

Warsaw Court of Appeal judgment
dated 7 May 2015
Case I ACa 1557/14

Summary by arbitraz.laszczuk.pl:

Japanese company O., a manufacturer and seller of computer equipment, held a Community trademark for Nice class 9 (which includes computer equipment). A Polish individual, B.F., was an online seller of computer equipment and also maintained an online information service which provided rankings of computer equipment, in each case including equipment manufactured by O. B.F. entered into an agreement with NASK, the administrator of .pl Internet domain names, under which a domain name corresponding to O.'s verbal trademark was registered in B.F.'s name. Visitors to that domain name were redirected to a site where B.F. sold computer equipment, including equipment identical to that for which O. held its registered Community trademark.

The Japanese company commenced arbitration against B.F. before the Arbitration Court for Domain Name Disputes at the Chamber of (...) in W., seeking a declaratory award that registration of the domain name in question for B.F. violated the rights of O., and in the alternative enjoining B.F. from using the domain name. After commencement of the arbitration, B.F. applied to the Polish Patent Office for registration of the same trademark as O.'s Community trademark. B.F. requested that the arbitral tribunal stay the proceeding pending the decision of the Patent Office on his trademark application, but the request was denied. (Ultimately the trademark was registered in the name of B.F., but for Nice classes 10, 25 and 28, which did not cover the computer equipment which B.F. actually offered for sale.) The arbitral tribunal issued an award in favour of O., declaring that registration of the domain name infringed O.'s Community trademark because Internet users could be misled by B.F.'s website into believing it was maintained by O.

B.F. applied to the regional court to set aside the award on the grounds that the award in its entirety violated public policy because *inter alia* it infringed B.F.'s constitutional right to pursue economic activity, violated B.F.'s ownership of the domain name, conflicted with the decision of the Patent Office registering the trademark in B.F.'s name, and, due to its declaratory nature, could not be performed by B.F. In his reply to O.'s

response to the petition, B.F. also alleged that the award violated public policy because O. had no standing to seek declaratory relief in the arbitration, as declaratory relief was not available for trademark infringement under Polish law.

The regional court denied the petition, and B.F. appealed.

The court of appeal held that there was no right of ownership of the domain name, only a contractual right agreed with NASK. The award did not require performance by B.F., but could serve as grounds for NASK to terminate the agreement permitting B.F. to use the domain name in question. The court also found that registration of the domain name in B.F.'s name was not a purely technical act, but, based *inter alia* on ECJ precedent on cybersquatting, could in itself constitute infringement of O.'s Community trademark. The court further found that the fact that both O. and B.F. now held rights to the same verbal trademark did not make the award inconsistent with the Patent Office decision. While they held the same trademark for difference Nice classes, only one of them could use the single .pl domain name corresponding to that verbal trademark. The award did not infringe B.F.'s constitutional right to pursue economic activity because he did not in fact conduct any business under the Nice classes for which he had obtained registration of the trademark in question, but only sold computer equipment under Nice class 9 for which O. held a Community trademark.

Consequently, the award did not violate public policy, and the court of appeal denied the appeal accordingly.

Excerpts from the text of the court's ruling:

In light of the formalized nature of proceedings on a petition to set aside an arbitration award, as expressed in the exhaustive list of grounds for the petition and the fact that the court is bound by the grounds asserted in the petition, the mere fact that the bounds of the petition extend to the entire arbitration award is insufficient to consider during the appellate proceeding an allegation that was not asserted in the petition.

It is accepted that an arbitration award is subject to being set aside under the public policy clause if an infringement of substantive law by the arbitration court leads to consequences irreconcilable with the fundamental principles

of the Polish legal system, that is, effects that are plainly and grossly contrary to such principles or any one of them.

The principle of the freedom of economic activity is one of the fundamental principles of the Polish legal system.