

GERMANY

Domain Name May Defeat Company Name or Trademark Rights

On April 24, 2008, the German Federal Court of Justice rendered a decision regarding an allegation of infringement of company name rights by an earlier-registered third-party domain name (I ZR 159/05–afilias.de).

The defendant registered the German domain name *www.afilias.de* on October 24, 2000, but was not entitled to any company name or trademark rights in “Afilias” at that time. It was not until May 27, 2003, that the defendant applied for a German trademark registration for AFILIAS. That registration issued on January 7, 2004.

The plaintiff, which has been listed in the Irish register of joint stock companies as “Afilias Limited” since February 13, 2001, extended its business to Germany in May 2001. The plaintiff had applied for a Community trade mark (CTM) for AFILIAS on March 26, 2001. The CTM registration issued on April 14, 2002.

Thus, the defendant registered its domain name before plaintiff started doing business in Germany.

The plaintiff filed a motion requesting that the defendant be ordered to forbear from any further use and registration of the domain name *www.afilias.de*.

The German Federal Court of Justice held that the registration of the domain name *www.afilias.de* did not infringe the plaintiff's rights in the company name Afilias nor any of the plaintiff's trademark rights in that designation. Referring to its prior jurisprudence, the court confirmed that a domain name registration could infringe rights both in a company name and in a trademark. The court noted the following:

- the plaintiff had not permitted the defendant to register the domain name,
- the registration could cause confusion of the public; and

- the plaintiff was prevented from registering and using the domain name for its own business in Germany.

Nevertheless, the court rejected the plaintiff's motion, basing its ruling on the fact that the defendant registered its domain name before the plaintiff first used the mark. Such an earlier registration could not infringe junior rights to a name or trademark rights unless the domain name was registered in bad faith, for example, if the registrant had no intention of using the domain name itself and had the sole purpose of offering the domain name for sale. The court held that it was reasonable for prospective company name owners to assess the availability of domain names in advance and—if necessary—to choose an alternative, available company name with the “.de” top-level domain.

The decision reflects the significant development of the German Federal Court of Justice's jurisprudence on disputes between registrants of domain names without any name or trademark rights, on the one hand, and company name or trademark owners on the other. The German Federal Court of Justice's prior decision (see judgment of September 9, 2004, I ZR 65/02–mho.de) did not explicitly recognize that a domain name owner without any additional rights in the name had any legitimate interest in the name. With the Afilias decision, however, the court indicates that it will not find infringement of a junior company name or trademark rights by an earlier registered domain names unless there are additional circumstances, such as the bad-faith registration of the domain name.

Contributor: Michaela Huth-Dierig, Boehmert & Boehmert, Munich; Verifier: Wiebke Baars, Taylor Wessing, Hamburg. Both are members of the INTA Bulletin Law & Practice—Europe & Central Asia Subcommittee

MEXICO

New Judicial Precedents on Descriptive and Suggestive Trademarks

In November 2008, the Fourth Collegiate Circuit Court on Administrative Matters issued two nonbinding precedents concerning descriptive trademarks. Both precedents shed new light on the interpretation of Article 90(IV) of the Mexican Industrial Property Law, which provides that the following may not be registered as marks:

[T]hree-dimensional names, figures or shapes which, when their characteristics are considered as a whole, are descriptive of the products or services to which they are intended to afford trademark protection. The above shall include descriptive or indicative words which, in trade, serve to identify the kind, quality, quantity, composition, purpose, value or place of origin of the products or the time of their production.

The first judicial precedent deals with the characteristics of descriptive trademarks and the reasons for denying them registration. For the court, in applying Article 90(IV), a mark will be descriptive when it refers directly to the quality, characteristics or properties of the product or service. Allowing a mark to be linked with the main characteristics of a product or service would cause unfair competition, because it would permit misappropriation of a common feature, which by nature is not meant to be owned. The prohibition

against registering descriptive trademarks is based on two grounds:

1. The lack of distinctive character, because descriptive marks do not denote the entrepreneurial origin of the product or service.
2. The need to keep free the characteristics of products and services, in order to permit all entrepreneurs to use these common features in the market.

This decision also establishes that it is legal to apply the prohibition to descriptive foreign-language words for trademarks, because any average consumer might be able to link the foreign-language word with the characteristic of the product or service.

The Fourth Court's second judicial precedent establishes that a foreign-language word that evokes or suggests a characteristic of the product or service can now be registered. This is permitted because evocation or suggestion requires a deductive process, namely the use of imagination and intelligence to link the product or service with the mark.

Contributor: Lijiana Hernández, Ibáñez, Maroto, Schriever & Hoffman, México City; Verifier: Roberto Arochi, Arochi, Marroquín & Lindner, S.C., México City. INTA Bulletin Law & Practice—Americas Subcommittee