online, challenged the registration by the European Registry for Internet Domains of the domain name 'lensworld.eu' in the name of a Belgian IP consultancy, Bureau Gevers, on behalf of a US company, Walsh Optical, operating in the same market as Pie Optiek.

The application for registration had been made in December 2005 on the first day of a statutory sunrise period which enabled holders of prior rights recognised or established by national and/or Community law or their licensees to register an '.eu' domain early. Pie Optiek and Walsh Optical each held prior rights in the term 'lensworld'. Pie Optiek traded from 'lensworld.be' and held a Benelux device mark containing the word 'lensworld' for goods and services in Classes 5, 9 and 44 of the Nice Classification. Walsh Optical traded from 'lensworld.com' and, at the time of making the application, held a Benelux mark for services in Class 35.

As Walsh Optical did not satisfy the condition for establishment in the European Union, which was necessary to benefit from the sunrise period, it signed a licence agreement with Bureau Gevers. The licence was designed to allow Bureau Gevers to register 'lensworld.eu' during the sunrise period in its own name (but on behalf of Walsh Optical) and purported to license the LENSWORD mark to Bureau Gevers for the purposes of undertaking such activity.

The application was granted in favour of Bureau Gevers in July 2006 and Pie Optiek's subsequent application was refused due to the earlier successful application. Pie Optiek contested that the prior registration was speculative and abusive, as Bureau Gevers was not a true licensee of prior rights: the licence gave Bureau Gevers only a right to register the domain, but not to use the LENSWORD mark.

The Belgian court sought clarification from the Court of Justice of the European Union (ECJ) on two points:

"1) Does Article 12 (2) of Regulation 874/2004 mean that, where a prior right is a registered trademark, the term 'licensee of prior rights' includes a person who is licensed by a mark owner to register, in their own name on behalf of the mark owner, an '.eu' domain name which is identical or similar to the mark, even if that person is not licensed to use the mark commercially;

2) If the answer to the first question is yes, does Article 21(1) (a) of the regulation relating to the revocation of speculative and abusive domain names apply if the licensee of prior rights has registered an '.eu' domain name in its own name on behalf of a mark owner because the mark owner was not itself eligible to do so."

The advocate general outlined the historical background to the adoption of the legal framework surrounding registration of '.eu' domain names. She noted that the justification for the introduction of '.eu' domain names was to make the internal market more visible online, improve e-commerce and establish a clearer link between EU organisations, the legal framework and the European market.

In relation to the first question, the advocate general concluded that there was no licence agreement, but only a contract for services. Therefore, Bureau Gevers did not have the status of a 'licensee of prior rights' in the sense envisaged by Article 12(2) of the regulation.

In coming to this conclusion, the advocate general confirmed that a 'licensee of prior rights' necessitated two conditions:

- first, that there are, in fact, prior rights such as a national or Community trademark; this first condition was not at issue in the present case due to the Benelux mark registered at that time in the name of Walsh Optical; and
- second, that there was a licence, which was at issue.

The advocate general considered in some detail the treatment of licences in the European Union. She surmised that a licence is a bilateral contract characterised by the grant of the right to use certain IP rights for which the licensee pays a fee to the licensor. The licensor permits the licensee to carry out certain activities which, absent a licence, would constitute an IP rights infringement.

The advocate general emphasised that the essential element of a licence was that it was a grant of rights in view of commercial exploitation; it was not simply a waiver of rights, but a positive right to use the mark.

She drew on existing case law and legal instruments in IP and competition law in the European Union, including:

- a memorandum from the Commission defining a ‘licence’ as a “contract in which a trademark is conceded to a third party in view of its exploitation”; and
- various directives relating to OHIM, which mentioned that “a mere tolerance or unilateral contract given to a third party by a mark holder is not a licence”.

Applying her analysis of licensing to the facts, the advocate general confirmed that, despite being termed ‘licence agreement’, the agreement in the present case was not, in substance, a licence. It did not grant any power for Bureau Gevers to offer goods and services under the LENS WORLD mark nor to promote

Walsh Optical goods in the European Union. In fact, there was no link at all between the relevant market and Bureau Gevers. Therefore, the essential elements of a licence, being a right to use the mark commercially and to defend it against third parties, were not satisfied in the present case.

The advocate general acknowledged that Walsh Optical had no real link to the European Union due to its US residency and the subsequent cancellation of the Benelux mark in 2006 and, therefore, could not be said to be eligible for the sunrise period itself. The advocate general then summarised that the term

‘licensee of prior rights’ does not cover people who have been licensed only to register a domain identical or similar to the licensor’s mark in their own name (without being granted other uses of the mark) based on public policy reasons. This was because there was a risk that allowing this activity would circumvent the purpose of Regulation 733/2002 relating to the implementation of ‘.eu’ domains, which was to create a clear link with the European Union, the legal framework and the European marketplace.

The advocate general did not consider the second question, given that the response to the first question was negative.

If this opinion, which is not binding, is confirmed in a decision of the ECJ, then it will be of comfort to organisations already established in the European Union, as it reinforces their already strong position in relation to ‘.eu’ domain names as compared to organisations with no establishment in the European Union. There may be public policy reasons underlying this opinion to encourage businesses to establish themselves in the European Union by preventing organisations outside of the European Union from circumventing the rules by way of mere contract.

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