Panel Decision for dispute CAC-ADREU-004045

Case number	CAC-ADREU-004045
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Domain names	lensworld.eu

Case administrator

Name	Josef Herian

Complainant

Organization / Name	Pie Optiek BVBA, M. Pieter Stulens

Respondent

Organization / Name	Bureau Gevers, Alain Englebert

INSERT INFORMATION ABOUT OTHER LEGAL PROCEEDINGS THE PANEL IS AWARE OF WHICH ARE PENDING OR DECIDED AND WHICH RELATE TO THE DISPUTED DOMAIN NAME

The parties did not inform the Panel about other legal proceedings regarding the domain name.

FACTUAL BACKGROUND

The Complainant is a Belgian company who is active in selling contact lenses, binocular and other products for the eyes. It is the holder of the registered Benelux trademark n° 787035 LENSWORLD (word and device). The Complainant operates the website under the domain name “lensworld.be”.

The Respondent is a Belgian company specializing in patent and trademark prosecution and providing advice in all areas of intellectual property law. Companies affiliated to the Respondent act as accredited registrars for the .eu domain.

On 16 January 2006, the Complainant applied for the domain name “lensworld.eu” but its application was preceded by the application of the Respondent.

On 7 December 2005, the Respondent had applied for the domain name “lensworld.eu” as the licensee of the U.S. company Walsh Optical. Walsh Optical is, in its own name or via affiliated companies, the holder of several trademarks consisting of the words LENS WORLD, including trademarks that seem to be valid in the U.S., Canada and the United Kingdom. Walsh Optical also filed a Benelux trademark, but this mark is no longer registered. Walsh Optical operates the website under the domain names “lensworld.com”, “lensworld.org” and “lensworld.info”. Walsh Optical claims to be active in the marketing and sale of contact lenses and related products on the Internet since 1998.

As a result of its 7 December 2005 application, the Respondent became the holder of the disputed domain name “lensworld.eu“.

One year later, on 19 December 2006, the Complainant filed the Complaint and on 7 February 2006, the Respondent filed the Response. On 15 February 2006, the Complainant provided a short answer to the Response via a non-standard communication, followed by the non-standard communication by the Respondent on 16 February 2006.

On 19 February 2006, the case file was transferred to the ADR Panel.

A. COMPLAINANT

Because all the requirements of article 21 of the EC Regulation 874/2004 are met, the Complainant claims that the domain name “lensworld.eu” is transferred to it.

First, the domain name is identical to the Benelux trademark n° 0787035, which is a name in respect of which a right is recognized or established by national and/or Community law.

Second, the domain name has been registered without rights or legitimate interest in the name, because the Respondent is basically a trademark agent. The Respondent is not active in the business of selling lenses on the web and has no right to do so under its articles of incorporation.

The Respondent acts as the licensee of the trademark owned by a U.S. company, but the license agreement is a “pure fake”, drafted for the sole purpose of circumventing the eligibility criteria. A real trade mark license always refers to the exploitation of a trademark in relation to a product or a service, and is not a mere license to register a domain name without any exploitation.

In the Benelux trademark certificate the Respondent is mentioned as the “Representative” of the trademark owner, the U.S. company Walsh Optical. The position of Representative of the trademark owner is incompatible with the alleged license agreement and is incompatible with the deontology of the Benelux Trademark Association.

Third, the domain name is registered and used in bad faith. According to the EC Regulation 874/2004 (the Respondent means the Regulation 733/2002) and its Recitals (in particular Recital 6), the .eu domain names are reserved for undertakings, organizations and natural persons within the Community.
As a consequence, article 4, 2, b, of EC Regulation 874/2004 (again the Regulation 733/2002 is meant) requires each registrant to have its registered office, central administration or principal place of business within the Community. The company Walsh Optical is established in the U.S. and instructed a trademark agent in the Community to register the domain name. This was not the purpose of the Regulation and the Respondent was certainly aware of this, moreover because the Respondent is allegedly also an accredited .eu registrar.

By registering the domain name in violation of a third party’s rights, the Respondent breached the terms of the registration agreement and acted in bad faith at the moment of registration.

Also the fact that the Complainant allegedly acted at the same time as the domain name holder, the trademark agent of an American company, and the accredited registrar for the domain name, constitutes a breach of the registrar agreement and its ware housing prohibition. The Respondent acted in bad faith as a “straw man” for a non-eligible end user.

Finally, the domain name is being used in bad faith, because it is not active. The Respondent is not allowed to sell lenses or other eye products via the domain name.

B. RESPONDENT

In its response, the Respondent first points out that the claim of the Complainant is not supported by any evidence since the exhibits were not attached to the Complaint. As a result, the Complaint must be dismissed.

The Respondent further shows that the license agreement that it entered into with Walsh Optical is lawful and was not concluded to circumvent the eligibility criteria set forth in article 4, 2, b), of the EC Regulation 733/2002.

According to Sections 13 and 20 of the Sunrise Rules, the Respondent has provided the standard license declaration form, duly completed and signed by both the trademark holder as the licensor and the Respondent as the licensee. The ADR case law confirms that a duly completed license declaration with respect to a registered trademark constitutes a sufficient proof of a valid prior right, whatever the place of establishment of the holder of the underlying trademark is (see amongst others ADR cases n° 00293, 00331, 00081, 01012, 01456, 00449). In ADR case n° 00495, the panel decided that a domain name, registered by the Respondent on the basis of a trademark license entered into with an American entity (the American Health Assistance Foundation), was validly registered. The Panel further held that it would not order the Registry (EURid) to investigate further whether or not a genuine license under the registered Benelux trademark was in place at the time of the application.

As an EU-based licensee of one or more trademarks valid in the Community, the Respondent is an eligible holder or licensee of a prior right. Whether the licensor is established within or outside the Community is not relevant. The wide success of the .eu domain names in the United States confirms that EU-based licensees may register .eu domain names on the basis of trademarks owned by persons established outside the EU.

The circumstance that the licensee is not selling products or services under the trademark does not imply that the license agreement is not genuine. Licenses do not necessarily relate to the sale of products or services. There is a license, as soon as the trademark holder

authorizes a particular use of its trademark, for instance the registration of a domain name consisting of, or containing, the licensed trademark.

According to the Complainant, the Respondent has no legitimate interest or any right to register the domain name, “notwithstanding the alleged license agreement.” Thus, the Complainant acknowledges that there is a license agreement between the Respondent and the holder of the trademark used as a valid prior right during the phased registration (“Sunrise”). Therefore, the Complainant actually recognizes that the Respondent has a right in the domain name.

As for the Complainant’s argument that the Respondent’s activities are limited by its by-laws, the Respondent replies that entering into a valid license agreement with Walsh Optical and registering the domain name perfectly match the corporate activities and purpose of the Respondent.

The Complainant’s observations on the code of honor of the Benelux Trademark Association are irrelevant because the code is an internal matter of the Association. The Respondent did moreover not violate this code of honor. The Respondent did not mislead the public or the authorities and acted in the interest of its client without any conflict of interest.

With regard to the question whether the domain name is registered or used in bad faith, the Respondent states that it did not enter into the license agreement with Walsh Optical to circumvent the eligibility criteria set forth in the Regulation. The application for the Domain Name was accurate, made in good faith and did not infringe the rights of a third party.

The Complainant’s view that the Respondent is an accredited .eu registrar is not correct. The Respondent, Bureau Gevers SA, is not an accredited registrar. Gevers Group SA is an accredited registrar but it is a different legal entity.

The Respondent contests to have been practicing “warehousing activities”, which means registering domain names without the specific instruction of end-users. First because the Complainant is not the registrar and second because it acted on a specific instruction by Walsh Optical.

The Domain Name is not being used in bad faith by the mere fact that the domain name is not active. Initially the domain name was not active because of the dispute regarding the domain name and now the domain name is active and it points to the “Lensworld.com” website.

The Respondent comes to the conclusion that the Complaint must be dismissed.

DISCUSSION AND FINDINGS

1. Procedural aspects

The initial complaint of the Complainant did not contain an exhibit with a copy of the Benelux trademark registration on which the Complaint is based. In its non-standard communication of 15 February 2007, the Complainant explained that the uploading of the exhibit must have failed and provided a copy of the registration in an attachment. According to the non-standard communication of the Respondent of 16 February 2007, the non-standard communication of the Complainant must be dismissed because the non-standard communication means is not meant to provide legal arguments or exhibits on top of what is said in the Complaint or the Response.

The Panel notes that the initial Complaint contained the registration number of the Complainant’s Benelux trademark, which allowed both the Respondent and the Panel to check whether the mark is still registered in the Benelux. The Panel’s right to investigate upon its own investigation is recognized in Section B.7(a) of the ADR Rules. The case law quoted by the Complainant (ADR n° 00493, “gallus.eu”) is therefore not helpful here.

As a result, the Complaint is not dismissed on the ground that the trademark registration was not attached to the Complaint and the Panel takes the trademark registration into account for its decision.

2. The merits of the Complaint

Pursuant to article 21.1 of the EC Regulation 874/2004 and to article B.11 (d)(1) of the ADR Rules, the Panel shall grant the remedies requested if the Complainant proves in ADR Proceedings where the Respondent is the holder of a .eu domain name registration in respect of which the Complaint was initiated that:

(i) The domain name is identical or confusingly similar to a name in respect of which a right is recognized or established by the national law of a Member State and/or Community law and; either

(ii) The domain name has been registered by the Respondent without rights or legitimate interest in the name; or

(iii) The domain name has been registered or is being used in bad faith.

2.1 The domain name is identical or confusingly similar to a name in respect of which a right is recognized

There is no dispute that this requirement is met. The domain name “lensworld.eu” is confusingly similar to the Benelux word and device mark LENSWORLD.

The Panel does not agree, however, with the claim of the Complainant that the domain name and the trademark are identical, because the mark contains a word and a device and the domain name merely contains a word (plus the .eu extension).

2.2 Absence of rights or legitimate interests

According to the Complainant, the Respondent and Walsh Optical entered into a license agreement only for the purposes of circumventing the eligibility criteria set forth in article 4, 2, b), of the Regulation 733/2002. The Panel is not convinced that the license agreement between Walsh Optical and the Respondent is a “fake” license agreement and that therefore the Respondent does not have a right or legitimate interest.

In Sections 13 and 20 the Sunrise Rules provide which procedures must be followed in case the applicant for a domain name is not the holder of the registered trademark as the prior right, but is a licensee. The applicant must enclose “with the Documentary Evidence an acknowledgement and declaration form, a template of which is contained in Annex 2 hereto, duly completed and signed by both the licensor of the relevant registered trademark and the Applicant (as a licensee)”. (Section 20.1) The applicant for the domain name may even be a sublicensee in which case a second acknowledgement and declaration must be provided (Section 20.1 in fine).

The ADR case law confirms that a duly completed license declaration with respect to a registered trademark, constitutes sufficient proof of a valid prior right as meant in the Sunrise Rules, whatever the place of establishment of the holder of the underlying trademark. This Panel is convinced that if a license declaration is a sufficient proof of a prior right as meant in the Sunrise Rules, such a declaration also grants a right and legitimate interest to the Respondent as meant in article 21 of the EC Regulation 874/2004.

The Panel finds that it is legitimate for trademark holders who are not established in the Community to conclude a license declaration with a party established in the Community to assure that a domain name is registered that is corresponds to the trademark. Two examples illustrate this:
- a license declaration was made between the trademark holder Levi Strauss & Co and Levi Strauss & Co Europe for the use of the LEVI's trademark in the context of a domain name application in the Sunrise Period (cf. ADR case n° 2298, “levis.eu“);
- a standard license form was executed by the trademark owner Microsoft Corporation, granting a license to register the LIVE.EU domain name to the licensee Microsoft B.V. (ADR case n° 2990; “Live.eu“).

In ADR case n° 01012, the Panel went even further stating that “a company created for the mere purpose of filing a .eu domain name sufficiently satisfies the requirements of art. 4, 2, b) Reg. 733/2002. There are no provisions in the system that require a .eu domain name proprietor to do business in the Community and, above all, to prove the existence of EU trade already started by a .eu domain name proprietor or licensee”. The Panel also ruled that the purpose of the Regulation was not “to build a new Fortress Europe shutting out non-EU nationals and companies but, on the contrary, to bring them in and to facilitate non-EU companies and nationals to create more and more links to our market – both virtual and real links. In so doing, the importance of our virtual marketplace will increase, along with electronic commerce”.

The Panel does not agree with the Complainant that a license that does not result in an agreement to sell products or services using the licensed trademark is not a genuine license. A license agreement must not necessarily relate to the sale of products and services by the licensee. In trademark law, a “license” is a permission granted by the trademark holder to the licensee; only the terms of that contract will dictate what the licensee is allowed to do (cf. J. Phillips, Trademark Law, Oxford University Press, 2003, p. 516 as quoted by the Respondent). As a result, a license agreement which is limited to the registration of the .eu domain name identical to the trademark is a valid license agreement, which grants the licensee with a right and legitimate interest to the domain name.

Many corporations have used the standard license form during the Sunrise Period and there is no reason why Walsh Optical and the Respondent is this case would be barred to do so, even if the Respondent is not in the business of selling contact lenses and the like.

Whether or not the conclusion of a license agreement complies with the articles of incorporation of the Respondent and whether or not it is unlawful under Belgian corporate law - the Respondent is incorporated in Belgium - is a matter that should not be decided by this Panel. It is a matter of national law, to be decided by the proper court.

The same is true for the alleged breach of the Code of Honor of the Benelux Trademark Association. If the Respondent is subject to the Code of Honor and it committed a breach of the Code, then the appropriate sanction will have to be applied by the appropriate bodies. The Panel further agrees with the Respondent that it is not an accredited .eu registrar, so that this cannot be a cause for a conflict of interest, in any. One or more affiliated companies of the Respondent may be accredited registrars, but the Respondent is not. This clearly results from the list of registrars as published in the www.eurid.eu website.

The Panel's view on the consequences of the breach of Belgian corporate law and of the Code of Honor of the Benelux Trademark Association could have been different if the Complainant had already taken legal steps and obtained a decision about the alleged breaches of this law or Code. Such decisions could help to show that the Respondent acted without a right or legitimate interest, but because there are no such decisions, it is not to this Panel to decide on matters for which it is not competent and for which the ADR procedure has been set up.

2.3 The domain name has been registered or is being used in bad faith

The Complainant states that the Respondent acted in bad faith because the company Walsh Optical, established in the U.S., is not an eligible party for a .eu domain name. As stated above and based on the ADR case law, this Panel disagrees. The fact that Walsh Optical is established in the U.S. does not exclude Walsh Optical from registering a .eu domain name in the Sunrise Period via a licensee, provided that the licensee is established within the Community and that the license is based on a prior right protected under national or Community law (art. 10 of the Regulation 874/2004). Because Walsh Optical meets these requirements, there are sufficient links with the Community to justify the domain name registration. As a result, there is no circumvention of the eligibility criteria and the Panel does not find that the Respondent is acting in bad faith in this respect.

With regard to the alleged violation of article 3(c) of the Regulation 874/2004 (the affirmation that the domain name registration is made in good faith and does not violate the rights of a third party), the Panel agrees with the Respondent that the application for the domain name was made in good faith and did not infringe the rights of a third party. The Panel does not find inaccuracies in the application, as alleged by the Complainant, and concludes that there is no breach of the "good faith self declaration".

The same is true for the different hats that the Respondent was wearing when applying for the domain name. The mere fact that the Respondent wore different hats (one as the trademark agent/Benelux representative of Walsh Optical, one as the licensee/registrant and one as the registrar – the latter is an incorrect assumption as stated above), does not mean that the Respondent acted in bad faith. It merely means that the Respondent accepted the different responsibilities resulting from the different capacities.

With regard to the alleged "ware housing" accusation, the Respondent does not breach article 4 of the standard registrar agreement of EURid for the simple reason that the Respondent is not a registrar. The Respondent is not bound by this standard agreement and cannot breach it when registering a domain name.

Finally, the Respondent's domain name is not being used in bad faith either. At a first stage, the domain name may not have been in use, but currently the domain name is being used. The visitors of the website linked to the domain name are directed to the main webpage of the Respondent's licensor, www.lensworld.com. On this website products are being offered for sale in good faith by Walsh Optical. The Regulation does not require that the content of a website must be provided exclusively by the holder of the domain name; the holder may allow another party to exploit a website under the domain name. This occurs here in good faith because Walsh Optical is selling in the normal course of trade its products via the website.

The opinion of this Panel in this regard will not change if the Respondent was ordered to produce a list of all the clients for which it registered domain names and the request by the Complainant to do so is dismissed.

DECISION

For all the foregoing reasons, in accordance with Paragraphs B12 (b) and (c) of the Rules, the Panel orders that the Complaint is Denied.

PANELISTS

Name	Tom Joris Jan Heremans

DATE OF PANEL DECISION 2007-03-12

Summary

ENGLISH SUMMARY OF THIS DECISION IS HEREBY ATTACHED AS ANNEX 1

1. Procedural aspects

The Complaint is not dismissed on the ground that the trademark registration was not attached to the Complaint. Because the registration number was mentioned in the Complaint and a copy was provided via a non-standard communication, the Panel takes the trademark registration into account for its decision.

2. The merits of the Complaint

2.1 The domain name “lensworld.eu” is confusingly similar to the Benelux word and device mark LENSWORLD. It is not identical because the trademark is a word and device mark.

2.2 According to the Complainant, the Respondent and the US company Walsh Optical entered into a license agreement only for the purposes of circumventing the eligibility criteria set forth in article 4, 2, b), of the Regulation 733/2002. The Sunrise Rules provide which procedures must be followed in case the applicant for a domain name is not the holder of the registered trademark as the prior right, but is a licensee. The ADR case law confirms that a duly completed license declaration with respect to a registered trademark, constitutes sufficient proof of a valid prior right as meant in the Sunrise Rules, whatever the place of establishment of the holder of the underlying trademark. This Panel is convinced that if a license declaration is a sufficient proof of a prior right as meant in the Sunrise Rules, such a declaration also grants a right and legitimate interest to the Respondent as meant in article 21 of the EC Regulation 874/2004.

Whether or not the conclusion of a license agreement complies with the articles of incorporation of the Respondent and with the Code of Honor of the Benelux Trademark Association is a matter that should not be decided by this Panel. It is a matter of law, to be decided by the proper court or institution.

2.3 The Complainant states that the Respondent acted in bad faith because the company Walsh Optical, established in the U.S., is not an eligible party for a .eu domain name. As stated above and based on the ADR case law, this Panel disagrees.

The Respondent did not breach article 3(c) of the Regulation 874/2004 when it affirmed that the domain name registration is made in good faith and does not violate the rights of a third party.

The mere fact that the Respondent acted as the trademark agent/Benelux representative of Walsh Optical, as the licensee/registrant and as the registrar (the last assumption made by the Respondent is incorrect), does not mean that the Respondent acted in bad faith.

With regard to the alleged “ware housing” accusation, the Respondent does not breach article 4 of the standard registrar agreement of EURid for the simple reason that the Respondent is not a registrar.

Finally, the Respondent’s domain name is not being used in bad faith either. It is used in good faith and points to the website of the licensor www.lensworld.com.