CONSEIL DE L'EUROPE

COUNCIL OF EUROPE

COUR EUROPÉENNE DES DROITS DE L'HOMME
EUROPEAN COURT OF HUMAN RIGHTS

FIFTH SECTION

DECISION

AS TO THE ADMISSIBILITY OF

Application nos. 25379/04, 21688/05, 21722/05 and 21770/05
by PAEFFGEN GMBH
against Germany

The European Court of Human Rights (Fifth Section), sitting on 18 September 2007 as a Chamber composed of:

Mr P. LORENZEN, *President*,
Mrs S. BOTOUCHAROVA,
Mr K. JUNGWIERT,
Mr R. MARUSTE,
Mr J. BORREGO BORREGO,
Mrs R. JAEGER,
Mr M. VILLIGER, *judges*,
and Mrs C. WESTERDIEK, *Section Registrar*,

Having regard to the above applications lodged on 13 July 2004 and 3 June 2005 respectively,

Having deliberated, decides as follows:

THE FACTS

The applicant, Paeffgen GmbH, is a limited liability company possessing legal personality under German law. It was represented before the Court by Mr B. Hoeller and colleagues, lawyers practising in Bonn.

A. The circumstances of the case

The facts of the case, as submitted by the applicant, may be summarised as follows.

1. Background to the case

The applicant company sells construction materials, but is also engaged in e-commerce. It held several thousand internet domain names which had been registered by the competent registration authority (DENIC e.G.) after payment of the respective fees (currently EUR 58 per domain registration and EUR 58 per year for the connectivity and administration of the domain by DENIC e.G.). In particular, in 1997 and 1998 the applicant successfully applied for the registration of the domains "freundin-online.de", "ad-acta.de", "Eltern-online.de" and "duck.de".

The domain contracts concluded with DENIC e.G. granted the applicant the exclusive right to use or dispose of the domains registered. According to terms of the contract, DENIC e.G. did not examine whether the registration and use of the domain infringed the rights of others, which was a matter for the domain holder to verify. The contracts were open-ended and could be terminated by the domain holder without notice and by DENIC e.G. for good cause (such as the final finding of a court that the registration of the domain in question violated the rights of others or the contracting party's failure to pay the domain fees).

Subsequently, several sets of proceedings were brought against the applicant by other companies and private individuals claiming that the registration and use by the applicant of certain domains breached their trademark rights and / or their rights to a (business) name.

2. The court proceedings underlying application no. 25379/04

On 4 October 2002 the Freundin Verlag GmbH, publisher of the women's magazine "freundin" ("(girl)friend") and licensed holder of the trademark "freundin", brought an action in the Munich Regional Court for a court order prohibiting the applicant to use or dispose of the internet domain "freundin-online.de" and obliging the applicant to apply for a cancellation of this domain with the registration authority. It argued that the applicant breached its right to a business denomination and its trademark rights.

By decision of 20 February 2003 the Munich Regional Court separated two counterclaims brought by the applicant from the plaintiff's claim. It argued that, contrary to the plaintiff's action, the counterclaims, which had only been served in the hearing on 16 January 2003, were not yet ready for a decision.

In its judgment delivered on the same day the Munich I Regional Court, relying on section 15 §§ 3 and 4 of the Trademark Act (*Markengesetz*; see Relevant domestic law below), allowed the plaintiff's action.

The Regional Court found that the magazine title "freundin" was a well-known business denomination as the women's magazine, which addressed the general public with the issues it covered, had been sold in all newspaper stands for at least thirty years. Moreover, the plaintiff published the contents and services of its magazine on the website "freundin.de". The applicant was unfairly taking advantage of the distinctiveness of the plaintiff's business denomination for its internet platform without justification. As the applicant had failed to explain why it did not use its domain "freundin-online.de", the respective website being "under construction" for years, the court concluded that the company had only "grabbed" this domain in order to sell it to the plaintiff which could then use the domain. As the applicant also had not set out what future use exactly it intended for the website at issue – the company had only announced that an internet portal should be created on which everyone having a connection with the domain name could present himself free of charge –, there was a risk that it would use the site in one of numerous possible manners which infringed the plaintiff's rights. Therefore, the scope of the orders against the applicant could not be less broad.

By decision of 16 October 2003 the Munich Court of Appeal, having considered the parties' written submissions, dismissed the applicant's appeal. It found that the case did not raise a legal issue of fundamental importance, that its judgment was not necessary for the development of the law or for securing the uniform application of the law and that, for the reasons given by the Regional Court, the appeal was ill-founded.

The Court of Appeal further argued that the separation of the applicant's two counterclaims from the plaintiff's claim had complied with the applicable legal provisions and had neither been arbitrary nor breached the applicant's right to be heard. The counterclaim against both the plaintiff and a third party company, by which the applicant pursued a partial cancellation of the word mark "freundin", was irrelevant to the present proceedings as the scope of that word mark had not been relied upon by the Regional Court or by itself, the decision having been based on the protection of the plaintiff's business denomination. The applicant's counterclaim against the plaintiff alone for a declaration that the use by the applicant of the domain in order to sell computer discs did not breach the plaintiff's rights was no more than a contestation of the plaintiff's claim and had as such been taken into consideration in the Regional Court's judgment. The applicant had, however, failed to demonstrate that it could use the domain in question in a way which did not breach the plaintiff's rights.

On 21 November 2003 the applicant lodged a complaint with the Federal Constitutional Court. It submitted that the decisions taken by the civil courts had breached its right to be heard and to a fair trial due to the separation of its counterclaims from the plaintiff's claims and by dismissing its appeal by way of a decision. Moreover, its right to property had been violated in that it

was prohibited to use its domain "freundin-online.de" and obliged to apply for its cancellation.

On 12 January 2004 the Federal Constitutional Court, referring to the provisions allowing for that procedure, declined to consider the applicant's constitutional complaint without giving reasons for its decision (file no. 1 BvR 2377/03). The decision was served on the applicant's counsel on 14 January 2004.

3. The court proceedings underlying application no. 21688/05

In 2000 the ad-acta Datenschutz und Recycling GmbH, a company dealing with the destruction of files and data media, brought an action for a court order prohibiting the applicant to use the domain name "ad-acta.de" and obliging it to apply with the registration authority for a cancellation of that domain. It argued that the applicant breached its right to a business name and its trademark rights.

On 8 November 2000 the Düsseldorf Regional Court, relying on the right to protection of one's name under section 12 of the Civil Code (see Relevant domestic law below), allowed the plaintiff's action.

On 29 October 2001 the Düsseldorf Court of Appeal dismissed the applicant's appeal. It found that the plaintiff had a claim under section 15 §§ 2 and 4 of the Trademark Act and section 12 of the Civil Code (see Relevant domestic law below) for the applicant to refrain from using the domain name "ad-acta.de". The term "ad-acta" was part of the plaintiff's business name. The use of the internet address "ad-acta.de" by the applicant company, which intended to offer definitions and advertisements concerning the storing and destruction of files on its website, was likely to lead to confusion with the plaintiff's company and infringed the plaintiff's right to a name. In order to have the interference with its rights removed, the plaintiff could also request the applicant to agree to the cancellation of its domain name with the registration authority.

On 13 June 2002 the Federal Court of Justice refused to grant the applicant leave to appeal on points of law, finding that the appeal had no prospects of success.

On 18 July 2002 the applicant lodged a constitutional complaint with the Federal Constitutional Court. It complained, in particular, that its right to property had been breached and that the civil courts had failed to consider its arguments relating to the violation of this right.

On 24 November 2004 the Federal Constitutional Court declined to consider the applicant's constitutional complaint (file no. 1 BvR 1306/02). It found that the complaint had no prospects of success because the impugned decisions did not violate the applicant's property rights.

Its contract with the registration authority provided that the applicant had a right to use the domain in question, which constituted "property" under the Basic Law. However, the application to the present case of the relevant

provisions of the Trademark Act was a limitation on the applicant's property rights which was compatible with the Basic Law. In particular, the applicant's duty to apply for a cancellation of its domain with the registration authority did not disproportionately limit its property rights. There were no measures which would be less restrictive while fully satisfying the legitimate interests of the company holding the trademark rights to stop the interference with its rights. The danger of confusion could not sufficiently be averted, for example, by indications given on a website operated by the applicant under the domain name in question.

The decision was served on the applicant's counsel on 6 December 2004.

4. The court proceedings underlying application no. 21722/05

On 8 August 2001 the Gruner + Jahr AG & Co. KG, which has published the magazine "Eltern" ("parents") monthly since 1966 and has run the website "Eltern.de" since 1997, brought an action against the applicant company in the Hamburg Regional Court. It applied for an order prohibiting the applicant from using or to authorising others to use the domain name "eltern-online.de" and obliging the applicant to apply with the registration authority for a cancellation of that domain. It argued that the applicant breached its trademark rights.

On 5 August 2002 the Hamburg Regional Court, relying on section 15 §§ 2 and 4 of the Trademark Act, allowed the plaintiff's action.

On 31 July 2003 the Hamburg Court of Appeal dismissed the applicant's appeal. It argued that there was a danger of confusion between the domain name "eltern-online.de" registered by the applicant and the business denomination "Eltern" of the plaintiff's magazine within the meaning of section 15 §§ 2 and 4 of the Trademark Act. In order to have the interference with its rights removed, the plaintiff could also request the applicant to agree to the cancellation of its domain name with the registration authority.

On 19 February 2004 the Federal Court of Justice dismissed the applicant's complaint about the Court of Appeal's refusal to grant it leave to appeal on points of law.

On 23 March 2004 the applicant lodged a constitutional complaint with the Federal Constitutional Court in which it complained, in particular, that its property rights had been breached by the decisions of the civil courts and that the civil courts had failed to consider its arguments concerning the violation of these rights.

On 24 November 2004 the Federal Constitutional Court, without giving reasons, declined to consider the applicant's constitutional complaint (file no. 1 BvR 650/04). The decision was served on the applicant's counsel on 6 December 2004.

5. The court proceedings underlying application no. 21770/05

In 2001 Mr Peter Duck, an architect who had been working under the business name "Architekturbüro Duck" ("architecture office Duck") since 2000, brought an action in the Munich Regional Court for a court order prohibiting the applicant to use or dispose of the domain name "duck.de" and obliging the applicant to apply with the registration authority for the cancellation of that domain. He argued that the applicant breached his right to a name and his trademark rights.

On 26 April 2001 the Munich I Regional Court allowed the plaintiff's action.

On 10 January 2002 the Munich Court of Appeal dismissed the applicant's appeal. The domain name contained the plaintiff's family name and the applicant had failed to give sound reasons outweighing the plaintiff's interests why it made use of the name. In particular, if the applicant company, as it had claimed, wanted to create a website concerning the duck as an animal or aliment, it was free to use the German expression for duck or a different denomination which was not likely to lead to confusion with the plaintiff's name. As the applicant had spent less than 3,000 marks in domain fees and had not posted any contents on the internet under the domain name in question, its possession did not warrant protection.

The Federal Court of Justice subsequently refused to grant the applicant leave to appeal on points of law.

On 20 September 2002 the applicant lodged a complaint with the Federal Constitutional Court. It argued, in particular, that its property rights had been breached by the decisions of the civil courts and that the civil courts had failed to consider its arguments concerning the violation of these rights.

On 24 November 2004 the Federal Constitutional Court, without giving reasons, declined to consider the applicant's constitutional complaint (file no. 1 BvR 1774/02). The decision was served on the applicant's counsel on 6 December 2004.

B. Relevant domestic law

Section 12 of the Civil Code, which concerns the right to bear a name, provides that if someone contests the holder's right to use a name or interferes with the holder's interest by using the same name without justification, the holder may claim removal of the interference. If there is a risk of repeated interferences the holder may bring an action for a permanent injunction.

Section 15 of the Trademark Act lays down the rights of holders of a business denomination (*geschäftliche Bezeichnung*). It is prohibited for third parties to use the business denomination or a similar mark without

justification in the course of business activities in a manner which may lead to confusion with the protected denomination (section 15 § 2).

Section 15 § 3 of the Trademark Act concerns business denominations which are well-known within the domestic territory. It is prohibited for third parties to use these business denominations or a similar mark in the course of business activities also if there is no danger of confusion within the meaning of paragraph 2 in so far as the use of the denomination unfairly exploits or interferes with the distinctiveness or esteem of the protected business denomination without justification.

According to section 15 § 4 of the Trademark Act, the holder of a protected business denomination may bring an action to cease and desist against anyone who uses a business denomination or a similar mark contrary to paragraphs 2 or 3.

COMPLAINTS

Relying on Article 1 of Protocol No. 1 to the Convention, the applicant company complained in all four applications about the absolute prohibition on using the domain names in question, which constituted a "possession". It claimed that the duty not only to refrain from using or disposing of these domains, but also to apply for a cancellation of the domains with the registration authority, instead of a mere duty to refrain from a specific infringement of the plaintiffs' rights to a name or trademark rights, disproportionately interfered with its right to property.

In its application no. 25379/04 the applicant further complained under Article 6 of the Convention that the civil proceedings had been unfair because the courts had separated its counterclaims from the plaintiff's claim contrary to German procedural law and thus curtailed its ability to defend itself against the plaintiff's action. Moreover, the Court of Appeal had breached its right to be heard by arbitrarily dismissing its appeal by way of a decision. Furthermore, its right to a fair trial had been breached in the proceedings before the Federal Constitutional Court, which had declined to consider its complaint despite the fundamental importance of the issues raised by it without giving reasons.

In their applications no. 21688/05, no. 21722/05 and no. 21770/05 the applicant argued that the court proceedings had violated its right to a fair trial under Article 6 because the courts had failed to take into account its legal arguments concerning its property rights.

THE LAW

1. The applicant company complained that the prohibition on using or disposing of the internet domains in question and the duty to apply to the registration authority for cancellation of these domains had violated its property rights. It relied on Article 1 of Protocol No. 1 to the Convention, which provides:

> "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.
>
> The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties."

In determining whether the denial of the applicant company's right to use the domain names registered for it amounted to an interference with its "possessions", the Court recalls that the concept of "possessions" referred to in Article 1 of Protocol No. 1 has an autonomous meaning which is not limited to ownership of physical goods and is independent from the formal classification in domestic law. Certain other rights and interests constituting assets can also be regarded as "property rights", and thus as "possessions" for the purposes of this provision (see *Gasus Dosier- und Fördertechnik GmbH v. the Netherlands*, judgment of 23 Febraury 1995, Series A no. 306-B, p. 46, § 53; *Anheuser-Busch Inc. v. Portugal* [GC], no. 73049/01, § 63, ECHR 2007-...). In the case of non-physical assets, the Court has taken into consideration, in particular, whether the legal position in question gave rise to financial rights and interests and thus had an economic value (compare *Anheuser-Busch Inc.*, cited above, §§ 76, 78, as well as *Tre Traktörer Aktiebolag v. Sweden*, judgment of 7 July 1989, Series A no. 159, p. 21, § 53). It has thus considered, for example, intellectual property, such as trade marks and copyrights (see *Melnychuk v. Ukraine* (dec.), no. 28743/03, ECHR 2005-IX; *Anheuser-Busch Inc.*, cited above, §§ 72, 78), or licences to use property in a particular way (such as licences to serve alcoholic beverages or fishing rights, see *Tre Traktörer Aktiebolag*, cited above, p. 21, § 53; *Alatulkkila and Others v. Finland*, no. 33538/96, § 66, 28 July 2005) to constitute possessions.

In the instant case, the contracts with the registration authority gave the applicant company, in exchange for paying the domain fees, an open-ended right to use or transfer the domains registered in its name. As a consequence, the applicant could offer to all internet users entering the domain name in question, for example, advertisements, information or services, possibly in exchange for money, or could sell the right to use the domain to a third party. The exclusive right to use the domains in question

thus had an economic value. Having regard to the above criteria, this right therefore constituted a "possession", which the court decisions prohibiting the use of the domains interfered with.

The Court must further decide whether the order against the applicant to refrain from using or disposing of the domain names in question and to apply to the registration authority for a cancellation of these domains constituted a deprivation of the applicant's possessions within the meaning of the second sentence of the first paragraph of Article 1 of Protocol No. 1 or a control of the use of its property within the meaning of the second paragraph of Article 1 of Protocol no. 1.

The Court finds that the prohibition on using or disposing of the domains, which did not entail a transfer of the applicant's rights under the domain contracts, clearly served to control the use of its property within the meaning of the second paragraph of Article 1 of Protocol No. 1. By contrast, the applicant's duty to apply with the registration authority for a cancellation of these domains entailed a loss of its legal position under these contracts.

The Court reiterates in this connection that it has already found that number of measures such as confiscation, forfeiture and destruction of property, even though they involved a deprivation of possessions, fell to be qualified as a control of the use of property. These measures were aimed at preventing the further disposal of items the use of which had been found to be unlawful and enforced the prohibition in question. They therefore formed a constituent element of the procedure for the control of use of property (compare, *inter alia*, *Handyside v. the United Kingdom*, judgment of 7 December 1976, Series A no. 24, p. 30, § 63; *AGOSI v. the United Kingdom*, judgment of 24 October 1986, Series A no. 108, pp. 17-18, § 51; *Air Canada v. the United Kingdom*, judgment of 5 May 1995, Series A no. 316-A, p. 16, § 34).

In the present case, the orders requiring the applicant company to apply for the cancellation of the domains served to prevent that company from continuing to violate third parties' trademark rights or other rights under the Trademark Act and / or the Civil Code. The possessions at issue in the present case were not tangible, physical assets, as in the cases of *Handyside*, *AGOSI* and *Air Canada*, but a contractual right to the exclusive use of domain names. The contract in question expressly stated the domain holder was responsible for verifying whether the registration and use of the domain infringed the rights of others, and the applicant company – regardless of its intentions in registering the domain – must be taken to have been aware of the risk that its domains could conflict with pre-existing intellectual property rights of third parties. The above considerations thus apply, *a fortiori*, to the instant case. The orders therefore constituted measures of control of the use of property, which fall to be considered under the second paragraph of Article 1 of Protocol No. 1.

It remains to be determined whether the interference with the applicant's property rights was in conformity with the State's right under Article 1 § 2 of Protocol No. 1 "to enforce such laws as it deems necessary to control the use of property in accordance with the general interest".

The court orders prohibiting the applicant from using the domain names registered for it were a consequence of the courts' conclusion that their use by the applicant contravened the applicable provisions of the Trademark Act and/or the Civil Code. The Court is satisfied that the measures taken were in accordance with domestic law.

The court orders against the applicant company moreover served to further the legitimate general interest of maintaining a functioning system of protection for trademarks and /or names by effectively preventing unauthorised third parties (in this case, the applicant company) from unduly taking advantage of the distinctiveness and esteem of protected marks or names to the detriment of their holders.

Finally, as the second paragraph of Article 1 of Protocol No. 1 must be construed in the light of the principle of peaceful enjoyment of property laid down in the Article's first sentence, there must, in respect of the interference with the applicant's possessions, be a reasonable relationship of proportionality between the means employed and the aim to be realised (compare, among many other authorities, *Air Canada*, cited above, p. 16, § 36; *Allard v. Sweden*, no. 35179/97, § 54, ECHR 2003-VII).

The Court observes that the domestic courts found it necessary, in order to meet the demands of the general interest in protection of trademarks and/or (business) names, to prohibit the applicant company from using the domains registered for it without providing for any exceptions. In particular, they did not consider it sufficient for stopping the interference with third parties' marks or (business) names to order less restrictive measures, such as allowing the applicant to continue using the registered domains while clarifying possible confusions with others on the respective websites. However, in view of the fact that the applicant company failed to demonstrate limited ways of using the domains in question which would not risk interfering with the rights of others, and in view, further of the clear notification by DENIC e.G. that registration of a domain did not imply freedom from third party claims, the domestic courts' orders cannot be considered to be excessive to achieve the aim pursued. Furthermore, in assessing the applicant's interest in retaining the domains registered for it, the Court notes that at the time of the domestic court proceedings, the company had hardly used the domains in question by posting contents on the websites under the respective domain names.

Having regard to all the circumstances of the case and the State's wide margin of appreciation in this field (see, in particular, *Tre Traktörer Aktiebolag*, cited above, p. 24, § 62), the Court therefore finds that the court orders struck a fair balance between the protection of the applicant's

possessions and the requirements of the general interest and that the applicant thus did not have to bear an individual and excessive burden.

It follows that this part of the application must be dismissed as manifestly ill-founded, pursuant to Article 35 §§ 3 and 4 of the Convention.

2. The applicant company further argued that the proceedings before the German courts had been unfair following the courts' breach of procedural law and due to the manner in which its appeal and complaints were dismissed without giving reasons or without duly taking into consideration its legal arguments.

It relied on Article 6 which, in so far as relevant, reads:

> "In the determination of his civil rights and obligations ..., everyone is entitled to a fair ... hearing ... by [a] ... tribunal..."

The Court has examined the applicant's complaints under Article 6 as submitted by it. However, having regard to all material in its possession, the Court finds that these complaints do not disclose any appearance of a violation of the rights and freedoms set out in the Convention.

It follows that the remainder of the application must likewise be rejected as manifestly ill-founded, pursuant to Article 35 §§ 3 and 4 of the Convention.

For these reasons, the Court unanimously

Decides to join the applications;

Declares the applications inadmissible.

Claudia WESTERDIEK
Registrar

Peer LORENZEN
President