

Court of Justice EU, 19 July 2012, Pie Optiek v Bureau Gevers



TRADEMARK LAW – EU DOMAIN NAME LAW

Contractual partner who is solely authorised by proprietor trade mark to register eu-domain name, but not authorised to commercial use, is not a “licensee of prior rights”

- that the third subparagraph of Article 12(2) of Regulation No 874/2004 must be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, the words ‘licensees of prior rights’ do not refer to a person who has been authorised by the proprietor of the trade mark concerned solely to register, in his own name but on behalf of that proprietor, a domain name identical or similar to that trade mark, but without that person being authorised to use the trade mark commercially in a manner consistent with its functions.

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Court of Justice EU, 19 July 2012

(J.N. Cunha Rodrigues, U. Lõhmus (Rapporteur), A. Rosas, A. Ó Caoimh and A. Arabadjiev)

JUDGMENT OF THE COURT (Second Chamber)

19 July 2012 (*)

(Internet – .eu Top Level Domain – Regulation (EC) No 874/2004 – Domain names – Phased registration – Article 12(2) – Concept of ‘licensees of prior rights’ – Person authorised by the proprietor of a trade mark to register, in his own name but on behalf of that proprietor, a domain name identical or similar to that trade mark – No authorisation for other uses of the sign as a trade mark)

In Case C-376/11,

REFERENCE for a preliminary ruling under Article 267 TFEU from the cour d’appel de Bruxelles (Belgium), made by decision of 29 June 2011, received at the Court on 15 July 2011, in the proceedings Pie Optiek SPRL

v

Bureau Gevers SA,
European Registry for Internet Domains ASBL,
THE COURT (Second Chamber),

composed of J.N. Cunha Rodrigues, President of the Chamber, U. Lõhmus (Rapporteur), A. Rosas, A. Ó Caoimh and A. Arabadjiev, Judges,
Advocate General: V. Trstenjak,
Registrar: L. Hewlett, Principal Administrator,
having regard to the written procedure and further to the hearing on 21 March 2012, after considering the observations submitted on behalf of:

- Pie Optiek SPRL, by E. Wéry, avocat,
 - Bureau Gevers SA, by B. Docquir and B. Michaux, avocats,
 - European Registry for Internet Domains ASBL, by G. Glas and H. Haouideg, avocats,
 - the European Commission, by F. Bulst and C. Vrignon, acting as Agents,
- after hearing the [Opinion of the Advocate General at the sitting on 3 May 2012](#),
gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 12(2) and 21 (1)(a) of Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration (OJ 2004 L 162, p. 40).

2 The reference has been made in two sets of proceedings between Pie Optiek SPRL (‘Pie Optiek’) and (1) Bureau Gevers SA (‘Bureau Gevers’) and (2) European Registry for Internet Domains ASBL (‘EURid’) concerning the registration by Bureau Gevers of the domain name www.lensworld.eu in its own name but on behalf of Walsh Optical Inc. (‘Walsh Optical’), a United States company which is the proprietor of the trade mark to which that domain name corresponds.

Legal context

Regulation (EC) No 733/2002

3 Recitals 6 and 16 in the preamble to Regulation (EC) No 733/2002 of the European Parliament and of the Council of 22 April 2002 on the implementation of the .eu Top Level Domain (OJ 2002 L 113, p. 1) state:

‘(6) Through the .eu TLD [‘.eu Top Level Domain’], the internal market should acquire higher visibility in the virtual market place based on the Internet. The .eu TLD should provide a clearly identified link with the Community, the associated legal framework, and the European market place. It should enable undertakings, organisations and natural persons within the Community to register in a specific domain which will make this link obvious. As such, the .eu TLD will not only be a key building block for electronic commerce in Europe but will also support the objectives of Article 14 [EC].

...

(16) The adoption of a public policy addressing speculative and abusive registration of domain names should provide that holders of prior rights recognised or established by national and/or Community law and public bodies will benefit from a specific period of time (a “sunrise period”) during which the registration of

their domain names is exclusively reserved to such holders ... and public bodies.'

4 In accordance with Article 1 of Regulation No 733/2002, the latter sets out the conditions for implementation of the .eu Top Level Domain, including the designation of a Registry, and establishes the general policy framework for the functioning of that Registry.

5 Article 4(2) of Regulation No 733/2002 provides: *'The Registry shall:*

...

(b) register domain names in the .eu TLD through any accredited .eu Registrar requested by any:

(i) undertaking having its registered office, central administration or principal place of business within the Community, or

(ii) organisation established within the Community without prejudice to the application of national law, or

(iii) natural person resident within the Community'.

6 Article 5(1) of Regulation No 733/2002 states:

'... the Commission shall adopt ... rules ... [which] shall include:

...

(b) public policy on speculative and abusive registration of domain names including the possibility of registrations of domain names in a phased manner to ensure appropriate temporary opportunities for the holders of prior rights recognised or established by national and/or Community law and for public bodies to register their names'.

7 Pursuant to that provision, the Commission adopted Regulation No 874/2004.

Regulation No 874/2004

8 Recital 12 in the preamble to Regulation No 874/2004 states:

'In order to safeguard prior rights recognised by Community or national law, a procedure for phased registration should be put in place. Phased registration should take place in two phases, with the aim of ensuring that holders of prior rights have appropriate opportunities to register the names on which they hold prior rights. ...'

9 According to the first three paragraphs of Article 2 of that regulation:

'An eligible party, as listed in Article 4(2)(b) of Regulation (EC) No 733/2002, may register one or more domain names under .eu TLD. Without prejudice to Chapter IV, a specific domain name shall be allocated for use to the eligible party whose request has been received first by the Registry in the technically correct manner and in accordance with this Regulation. For the purposes of this Regulation, this criterion of first receipt shall be referred to as the "first-come-first-served" principle. Once a domain name is registered it shall become unavailable for further registration until the registration expires without renewal, or until the domain name is revoked.'

10 Chapter IV of Regulation No 874/2004, containing Articles 10 to 14, concerns the phased registration procedure. The first and second subparagraphs of Article 10(1) are worded as follows:

'Holders of prior rights recognised or established by national and/or Community law and public bodies shall be eligible to apply to register domain names during a period of phased registration before general registration of .eu domain starts. "Prior rights" shall be understood to include, inter alia, registered national and Community trade marks ...'

11 The first three subparagraphs of Article 12(2) of Regulation No 874/2004 provide:

'The duration of the phased registration period shall be four months. General registration of domain names shall not start prior to the completion of the phased registration period. Phased registration shall be comprised of two parts of two months each. During the first part of phased registration, only registered national and Community trade marks, geographical indications, and the names and acronyms referred to in Article 10(3), may be applied for as domain names by holders or licensees of prior rights and by the public bodies mentioned in Article 10(1).'

12 Article 21 of Regulation No 874/2004, headed 'Speculative and abusive registrations', provides as follows in paragraph 1:

'A registered domain name shall be subject to revocation, using an appropriate extra-judicial or judicial procedure, where that name is identical or confusingly similar to a name in respect of which a right is recognised or established by national and/or Community law, such as the rights mentioned in Article 10(1), and where it:

(a) has been registered by its holder without rights or legitimate interest in the name; or

(b) has been registered or is being used in bad faith.'

First Directive 89/104/EEC

13 First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) included Article 5, headed 'Rights conferred by a trade mark', which provided in paragraphs 1 and 2:

'1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes

unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.'

14 Article 8 of that directive, headed 'Licensing', was worded as follows:

'1. A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.

2. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee.'

The dispute in the main proceedings and the questions referred for a preliminary ruling

15 Pie Optiek is a Belgian company active in the internet sale of contact lenses, spectacles and other optical products. It owns the Benelux figurative mark consisting of the word sign 'Lensworld' and a stylised planisphere, filed on 8 December 2005 and registered on 4 January 2006, for goods and services in classes 5, 9 and 44 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. It operates the internet site www.lensworld.be.

16 Bureau Gevers is a Belgian company which operates as an intellectual property consultancy.

17 Walsh Optical is also active in the internet sale of contact lenses, spectacles and related items. It has operated the internet site www.lensworld.com since 1998 and owned the Benelux trade mark Lensworld, filed on 20 October 2005 and registered on 26 October 2005, for goods and services in class 35 of the Nice Agreement. That trade mark was removed from the register on 30 October 2006.

18 On 18 November 2005, Walsh Optical entered into a contract described as a 'License Agreement' ('the Agreement at issue in the main proceedings') with Bureau Gevers.

19 According to clause 1 of that agreement, its sole purposes are to enable the licensee to obtain a domain name registration in its name but on behalf of the licensor, to define the rights and obligations of each party during the lifetime of the licence agreement, and to organise the procedure under which the licensee is to return the .eu domain name(s) to the licensor or to any nominee of the licensor.

20 Under clause 2 of the Agreement at issue in the main proceedings, headed 'Rights of licensor', the licensor may at any time request that the licensee withdraw any of the domain name(s) listed in Enclosure I to that agreement or assign the domain name promptly and without charge to the licensor or to any entity designated by the licensor.

21 According to clause 3 of that agreement, the licensor is obliged to pay the licensee's fees, failing which the

domain names may not be registered, maintained or renewed.

22 Clause 4 of the Agreement at issue in the main proceedings, which covers the rights of the licensee, states that the licensee will charge the licensor for its services.

23 The obligations of the licensee, as set out in clause 5 of that agreement, include the obligation to use reasonable efforts to file a .eu application and obtain a .eu registration for one or more domain names. The licensee also acknowledges that, upon registration, the domain name will be exclusively owned by the licensor and confirms that the licensee will not use the domain name in any matter inconsistent with the terms of that agreement.

24 It is apparent from the written observations submitted to the Court by EURid that the first part of phased registration under Chapter IV of Regulation No 874/2004 started on 7 December 2005.

25 On the same date, Bureau Gevers filed, in its own name but on behalf of Walsh Optical, an application with EURid for registration of the domain name 'lensworld.eu'. That domain name was allocated to Bureau Gevers on 10 July 2006.

26 On 17 January 2006, Pie Optiek also sought registration of the domain name 'lensworld.eu', which was refused on the ground that Bureau Gevers' application took precedence.

27 The application made by Pie Optiek to the Arbitration Court of the Czech Republic – the body responsible for the extra-judicial resolution of .eu domain name disputes – in order to challenge the allocation of that domain name to Bureau Gevers was dismissed by decision of 12 March 2007. Pie Optiek's action before the tribunal de première instance de Bruxelles (Court of First Instance, Brussels) (Belgium) was also dismissed, by judgment of that court of 14 December 2007.

28 Pie Optiek submits before the cour d'appel de Bruxelles (Court of Appeal, Brussels), hearing the case on appeal against that judgment, inter alia, that the Agreement at issue in the main proceedings does not confer on Bureau Gevers the status of licensee of prior rights, within the meaning of the third subparagraph of Article 12(2) of Regulation No 874/2004, and that Bureau Gevers also does not have any rights or legitimate interest within the meaning of Article 21(1)(a) of that regulation.

29 According to Bureau Gevers, the purpose of a trade mark licence agreement is not necessarily limited to authorisation to exploit goods or services under that trade mark, but may relate to all or part of the prerogatives of the proprietor of the trade mark concerned, including authorisation to register a domain name.

30 In those circumstances, the cour d'appel de Bruxelles decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

'(1) Must Article 12(2) of [Regulation No 874/2004] be interpreted as meaning that, in a situation where the

prior right concerned is a trade mark right, the words “licensees of prior rights” may refer to a person who has been authorised by the proprietor of the trade mark solely to register, in his own name but on behalf of the licensor, a domain name identical or similar to the trade mark, but without being authorised to put the trade mark to other uses or to use the sign as a trade mark – for example, for the purpose of marketing of goods or services under the trade mark?

(2) If that question is answered in the affirmative, must Article 21(1)(a) of [Regulation No 874/2004] be interpreted as meaning that “rights or legitimate interest” exist even if the “licensee of prior rights” has obtained registration of the .eu domain name in his own name but on behalf of the proprietor of the trade mark where the latter is not eligible in accordance with Article 4(2)(b) of Regulation [No 733/2002]?’

Consideration of the questions referred

The first question

31 The first question concerns the meaning of ‘licensees of prior rights’ as referred to in the third subparagraph of Article 12(2) of Regulation No 874/2004.

32 Although it is stated in the second subparagraph of Article 10(1) of Regulation No 874/2004 that the words ‘prior rights’ are to be understood to include, inter alia, registered national and Community trade marks, the word ‘licensee’ is not defined in that regulation. Nor is there any express reference in that regulation to the law of the Member States as regards such a definition.

33 The Court has consistently held that the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union; that interpretation must take into account the context of the provision and the objective of the relevant legislation (see, inter alia, Case 327/82 Ekro [1984] ECR 107, paragraph 11; Case C-287/98 Linster [2000] ECR I-6917, paragraph 43; and Case C-190/10 Génesis [2012] ECR I-0000, paragraph 40).

34 Furthermore, an implementing regulation must, if possible, be given an interpretation consistent with the basic regulation (Case C-90/92 Dr Tretter [1993] ECR I-3569, paragraph 11, and Case C-32/00 P Commission v Boehringer [2002] ECR I-1917, paragraph 53).

35 Since Regulation No 874/2004 is an implementing regulation adopted pursuant to Article 5 (1) of Regulation No 733/2002, the objectives and provisions of Regulation No 733/2002 must be taken into account in order to give the term ‘licensee’ an independent and uniform interpretation throughout the European Union.

36 In this regard, it is apparent from recital 6 in the preamble to Regulation No 733/2002 that the .eu Top Level Domain was created with the aim of increasing the visibility of the internal market in the virtual market place based on the internet, by providing a clearly identified link with the European Union, the associated

legal framework, and the European market place, and by enabling undertakings, organisations and natural persons within the European Union to register in a specific domain which will make this link obvious.

37 It is in light of this objective that Article 4(2)(b) of Regulation No 733/2002 provides that domain names requested by any undertaking having its registered office, central administration or principal place of business within the European Union, any organisation established within the European Union, without prejudice to the application of national law, and any natural person resident within the European Union must be registered in the .eu Top Level Domain. Such undertakings, organisations and natural persons are, according to the first paragraph of Article 2 of Regulation No 874/2004, parties eligible to register one or more domain names under the .eu Top Level Domain.

38 In addition, it is apparent from recital 16 in the preamble to Regulation No 733/2002 and from recital 12 in the preamble to Regulation No 874/2004, as well as from the first subparagraph of Article 10(1) of the latter regulation, that, during phased registration, only ‘holders of prior rights recognised or established by national and/or Community law’ – including registered national and Community trade marks – and public bodies are to be eligible to apply to register domain names.

39 It follows from this that, in principle, only holders of prior rights having their registered office, central administration, principal place of business, or residence in the European Union are eligible to have one or more domain names registered under the .eu Top Level Domain during that period.

40 It also follows from this that, in so far as the third subparagraph of Article 12(2) of Regulation No 874/2004 widens the circle of eligible persons during the first part of phased registration to include licensees of prior rights, those licensees must satisfy the test of presence in the European Union and, at the same time, the prior right concerned must, at least partly and/or temporarily, be available to them instead of to the holder.

41 It would be contrary to the objectives of Regulations No 733/2002 and No 874/2004 for a holder of a prior right to whom that right is available in its entirety but who does not satisfy the test of presence in the European Union to be allowed to obtain for his own benefit a .eu domain name through a person who satisfies that presence test but to whom that right is not – even partly or temporarily – available.

42 These findings are corroborated by acts of European Union law and by the case-law of the Court which, while not explicitly defining the terms ‘licensee’ and ‘licence’ in relation to trade marks, provide guidance as to the scope of those terms.

43 In the first place, Article 8(1) of Directive 89/104 provides that a trade mark may be licensed for some or all of the goods or services for which it is registered. Thus, the European Union legislature envisaged that such a licence might, inter alia, be granted for the use

of a trade mark in the marketing of goods or services by the licensee.

44 Under Article 8(2) of Directive 89/104, the proprietor of that trade mark may invoke the rights conferred by that mark against a licensee who contravenes any provision in his licensing contract. It follows from that provision that such clauses can cover, in addition to the duration of that contract, the form in which the trade mark may be used, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee under that mark.

45 In that regard, Article 5(1) and (2) of Directive 89/104 states that that proprietor has exclusive rights by virtue of which he is entitled to prevent all third parties not having his consent from using in the course of trade, that is to say, from putting to some commercial use (see, to that effect, Case C-96/09 P Anheuser-Busch v Budějovický Budvar [2011] ECR I-0000, paragraph 144), any sign which is identical or similar in relation to certain goods and services and under certain conditions.

46 The Court has already held that that exclusive right was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its function, and that the exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects, or is liable to affect, the functions of the trade mark. Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising (see Case [C-487/07 L'Oréal and Others \[2009\] ECR I-5185, paragraph 58](#), and [Joined Cases C-236/08 to C-238/08 Google France and Google \[2010\] ECR I-2417, paragraphs 75 and 77](#)).

47 Consequently, it must be concluded that, by granting a licence, the proprietor of a trade mark confers on the licensee, within the limits set by the clauses of the licensing contract, the right to use that mark for the purposes falling within the area of the exclusive rights conferred by that mark, that is to say, the commercial use of that mark in a manner consistent with its functions, in particular the essential function of guaranteeing to consumers the origin of the goods or services concerned.

48 In the second place, the Court has had occasion, in [Case C-533/07 Falco Privatstiftung and Rabitsch \[2009\] ECR I-3327](#), to examine the differences between a contract for services and a licence agreement in intellectual property law. It held, in paragraphs 29 and 30 of its judgment in that case, that, whereas the concept of service implies, at the least, that the party who provides the service carries out a particular activity in return for remuneration, it cannot be inferred from a contract under which the owner of an intellectual property right grants its contractual partner

the right to use that right in return for remuneration that such an activity is involved.

49 It follows from this that a contract, such as the Agreement at issue in the main proceedings, by which the contractual partner, described as 'licensee', undertakes, in return for remuneration, to use reasonable efforts to file an application and obtain a registration for a .eu domain name, is more akin to a contract for services than to a licence agreement.

50 That is all the more so if such a contract does not confer on that licensee any right to use the trade mark corresponding to that domain name commercially in a manner consistent with its functions, but the licensee acknowledges that the domain name which it registers in accordance with its obligations will remain exclusively owned by the licensor and confirms that it will not use that domain name in any matter inconsistent with the terms of the contract.

51 It is of little importance in that regard that such a contract specifies that its purpose is, inter alia, to enable the licensee to obtain a domain name registration in its name but on behalf of the licensor, if that power serves no purpose other than to enable the contractual partner to perform his obligation to register the domain name(s) in question in return for remuneration, and is thus purely ancillary to that obligation. Moreover, as the Advocate General noted in points 49 and 53 of her Opinion, authorisation to register a trade mark as a .eu domain name does not in any way mean that the proprietor of that mark has granted his contractual partner the right to use it commercially in a manner consistent with its functions.

52 It follows that a contract such as the Agreement at issue in the main proceedings cannot be regarded as a licence agreement in trade mark law. Consequently, a contractual partner tasked with registering a .eu domain name for the proprietor of the trade mark in question cannot be considered a 'licensee of prior rights' within the meaning of the third subparagraph of Article 12(2) of Regulation No 874/2004.

53 In light of the foregoing considerations, the answer to the first question is that the third subparagraph of Article 12(2) of Regulation No 874/2004 must be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, the words 'licensees of prior rights' do not refer to a person who has been authorised by the proprietor of the trade mark concerned solely to register, in his own name but on behalf of that proprietor, a domain name identical or similar to that trade mark, but without that person being authorised to use the trade mark commercially in a manner consistent with its functions.

The second question

54 In view of the answer to the first question, it is not necessary to answer the second question raised by the referring court.

Costs

55 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to

the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

The third subparagraph of Article 12(2) of Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration must be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, the words ‘licensees of prior rights’ do not refer to a person who has been authorised by the proprietor of the trade mark concerned solely to register, in his own name but on behalf of that proprietor, a domain name identical or similar to that trade mark, but without that person being authorised to use the trade mark commercially in a manner consistent with its functions.

OPINION OF ADVOCATE GENERAL TRSTENJAK

delivered on 3 May 2012 (1)

Case C-376/11

Pie Optiek

v

Bureau Gevers

(Reference for a preliminary ruling from the Cour d’appel de Bruxelles, (Belgium))

(Industrial policy – Internet – .eu Top Level Domain – Regulation (EC) No 874/2004 – Articles 12(2) and 21(1)(a) – Regulation (EC) No 733/2002 – Article 4(2)(b) – Concept of ‘licensee of prior rights’ – Speculative and abusive registrations – Registration of a name without ‘rights or legitimate interest’ – Trade mark law)

I – Introduction

1. The present case arises by way of a reference for a preliminary ruling pursuant to Article 267 TFEU from the Cour d’appel de Bruxelles (Court of Appeal, Brussels) (Belgium) (‘the referring court’) by which it has referred to the Court two questions on the interpretation of Regulation (EC) No 733/2002 of the European Parliament and of the Council of 22 April 2002 on the implementation of the .eu Top Level Domain (2) and Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration. (3)

2. The reference for a preliminary ruling was made in the context of a legal dispute between Pie Optiek SPRL (‘Pie Optiek’), a Belgian company which sells optical products through the internet, the firm Bureau Gevers SA (‘Bureau Gevers’), a Belgian company operating as an intellectual property consultancy, and the European Registry for Internet Domains ASBL (‘EURid’), the body responsible for the allocation of .eu domain names, concerning the registration of the domain name ‘lensworld.eu’. By its claims brought before the national courts, Pie Optiek seeks, first, a declaration

that Bureau Gevers’ registration of that domain name was speculative and abusive. Second, Pie Optiek seeks to have that domain name transferred to it.

3. In support of those claims Pie Optiek argues, in essence, that Bureau Gevers has no right to the registration of that domain name as it is not itself a ‘holder of a prior right’ within the meaning of Regulation No 874/2004. Instead, the holder of such a right is the United States company Walsh Optical. However, Walsh Optical is not entitled to apply for registration as its registered office is not within the European Union and, consequently, it does not meet the legal requirements. According to Pie Optiek, in order to circumvent the eligibility criteria, Walsh Optical and Bureau Gevers implemented a strategy consisting in the conclusion of an agreement entitled ‘Licence Agreement’, whereby Bureau Gevers agreed to lend its name and address within the European Union in order to allow its United States client to register the domain name at issue. In addition, Pie Optiek questions whether the agreement at issue can be regarded as a licence agreement at all within the legal meaning of that term, as Bureau Gevers was authorised simply to register but not to make use of the trade mark, for example, for the purpose of marketing of goods or services under that trade mark.

4. Consequently, the reference for a preliminary ruling concerns, above all, the question whether in the present case a licence agreement in the legal sense of that term may be said to exist in relation to the word mark ‘lensworld’. Further, the question arises whether it is compatible with European Union (‘EU’) law to allow a company which, by reason of its establishment in a third country, is not an eligible party, nevertheless to register a domain name on the basis of a licence agreement with a company that is established in the European Union. The present case raises fundamental questions both as to the legal nature of licence agreements and as to the relationship between EU law on intangible property and on the internet, requiring detailed examination. This will require interpretation not only of the abovementioned regulations but also of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (4) and Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. (5)

II – Legal framework

A – Regulation No 733/2002

5. Pursuant to Article 4(2)(b) of Regulation No 733/2002, the Registry is to register ‘domain names in the .eu TLD through any accredited .eu Registrar requested by any ... undertaking having its registered office, central administration or principal place of business within the Community’.

6. Pursuant to Article 5(1)(b) of that regulation, the Commission is to adopt ‘public policy rules concerning the implementation and functions of the .eu TLD and the public policy principles on registration. Public policy shall include ... public policy on speculative and abusive registration of domain names including the

possibility of registrations of domain names in a phased manner to ensure appropriate temporary opportunities for the holders of prior rights recognised or established by national and/or Community law and for public bodies to register their names ...’.

7. In order to implement that provision, the Commission adopted Regulation No 874/2004.

B – Regulation No 874/2004

8. The first three paragraphs of Article 2 of Regulation No 874/2004 provide as follows:

‘An eligible party, as listed in Article 4(2)(b) of Regulation (EC) No 733/2002, may register one or more domain names under .eu TLD. Without prejudice to Chapter IV, a specific domain name shall be allocated for use to the eligible party whose request has been received first by the Registry in the technically correct manner and in accordance with this Regulation. For the purposes of this Regulation, this criterion of first receipt shall be referred to as the “first-come-first-served” principle. Once a domain name is registered it shall become unavailable for further registration until the registration expires without renewal, or until the domain name is revoked.’

9. Chapter IV of that regulation concerns phased registration. The first and second subparagraphs of Article 10(1) are worded as follows:

‘Holders of prior rights recognised or established by national and/or Community law and public bodies shall be eligible to apply to register domain names during a period of phased registration before general registration of .eu domain starts. “Prior rights” shall be understood to include, inter alia, registered national and community trademarks ...’

10. The first three subparagraphs of Article 12(2) of Regulation No 874/2004 provide:

‘The duration of the phased registration period shall be four months. General registration of domain names shall not start prior to the completion of the phased registration period. Phased registration shall be comprised of two parts of two months each. During the first part of phased registration, only registered national and Community trademarks, geographical indications, and the names and acronyms referred to in Article 10 (3), may be applied for as domain names by holders or licensees of prior rights and by the public bodies mentioned in Article 10(1).’

11. Article 21(1) of the Regulation is headed ‘[s]peculative and abusive registrations’ and provides as follows:

‘A registered domain name shall be subject to revocation, using an appropriate extra-judicial or judicial procedure, where that name is identical or confusingly similar to a name in respect of which a right is recognised or established by national and/or Community law, such as the rights mentioned in Article 10(1), and where it:

(a) has been registered by its holder without rights or legitimate interest in the name; or

(b) has been registered or is being used in bad faith.’

C – Directive 89/104

12. Article 5(1) of Directive 89/104, which is headed ‘[r]ights conferred by a trade mark’, provides inter alia as follows:

‘The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.’

13. Article 8 of that directive, which is headed ‘[l]icensing’, provides as follows:

‘(1) A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.

(2) The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee.’

III – Facts, main proceedings and questions referred

14. Pie Optiek is a Belgian company selling contact lenses, spectacles and other optical products through the internet. It owns a Benelux figurative mark, consisting of the word sign ‘Lensworld’, filed on 8 December 2005 and registered on 4 January 2006 for goods and services in classes 5, 9 and 44 as defined in the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks. It operates the website www.lensworld.be.

15. Bureau Gevers is a Belgian company operating as an intellectual property consultancy.

16. Walsh Optical is a United States company registered in New Jersey, also active in the sale of contact lenses, spectacles and related items through the internet. Walsh Optical has operated the website www.lensworld.com since 1998 and, in addition, owned the Benelux trade mark ‘Lensworld’ filed on 20 October 2005 and registered on 26 October 2005 for goods and services in class 35. That trade mark was removed from the register on 30 October 2006.

17. On 18 November 2005, Walsh Optical entered into a Licence Agreement (‘the Agreement’) with Bureau Gevers. According to clause 1 of that agreement, its purpose is to enable the licensee to obtain a domain name registration in its name but on behalf of the licensor, that is Walsh Optical, to define the rights and obligations of each party during the lifetime of the licence agreement, and to organise the procedure under

which the licensee is to return the .eu domain name(s) to the licensor or to any nominee of the licensor. Under clause 3, the licensor is to pay the licensee's fees. Clause 4 of the Agreement states that the licensee will charge the licensor for its services. Pursuant to clause 5 of the Agreement, the licensee is to use reasonable efforts to file .eu application(s) and obtain a .eu registration for the domain name(s).

18. It is apparent from the submissions made by EURid that the first part of phased registration under Chapter IV of Regulation No 874/2004 started on 7 December 2005. On the same day, Bureau Gevers filed, in its own name but on behalf of Walsh Optical, an application with EURid for registration of the domain name 'lensworld.eu'. That domain name was allocated to Bureau Gevers on 10 July 2006. In the meantime, on 17 January 2006, Pie Optiek had also sought registration of the domain name 'lensworld.eu'. Registration was refused on the ground that Bureau Gevers' application took precedence.

19. Pie Optiek's application to the Arbitration Court of the Czech Republic, the body responsible for resolving disputes relating to .eu domain names, to have the 'lensworld.eu' domain name transferred to it was dismissed on 12 March 2007. On 13 April 2007, Pie Optiek brought proceedings against Bureau Gevers before the Tribunal de première instance de Bruxelles (Court of First Instance, Brussels). On 8 May 2007, EURid intervened in those proceedings. The action was dismissed by judgment of 14 December 2007. The appeal before the referring court challenges that judgment at first instance.

20. The referring court is uncertain how the words 'licensees of prior rights' in the third subparagraph of Article 12(2) of Regulation No 874/2004 and the words 'rights or legitimate interest' in Article 21(1)(a) of that regulation must be interpreted. For that reason, it has stayed the proceedings and referred the following questions to the Court of Justice:

(1) Must Article 12(2) of Regulation No 874/2004 be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, the words 'licensees of prior rights' may refer to a person who has been authorised by the proprietor of the trade mark solely to register, in his own name but on behalf of the licensor, a domain name identical or similar to the trade mark, but without being authorised to put the trade mark to other uses or to use the sign as a trade mark – for example, for the purpose of marketing of goods or services under the trade mark?

(2) If that question is answered in the affirmative, must Article 21(1)(a) of Regulation No 874/2004 be interpreted as meaning that 'rights or legitimate interest' exist even if the 'licensee of prior rights' has obtained registration of the .eu domain name in his own name but on behalf of the proprietor of the trade mark where the latter is not eligible in accordance with Article 4(2)(b) of Regulation No 733/2002?

IV – Procedure before the Court

21. The order for reference of 29 June 2011 was lodged at the Court Registry on 15 July 2011.

22. Written observations were submitted by the parties to the main proceedings, EURid and the European Commission within the period laid down in Article 23 of the Statute of the Court of Justice.

23. Representatives of the parties to the main proceedings, EURid and the Commission presented oral submissions at the hearing on 21 March 2012.

V – Main arguments of the parties

24. To the extent that they are relevant, I shall refer to the arguments of the parties in the course of my observations.

VI – Legal appraisal

A – Introductory observations

25. On 7 December 2005, registration opened for internet domain names under the .eu TLD. The introduction of those domain names can be traced back to the eEurope 2002 Action Plan of the European Union (6) which, under the heading '[a]ccelerating e-commerce', set out the objective of '[establishing] a .eu top level domain name'. The aim underlying the creation of this country code Top Level Domain (ccTLD) was to give the European Union's internal market greater visibility in the virtual market place based on the internet and to encourage electronic commerce. Use of that domain was intended to allow the organisations, undertakings and natural persons registered to establish a clear link with the European Union, the associated legal framework and the European market place.

26. The European Union established a substantial legal framework for the introduction of that new European TLD. Whereas the global system of domain names originally developed for the most part as a predominantly technical phenomenon without any detailed regulatory scheme for registration and use, this was remedied by the European Union on the introduction of .eu domain names essentially by the adoption of two legal instruments. In addition to provisions on technical issues, the framework regulation (Regulation No 733/2002) and Regulation No 874/2004 adopted in implementation thereof contain, in particular, a set of rules relating to the law on trade marks.

27. First, provision was made for the introduction of .eu domain names to proceed by means of a phased registration procedure (a 'Sunrise Period'), (7) in which holders of signs were granted priority access to the .eu domain names corresponding to those signs. During the two months of the first part of the Sunrise Period (7 December 2005 to 6 February 2006), holders of national and Community trade marks, geographical indications and designations of origin could apply to register domains. Under the second subparagraph of Article 12(2) of Regulation No 874/2004, the right to participate was extended to licensees. On the basis of that provision, Bureau Gevers claims an entitlement to register the domain name 'lensworld.eu'. During the second part of the Sunrise Period, domain names based on other rights that are protected under national law, such as business identifiers, company names, distinctive titles of protected literary and artistic works,

unregistered trade marks or trade names could also be applied for.

28. Second, provisions were incorporated in the rules to protect holders of prior rights and other eligible parties against the speculative and abusive registration of .eu domain names. Pie Optiek relies on those provisions in seeking to have the registration in favour of Bureau Gevers revoked. Given that Bureau Gevers filed an application for the domain name 'lensworld.eu' and secured its registration before Pie Optiek, the question whether, in fact, Bureau Gevers may be regarded as a 'licensee of a prior right' within the meaning of the second subparagraph of Article 12(2) of Regulation No 874/2004 is relevant for the purposes of giving judgment. If Bureau Gevers' status as licensee were to be confirmed, EURid's decision not to approve Pie Optiek's application for registration would have to be considered correct. That is the issue raised by the first question which, following the order specified by the referring court, must be examined first.

B – The first question

1. Non-existence of a licence agreement

29. By its first question, the referring court seeks, in essence, to establish what is to be understood by the words 'licensee of a prior right' within the meaning of the second subparagraph of Article 12(2) of Regulation No 874/2004 where that prior right is a trade mark.

30. On that point, it must be observed at the outset that Regulation No 874/2004 neither provides for a definition of that term nor refers to the legal systems of the Member States. The Court has consistently held that the need for uniform application of EU law and the principle of equality require that, where provisions of EU law make no express reference to the law of the Member States for the purpose of determining their meaning and scope, they must normally be given an autonomous and uniform interpretation throughout the Community; that interpretation must take into account the context of the provision and the purpose of the legislation in question. (8) As the provision requiring interpretation in the present case is an implementing regulation, it should be given, if possible, an interpretation consistent with the provisions of the basic regulation. (9)

31. The term 'licensee of a prior right' is composed of two elements. First, it involves the concept of a 'prior right', which, in the context of the present reference for a preliminary ruling, can be determined without any particular difficulty, especially since the second subparagraph of Article 10(1) expressly specifies the individual categories of rights. These include registered national trade marks. In light of the fact that Belgium, the Netherlands and Luxembourg constitute a single territory for trade mark purposes, with a uniform trade mark law and trade mark office common to all three countries, (10) the Benelux mark registered in favour of Walsh Optical may, in legal terms, be regarded as a national trade mark for the purposes of that provision.

32. On the other hand, the definition of licence agreement is more difficult. This is critical to the resolution of the key issue, namely whether by means

of the agreement entered into Walsh Optical granted Bureau Gevers a legally valid licence in relation to the registered mark. In that connection, it will be necessary to determine whether EU law includes a legal definition of a licence agreement. Subsequently, it will be necessary to examine whether the agreement in question corresponds to that definition.

33. As I explained in my Opinion in Falco Privatstiftung and Rabitsch, (11) although EU law on the protection of intellectual property does govern the possibility of granting licences, (12) it does not lay down provisions on the conclusion of a licence agreement. It can merely be inferred from the relevant legislation that a licence agreement is a reciprocal contract, under which, in essence, the person granting the licence confers on the licensee the right to use particular intellectual property rights and, in exchange, the licensee pays licence fees to the licensor. By granting the licence, the licensor authorises the licensee to perform an activity which, in the absence of the licence, would be an infringement of intellectual property rights. Derived from the Latin word 'licet', the term licence – according to its roots – means, in essence, 'permission to use property or to exercise an activity'. In accordance with the principle of party autonomy, a restriction on the licence may be agreed contractually. Licences may be exclusive or nonexclusive or restricted in their territorial, temporal or material scope. (13)

34. This understanding of the nature of a licence agreement was adopted by the Court in Falco Privatstiftung and Rabitsch, in which it considered the obligation undertaken by the owner of an intellectual property right not to challenge the use of that right by his contractual partner in return for payment of remuneration to be characteristic of licence agreements. According to the Court, herein lies a fundamental distinction from a contract for the provision of services. Unlike the situation under that latter contract, the owner of an intellectual property right does not perform any service in granting a right to use that property and undertakes merely to permit the licensee to exploit that right freely. (14) On the other hand, the Court considered it immaterial whether the licensee of an intellectual property right is under any obligation to use the intellectual property right licensed. (15)

35. However, according to a more recent school of thought in the academic legal literature, a licence should not be understood as the mere tolerance of use and, thus, as a purely passive obligation on the part of the licensor in the sense of a waiver of his rights to challenge use. Instead, the proponents of this school of thought take the view that a licence also involves the grant of a positive right of use. (16) As I will demonstrate below, certain EU legislative provisions suggest that, under EU law, a licence is in fact conceived of as a genuine permission to use and not the mere tolerance thereof. The nature of a licence can be discerned from a comparative analysis of various EU legal instruments. (17)

36. In EU law, provisions governing licences are to be found predominantly in two regulatory contexts. First, in the framework of regulations establishing EU protection rights, licences are envisaged as a means of exploiting intellectual property rights. To date, the European Union has already established three original European protection rights of that kind, that is the Community plant variety right, the Community trade mark and the Community design, and there is a proposal for a regulation on a Community patent. As can be seen, by way of illustration, from Article 22(2) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, (18) the wording of the provisions on licences is drafted from the perspective of licensees. The phrase ‘against a licensee who contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used ...’ suggests that a permission is granted to the licensee. The fact that, as a matter of EU law, a licence is conceived of as a permission to use and not a mere tolerance thereof is even more clearly expressed in the travaux préparatoires of the Community trade mark regulation and the associated guidelines issued by the Office for Harmonisation in the Internal Market. The memorandum on the EEC trade mark (19) defines a licence as ‘a contractual agreement giving a third party the right to use a trade mark’. The guidelines on the Community trade mark regulation (20) state: ‘a mere tolerance or a unilateral consent to a third person, by the proprietor of the trade mark, to use the trade mark does not constitute a licence’. This conclusion is also confirmed by Article 4 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, (21) which provides that the protection measures established by the directive must be accorded not only to the holders of intellectual property rights but also to persons ‘authorised to use those rights’ and specifies that this includes, in particular, licensees.

37. In addition, provisions governing licences are to be found in the context of competition law. For example, Commission Regulation (EC) No 772/2004 of 27 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements (22) and the associated Commission guidelines are clearly based on the notion of a licence as a contractual right of use. Moreover, the concept of a licence can also be determined indirectly from the provisions governing compulsory licensing laid down, for example, in Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions. (23) They make it clear that, as a rule, a licence constitutes the permission to use an intellectual property right in return for a periodic payment. Finally, the fact that a licence must be regarded, as a matter of EU law, not as a mere waiver of rights to challenge the unauthorised use of the intellectual property right but as according a positive right of use follows also from the provisions on the principle of exhaustion of rights.

38. Whether or not, in purely doctrinal terms, the essential feature of a licence agreement is regarded, depending on the point of view taken, as a waiver of the exercise of a certain right or, instead, as the grant by the licensor of a right of use, it must be observed that the abovementioned schools of thought essentially agree on the fact that the grant of a licence accords to the licensee, ultimately, the authority to use an industrial property right (patent, trade mark or design) for a limited period or on a permanent basis and, moreover, to an extent which would otherwise fall within the scope of protection and use afforded to the holder of the intellectual property right. (24)

39. Naturally, that must be understood to mean only the use of that intellectual property right in accordance with its purpose, (25) that is with a view to the marketing of certain goods or services, as otherwise, from a commercial perspective, grant of the licence would be pointless. The legal grant of a right in intangible property does not constitute an end in itself but, as a rule, is made with a view to the commercial exploitation thereof by the grantee. (26)

40. That is clearly the presumption on which the EU legislature also operates, as may be inferred from the wording of Article 22 of Regulation No 40/94 and Article 8 of Directive 89/104, which provide that a trade mark may be licensed for the goods or services for which it is registered. In each case, reference is made to two categories of product (goods and services) which, typically, are intended to be marketed. Consequently, the provisions of trade mark law specified must be understood as meaning that the grant of a licence authorises the licensee to affix the mark to certain of the products it offers in the course of trade. Therefore, it must be presumed that the licensee will, as a rule, use the relevant intellectual property right on a commercial basis.

41. If one continues to view the matter from a commercial perspective, the fact cannot be ignored that the licensor, too, is likely to have an interest in the exploitation of the mark through the use thereof in the course of trade. The licensor does not only receive remuneration for the permission to use, which in itself constitutes a considerable economic incentive. Depending on the terms of the agreement, the licensor may be entitled to a licence fee or even to a share of the profit achieved by the licensee. (27) In addition, use of the trade mark by the licensee ensures that the distinctive character of the mark is maintained and that the mark can continue to fulfil its functions (to be considered in detail below). (28)

42. That aspect is particularly relevant where, for whatever reason, the holder of the intellectual property right is not in a position to exploit the mark himself, which, having regard to the complexity of commercial life today, is by no means uncommon. In an economic system in which, as a result of the increasing interconnection and internationalisation of the economy, it has become difficult single-handedly and comprehensively to exploit commercially a monopoly in a particular economic sector, and, leaving aside the

necessity for further technological developments, (29) the exploitation of intangible property is no longer undertaken solely and directly by the holder of the intellectual property right but involves other economic actors, which is intended to ensure, all in all, exploitation to the optimum effect. The grant of licences allows different exploitation opportunities to be explored and new product markets to be conquered. As a result of the marketing that the licensee pursues in his own interests in order to attract customers, the reputation of the mark will increase which, ultimately, is also to the benefit of the licensor. (30) Consequently, a licence facilitates the best possible exploitation of intellectual property rights. For that reason above all, it is, in addition to the assignment and pledge, now the most common means by which those rights are put to commercial use. Thus, from the licensor's perspective also, there are good reasons why a licence will typically be granted with a view to future use. (31)

43. Naturally, the notion of the 'use of a right in accordance with its purpose', as mentioned above, can be interpreted differently depending on the type of intellectual property right at issue. Intellectual property rights differ in the scope of protection they provide. In that connection, too, a legal perspective appears helpful in order to determine whether an entitlement to make use of an intellectual property right is inherent in a licence agreement. In addition to the criteria established by legislation which apply in relation to the licensing of intellectual property rights and which set out the characteristics of the intellectual property right at issue, the crucial factor is what has been contractually agreed between the parties in a particular case. From that agreement, entered into on the basis of the freedom of contract, conclusions can ultimately be drawn regarding the scope of the rights conferred. (32)

44. In the case in the main proceedings, Bureau Gevers and Walsh Optical entered into a contract in relation to a trade mark which they entitled 'licence agreement'. However, the description chosen by the parties is of itself of little value in determining how this agreement should be categorised as a matter of law. (33) Not only is it possible that the category chosen by the parties may prove to be incorrect as a matter of law, it is also necessary to ensure that the parties do not, as a result of a possibly intentional choice of terminology, evade the legal consequences provided for under EU law in the case of a licence agreement. At issue, in the present case, is the right to priority registration of a domain name during a special advance registration period (Sunrise Period). In those circumstances, I consider an objective approach appropriate, according to which it is necessary, in essence, to examine whether the aim of that agreement was to allow Bureau Gevers to use the mark concerned in accordance with its purpose.

45. With that in mind, it is necessary briefly to recall the function of a trade mark in the course of trade. Only then can a conclusion be drawn as to whether use in accordance with the trade mark's purpose, that is its function, was agreed. The Court's extensive case-law

on Directive 89/104 and Regulation No 40/94 provides guidance in this regard.

46. As the Court has stated on numerous occasions, a trade mark fulfils several functions. Its essential function is primarily to guarantee to consumers the origin of the goods or services. (34) Consequently, a trade mark constitutes a means of identification and individualisation in the context of trade. However, that function – as indicator of origin – has several different facets which should not be disregarded when determining the importance of the trade mark in commerce.

47. The Court identified those different facets in *Arsenal Football Club*, (35) describing the links between them in clear and detailed terms. According to the Court, trade mark rights constitute an essential element in the system of undistorted competition which EU law is intended to establish and maintain. In such a system, undertakings must be able to attract and retain customers by the quality of their goods or services, which is made possible only by distinctive signs allowing them to be identified. In that context, the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.

48. Subsequently, the Court has developed its case-law on trade marks, emphasising other facets of the indicator of origin function and, in so doing, according them no lesser importance. This follows from *L'Oréal and Others* (36) and *Google France and Google* (37) in which, initially, the Court referred to that essential function before going on to clarify that, in addition to the guarantee to consumers of the quality of the goods or services in question, a trade mark fulfils communication, investment and advertising functions. In light of that clarification, there can no longer be any doubt that – also in the view of the Court – the function with regard to origin constitutes only one of several functions of a trade mark and has equal status with the quality or advertising functions. (38) Consequently, in determining whether use of a trade mark in accordance with its purpose is intended, consideration must given also to the other functions it fulfils in the context of commerce.

49. According to Bureau Gevers it was not the intention that Walsh Optical should grant it contractual authority to offer on its own account goods or services under the trade mark concerned. Nor was it agreed that Bureau Gevers would advertise the products of Walsh Optical on the internal market of the European Union. Moreover, there are no grounds on which to presume that Bureau Gevers sought to invest in the trade mark.

In fact, there was no connection at all between Bureau Gevers and the relevant market segment. Instead, the agreement in question was limited to ensuring that Bureau Gevers was commissioned with the task of registering the domain name 'lensworld.eu' in its own name. Accordingly, the parties did not agree any use of the trade mark that would be even remotely consistent with its specific functions. Consequently, it cannot be said that the trade mark was intended to be used in accordance with its purpose.

50. Finally, it must be observed that the agreement concluded between the parties does not provide any indication as to whether the licensee was to be entitled to assert vis-à-vis third parties the rights conferred by the trade mark, although this is a matter that would usually be addressed in any licensing agreement. To that extent, licence agreements also fulfil a dispute resolution function, (39) in that they include provisions establishing the procedure to be followed should competitors infringe the intellectual property right granted to the licensee or where the licensee does not adhere to the agreed conditions of licence. The first aspect is specifically relevant in the case of the licensing of a trade mark, as this intellectual property right confers on its holder the right to prevent the unauthorised use of an identical mark, as can be seen from Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94. Consequently, to be categorised as a licensing agreement in relation to a trade mark, the agreement concluded between Bureau Gevers and Walsh Optical would necessarily have had to govern that aspect. As that was not the case, its categorisation as a licence agreement appears doubtful.

51. Given that the agreement in question lacks essential elements of a licence agreement, that is, first, the grant of a right to exploit the trade mark commercially by identifying goods and services with the mark and, second, the power to assert vis-à-vis third parties the rights conferred by the trade mark, the question arises as to what legal significance is to be attached to the fact that the agreement nevertheless granted authority to register the domain name. Consequently, the question arises as to how this agreement is to be categorised in legal terms. In this context, the following should be noted.

52. On the one hand, there can hardly be any doubt, in my view, that the grant of that authority must be regarded in legal terms as the relinquishment of an element of the original rights accorded to Walsh Optical as the holder of the trade mark. At issue, in that regard, is the right to register a domain name which, in principle, is reserved to the holder of a national or Community trade mark. In relation to the right to .eu domains, that privilege conferred on the holder of the trade mark is reflected in Article 12 of Regulation No 874/2004 which, as I set out in my introductory observations, grants him priority in the registration of domain names. The objective of that provision is to safeguard the holder of the trade mark against the risk that a third party registers a domain name with the same wording before the holder does.

53. On the other hand, the fact cannot be ignored that the relinquishment by the holder of a trade mark of his original right to file an application for registration of the corresponding domain name cannot be equated with the waiver of the rights conferred by the trade mark that would be typical in the case of a licence agreement. As I have already observed, the agreement concluded between Walsh Optical and Bureau Gevers did not provide for the use of the trade mark or the corresponding domain name for the purposes of trade. Instead, the agreement had an entirely different purpose from that typically pursued by a licence agreement. Therefore, from an objective point of view, it does not correspond to the definition of a licence agreement found in EU law.

54. Consequently, Bureau Gevers cannot be regarded as a 'licensee of a prior right' within the meaning of Article 12(2) of Regulation No 874/2004.

2. Categorisation as a contract for the provision of services

55. It is possible that the agreement in question is better categorised in legal terms as a contract for the provision of services. As the Court held in Falco Privatstiftung and Rabitsch, for the purposes of the second indent of Article 5(1)(b) of Regulation No 44/2001, the concept of 'service' implies that the party who provides the service carries out a particular activity in return for remuneration. (40) On the basis of that definition, the Court distinguished contracts for services from licensing agreements and, in that connection, held that the subject-matter of those two forms of contract was not the same. (41)

56. In my Opinion in that case, (42) I endeavoured first of all to define the concept of 'service' in abstract terms. In that regard, I observed that two aspects are of crucial importance for the definition of that concept. First, the usual meaning of the term 'service' requires that the person providing the service perform a particular activity; hence, the provision of services requires some activity or active conduct on the part of the person providing the service. Second, services must, in principle, be provided against payment.

57. As regards the case in the main proceedings, it must be noted that Bureau Gevers committed itself contractually, in return for the payment of a fee, to using reasonable efforts to file an application and to obtaining a .eu registration for the domain name. What is noticeable in that connection is the fact that the text of the contractual agreement expressly refers to 'services' in that context. (43) This all points to the fact that in reality Bureau Gevers was required, vis-à-vis Walsh Optical, to perform an activity, that is a service within the meaning of the definition set out above. Admittedly, the registration of the domain name was effected in its own name. However, given that Bureau Gevers did not intend to make use of the trade mark or the domain name related thereto in accordance with its proper purpose, it must be presumed that this service was performed for the benefit of Walsh Optical alone. In those circumstances, the agreement in question

corresponds to the definition of a contract for the provision of services.

3. Risk of circumvention of the legislative objective

58. The question arises whether the categorisation of the agreement as a contract for the provision of services none the less precludes application of the second subparagraph of Article 12 (2) of Regulation No 874/2004. In my view, application of that provision to the facts of the present case is precluded on the following grounds.

59. First, it must be noted that, according to Article 4(2)(b) of Regulation No 733/2002, the category of persons entitled to apply for .eu domain names is restricted to undertakings and organisations having their ‘registered office, central administration or principal place of business within the [European Union]’. A similar restriction applies also to natural persons who must be resident in the European Union. (44) In light of its clarity, that rule must be regarded as reflecting a fundamental choice on the part of the EU legislature which must necessarily be respected in the interpretation of the legislative scheme. It would not be possible to depart from that rule without contravening the wording.

60. Although it may appear obvious that registration of a domain involving a ccTLD presupposes that the applicant is resident in the country identified by the country code domain, it must be observed that international practice is not uniform in that regard. (45) The number of States which require, as a condition for registration of a domain under that country’s ccTLD, the applicant’s residence within the country concerned is roughly equal to the number not imposing that condition. Many countries – including Germany and the United Kingdom – do not require the applicant for the domain to be resident in the country or are content for the applicant to specify an agent who is resident there. In the case of .eu domains, the EU legislature appears to have adopted a stricter approach. The basic rule established in Article 4(2)(b) of Regulation No 733/2002 makes it clear that the European Union wishes to strengthen the identificatory power of the .eu ccTLD, in that it excludes from the outset applicants for registration who are not resident in a Member State. (46)

61. That corresponds also to the objective of Regulation No 733/2002 as stated in recital 6 in the preamble thereto. It follows from that recital that the .eu TLD was intended to ‘provide a clearly identified link with the Community, the associated legal framework, and the European market place’. It was envisaged that this would enable undertakings, organisations and natural persons within the Community to register in a specific domain which would make this link obvious. That recital indicates that, in the view of the EU legislature, an undertaking may be regarded as having a link to the European Union sufficient to entitle it to register a domain name only if its registered office, central administration or principal place of business is within the European Union. As the Commission correctly argued, (47) an

undertaking’s link with the internal market may manifest itself in establishment within the European Union but also in the use of the trade mark in relation to goods or services in the course of trade.

62. If one applies those principles of interpretation to the present case, it is clear that, in the case of Walsh Optical, there is no such link to the European Union. Walsh Optical does not have its registered office in the European Union, nor are there any reasons to presume that use of the trade mark in accordance with its purpose, whether by Walsh Optical itself or by its putative licensee Bureau Gevers, was intended. First, as I have already identified, that was not the purpose of the agreement at issue. Second, it must be noted that the Benelux mark on which Bureau Gevers originally based its entitlement to register was removed from the trade mark register on 30 October 2006. Consequently, under trade mark law, the term ‘lensworld’ is no longer protected in the territory governed by Benelux trade mark law. Accordingly, as a result of that removal, the criteria for registration of the domain name are, to a certain extent, no longer satisfied.

63. Consequently, it would also be contrary to the spirit and purpose of Regulation No 733/2002 to allow an undertaking that is not an eligible party to obtain registration of the domain name sought. That would also have to be the case where the provisions governing eligibility for registration are ultimately circumvented in so far as registration is achieved by means of a legal construction such as the commissioning of a third-party organisation that is resident in the European Union and therefore eligible to apply. A strict interpretation of Article 4 (2)(b) of Regulation No 733/2002 so as to preclude situations such as that in the present case appears necessary in order to ensure the practical effectiveness of that provision. To adopt an interpretation which tolerated conduct of that kind would mean that the link to the European Union sought by the EU legislature would not be fully guaranteed, and thus, ultimately, the objective of the regulation would be circumvented.

64. Accordingly, the fact that the agreement concluded between Walsh Optical and Bureau Gevers must be categorised in legal terms not as a licence agreement but as a contract for the provision of services precludes the application of Article 4(2)(b) of Regulation No 733/2002. Having regard to the fact that, in the case in the main proceedings, an essential eligibility criterion was not satisfied at the time when the application was filed, the Registry was precluded from registering the domain name in question. Therefore, as the registration was unlawful, the Registry must at its own initiative revoke the domain name in question pursuant to Article 20(b) of Regulation No 874/2004.

4. Conclusion

65. In the light of the foregoing, the answer to the first question must be that Article 12(2) of Regulation No 874/2004 must be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, the words ‘licensees of prior rights’ do not refer to a person who has been authorised by the

proprietor of the trade mark solely to register, in his own name but on behalf of the licensor, a domain name identical or similar to the trade mark, but without being authorised to put the trade mark to other uses or to use the sign as a trade mark – for example, for the purpose of marketing of goods or services under the trade mark.

C – The second question

66. As the second question expressly applies only if the first question is answered in the affirmative, there is no need to answer it.

VII – Conclusion

67. In the light of the above considerations, I propose that the Court answer the questions referred by the Cour d'appel de Bruxelles as follows: The words 'licensees of prior rights' in Article 12(2) of Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration must be interpreted as meaning that, in a situation where the prior right concerned is a trade mark right, those words do not refer to a person who has been authorised by the proprietor of the trade mark solely to register, in his own name but on behalf of the licensor, a domain name identical or similar to the trade mark, but without being authorised to put the trade mark to other uses or to use the sign as a trade mark – for example, for the purpose of marketing of goods or services under the trade mark.

1 – Original language of the Opinion: German
Language of the case: French

2 – OJ 2002 L 113, p. 1.

3 – OJ 2004 L 162, p. 40.

4 – OJ 1989 L 40, p. 1.

5 – OJ 1994 L 11, p. 1.

6 – eEurope – An information society for all – Communication on a Commission initiative for the special European Council of Lisbon, 23 and 24 March 2000, COM(1999) 687 final.

7 – On phased registration see in detail Bettinger, T., 'New European Top-Level Domain .eu', in *Domain Name Law and Practice*, Oxford 2005, p. 44; and Muñoz, R., 'L'enregistrement d'un nom de domaine ".eu"', *Journaux des tribunaux – Droit européen*, June 2005, No 120, p. 161 et seq.

8 – See Case C-373/00 *Adolf Truley* [2003] ECR I-1931, paragraph 35, and Case C-287/98 *Linster* [2000] ECR I-6917, paragraph 43.

9 – Case C-90/92 *Dr Tretter* [1993] ECR I-3569, paragraph 11.

10 – In the Benelux countries, the law on individual and collective trade marks in respect of goods has been governed by the Uniform Benelux Law on Trade Marks since 1 January 1971. According to that law, a mark is valid throughout the whole Benelux area and the right cannot be divided on a territorial basis. Consequently, the common Benelux law on trade marks has largely replaced the separate national regimes which previously existed in the area of trade mark law (see, in that regard, Evrard, J. and Péters, P., *La Défense de la*

Marque dans le Benelux, 2nd edition, Brussels 2000, pp. 8 and 17; and Verkade, F., 'Angleichung des nationalen Markenrechts in der EWG: Benelux-Staaten', *Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil*, 1992, p. 92).

11 – See my Opinion in Case C-533/07 *Falco Privatstiftung and Rabitsch* [2009] ECR I-3327, point 50.

12 – For example, in the area of copyright law, recital 30 in the preamble to Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10) states that the rights referred to in that directive may be transferred, assigned or subject to the granting of contractual licences, without prejudice to the relevant national legislation on copyright and related rights. In the area of trade mark law, Article 22(1) of Regulation No 40/94 provides that a Community trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community. The regulation on the Community patent will in future also contain provisions on contractual licensing; Article 19 in the proposal for a Council regulation on the Community patent (COM(2000) 412 final) provides that the Community patent may be licensed in whole or in part for the whole or part of the Community, and that a licence may be exclusive or non-exclusive.

13 – See Vögele, A., Borstell, T. and Engler, G., *Handbuch der Verrechnungspreise*, 3rd edition, Munich 2011, point 352, who point out that the principle of freedom of contract applies, as a rule, to the conclusion of licence agreements and, as a result, the parties may agree to substantive restrictions on the licence which may be of a territorial, temporal, material or personal nature.

14 – Case C-533/07 *Falco Privatstiftung and Rabitsch* [2009] ECR I-3327, paragraph 31.

15 – *Ibid.*, paragraph 32.

16 – See Stumpf, H. and Groß, M., *Der Lizenzvertrag*, 8th edition, Frankfurt am Main 2005, point 13, p. 36; and Ubertazzi, B., 'IP-Lizenzverträge und die EG-Zuständigkeitsverordnung', *Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil*, 2010, p. 115.

17 – For detail, see McGuire, M.-R., 'Der Gerichtsstand des Erfüllungsorts nach Art. 5 Nr. 1 EuGVO bei Lizenzverträgen – Anmerkung zur Entscheidung EuGH Rs. C-533/07 – Falco Privatstiftung und Thomas Rabitsch/Gisela Weller-Lindhorst', *Zeitschrift für Gemeinschaftsprivat Recht*, 2010, p. 99.

18 – OJ 2009 L 78, p. 1.

19 – European Commission, 'Memorandum on the creation of an EEC trade mark', SEC(76) 2462 final.

20 – Guidelines concerning proceedings before the Office for Harmonisation in the Internal Market (Trade Marks and Designs), Part E, Section 5: Licences (available online at http://oami.europa.eu/ows/rw/resource/documents/CTM/guidelines/licences_en.pdf).

21 – OJ 2004 L 195, p. 16.

22 – OJ 2004 L 123, p. 11.

23 – OJ 1998 L 213, p. 13.

24 – See Pahlow, L., *Lizenz und Lizenzvertrag im Recht des Geistigen Eigentums*, Tübingen 2006, p. 182, who identifies different schools of thought in the academic legal literature on the nature of a licence. Whereas some refer to a mere permission (*Gestattung*) others refer to a right of exploitation (*Verwertungsrecht*). In the author's view, the sensible approach is to seek a common denominator and in the case of a licence to speak in general terms of an entitlement to use (*Benutzungsberechtigung*). A similar view is taken by Miguel Asensio, P.A., 'Jurisprudencia española y comunitaria de Derecho internacional privado', *Revista española de Derecho Internacional*, 2009, p. 201, who considers the understanding of a licence agreement as the mere waiver of the exercise of a certain right as identified in *Falco Privatstiftung and Rabitsch* to be too strict, as that is not the case in many contractual situations. Moreover, he points out that the Spanish law on patents, for example, establishes that the licensor must ensure that the licensee has an opportunity for use. None the less, he does not consider the definition adopted by the Court of Justice to be incorrect as it resulted from the particular circumstances of the case. Gouga, A., *Die Übertragung und Lizenzierung der Marke nach griechischem und deutschem Recht unter Berücksichtigung des europäischen Markenrechts*, Munich 1996, p. 230, correctly observes that on current understanding the essence of trade mark law involves both defensive rights to challenge use by others and positive rights of use and that, as a result, it is legally permissible to regard a trade mark licence also in terms of a positive right of use. Bühling, J., 'Die Markenlizenz im Rechtsverkehr', *Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil*, 2010, p. 196, notes that licences to use industrial property rights are regularly described as the right to use the industrial property right to an extent which would otherwise fall within the scope of protection and use afforded to the holder of the industrial property right. In the same vein, see also Martiny, *Münchener Kommentar zum BGB*, 5th edition, 2010, point 222; Stimmel, U., 'Die Beurteilung von Lizenzverträgen unter der Rom I-Verordnung', *Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil*, 2010, p. 782; and Vögele, A., Borstell, T., and Engler, G., cited above in footnote 13, point 351.

25 – See Gouga, A., cited above in footnote 24, p. 190, who takes the view that the term 'licence' includes any authority granted to the licensee by the licensor to use the intellectual property right or its precursor in the same manner as its holder, albeit to a different extent.

26 – To that effect, see Pfaff, D. and Nagel, S., *Lizenzverträge*, 3rd edition, 2010, point 7, who argue that, on current understanding, the characteristic feature of a licence agreement is that the holder of a legal right enjoying full protection (for example, the holder of a

patent) grants to a third party the authority to use and exploit the protected discoveries or processes.

27 – See Stumpf, H. and Groß, M., cited above in footnote 16, point 117, p. 95.

28 – See Bühling, J., cited above in footnote 24, p. 199, who refers to the specific purpose of a trade mark. On that view, the licence must safeguard the functions of the mark and, at the same time, strengthen the mark itself and increase its value to the licensor.

29 – In connection with licensing agreements in the technology field, see Brinker, I., in Schwarze, J. (ed.) *EU-Kommentar*, 2nd edition, Baden-Baden 2009, Article 81 EC, point 96, p. 911, who argues that licence agreements constitute an important instrument by which the marketing of products within the common market is considerably simplified and accelerated. A firm which develops a particular technology but is not itself in a position to make full use of it and to manufacture products will often choose to grant licences to third parties for a particular licensing area in which the licensees operate exclusively and market the products manufactured using the relevant technology. According to the author, licensor and licensee – but also the public at large – benefit from the spread of technology using licensing agreements.

30 – See Pahlow, L., cited above in footnote 24, p. 218.

31 – *Ibid.*, p. 225.

32 – See Pahlow, L., cited above in footnote 24, p. 187, who explains that the substance of the licence may be deduced from the legislative provisions and the specific agreement between the parties.

33 – See Vögele, A., Borstell, T., and Engler, G., cited above in footnote 13, point 362, according to whom, for the purposes of differentiating licensing agreements in relation to licensed intangible assets, the description of the agreement is not crucial. Instead, both from a legal and fiscal point of view, what is decisive are the intangible assets actually used on the basis of the agreement.

34 – See Case 102/77 *Hoffmann-La Roche v Centrafarm* [1978] ECR 1139, paragraph 7; Case 3/78 *Centrafarm v American Home Products Corporation* [1978] ECR 1823, paragraphs 11 and 14; and Case C-10/89 *HAG* [1990] ECR I-3711, paragraph 14. On the function of the trade mark as a guarantee of origin, see Wollmann, H., in Mayer, H., (ed.) *EU- und EG-Vertrag*, Art. 81 EGV, point 156, p. 53.

35 – See Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraphs 47 and 48.

36 – See Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 58.

37 – See *Joined Cases C-236/08 to C-238/08 Google France and Google* [2010] ECR I-2417, paragraph 77.

38 – In the same vein, see Bühling, J., cited above in footnote 24, p. 199. See Sakulin, W., *Trademark protection and freedom of expression*, *Alphen aan den Rijn* 2011, p. 51, who regards as highly significant the Court's finding in *L'Oréal and Google* that the other functions of a trade mark are equally deserving of protection. It will be recalled in that connection that Advocate General Ruiz-Jarabo Colomer had already

called for the protection of the other functions of trade marks in his Opinion in Arsenal Football Club, cited above in footnote 35, point 47.

39 – See Pahlow, L., cited above in footnote 24, p. 236.

40 – See Falco Privatstiftung and Rabitsch, cited in footnote 14, paragraph 29.

41 – Ibid., paragraph 41.

42 – See my Opinion in Falco Privatstiftung and Rabitsch, cited in footnote 11, point 57.

43 – Clause 4.2 of the agreement is worded ‘Licensee will charge Licensor for its services’.

44 – See Scheunemann, K., Die .eu Domain – Registrierung und Streitbeilegung, Münster 2008, p. 115.

45 – In certain States (Argentina, Austria, Belgium, China, Denmark, Finland, Netherlands, Poland, Russia, Switzerland, Sweden, United Kingdom) domain names may be registered using the national ccTLD without there being any requirements or conditions as to location. According to the practice of those States, anyone, irrespective of nationality, residence or place of establishment, may register a domain name. The only restriction arises as a result of the prohibition on domain names considered immoral, which are either precluded from registration or liable to subsequent removal. The majority of national registries use a semi-restrictive system. Under that system, there is no requirement to supply documentary proof that a registered trade mark corresponds to the domain name. However, the category of persons entitled to apply is limited to those having a local presence or a territorial connection with the country indicated by the ccTLD. In relation to those requirements, differences arise. In certain States both nationality and residence in the country concerned are required, whereas in others, evidence of an establishment or commercial activity in the country concerned (Bulgaria, Canada, Czech Republic, Japan, Hungary, Malta, Norway, Singapore, USA) or in the European Union (Italy) is necessary or, at the very least, an agent established in the country concerned must be specified (Germany, Luxembourg). Other national registries allow for registration only if the applicant has a territorial connection to the country or a place of business there and, in addition, can produce documentary evidence that it is the holder of an intellectual property right corresponding to the domain name (Australia). In other States, the domain name must be included in certain specific categories of trade marks and rights to a name and, in addition, the applicant must have an actual link to the country concerned (Ireland). In other States, restrictive registration conditions only apply to registrations under the ccTLD, whereas registrations under domains below the TLD are subject to less stringent requirements or are not subject to any requirements at all (India, Hong Kong, Spain). On this, see Bettinger, T., ‘Registration requirements and dispute resolution’, in Domain Name Law and Practice, Oxford 2005, p. 44.

46 – See Kipping, D., Das Recht der .eu-Domains, Munich 2008, p. 4, point 11.

47 – See paragraph 30 of the Commission’s observations.