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Trademark owners beware: domain name registration may be justified by previous distribution relationship

International - [Hogan Lovells](#)

- **The complainant, which owns several EMBRYOLISSE marks, sought the transfer of 'embryolisseeusa.com' from a previous distributor under the UDRP**
- **The panel held that, since the holding of the domain name was a use of the complainant's trademark, the respondent was deprived of any right to do so after the termination of the distribution relationship**
- **However, the panel believed that the domain name was registered mainly for increasing the sales of the complainant's products**

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before the World Intellectual Property Organization (WIPO), a panel has denied the transfer of a domain name due to the lack of evidence supporting its registration in bad faith by the respondent, a previous distributor of the complainant's products.

Background

The complainant, Groupement des Laboratoires Français/Soras of France, was a French company engaged in the manufacture of perfume, cosmetics and beauty care products, generally known as "Laboratoires Embryolisse". It held several trademark registrations for EMBRYOLISSE, both in France and in the United States, and owned the domain names 'embryolissee.com' and 'embryolissee.fr'.

The respondent, Embryolisse USA, was in a business relationship with the complainant between 2002 and 2018, selling its products in the United States. In 2008 and 2010, the two parties entered into two exclusive written distribution agreements, granting the respondent the right to import, market and distribute certain of the complainant's products, and notably the right to use the complainant's trademarks in a restricted manner. This relationship was terminated by the complainant in 2018.

The domain name 'embryolisseusa.com' was registered by the respondent in September 2005. It was no longer resolving to a website.

To be successful in a complaint under the UDRP, a complainant must satisfy the following three requirements:

- The domain name registered by the respondent is identical, or confusingly similar, to a trademark or service mark in which the complainant has rights;
- The respondent has no rights or legitimate interests in respect of the domain name; and
- The domain name has been registered and is being used in bad faith.

Decision

As far as the first limb was concerned, the complainant contended that the domain name contained its trademark in its entirety and that the addition of the term 'USA' was not sufficient to avoid confusion. This submission was accepted by the panel and even conceded by the respondent itself. The first limb was therefore satisfied.

With regard to the second limb, the complainant first claimed that its exclusive distribution agreements with the respondent did not grant any consent to register domain names incorporating the complainant's trademarks or to act in any way detrimental to the trademarks. The complainant then referred to its notification sent in May 2018 to terminate their agreement at the end of 2018, as well as to its cease-and-desist letter sent in November 2018, in which it referred to the respondent's use of the term 'embryolisseusa' to market a competing product and requested that the respondent stop using its trademarks in any manner upon termination of the agreement. According to the complainant, these circumstances clearly indicated that the respondent did not have any rights or legitimate interests in the domain name when the complaint was filed in March 2019. The respondent contended that one of its principals was previously in an employment relationship with the complainant and had subsequently obtained distribution rights in respect of some of the complainant's products. It further contended that the distribution agreements did not expressly prohibit the registration of the domain name for distribution purposes and that the complainant had known about the domain name for more than a decade without complaint.

The panel agreed with the complainant that the respondent's rights or legitimate interests under the second limb should be assessed "at the time of the filing of the complaint" as per Section 2.11 of the [WIPO Overview 3.0](#). As a result, a respondent claiming a right or legitimate interest based on a prior agreement would not necessarily still have such right/legitimate interest at the time a decision is rendered. On this basis, the panel considered that, since the holding of a domain name incorporating the complainant's trademarks should be regarded as a kind of use of such trademarks, the respondent was indeed deprived of such right at the date of the complaint where its distribution relationship with the complainant had already been terminated. The second limb was therefore not satisfied.

As far as the third limb was concerned, the complainant contended that the respondent had registered the domain name in 2005 (prior to the signing of the first agreement in 2008), at which time the respondent was not yet authorised to use the complainant's trademarks. The complainant reiterated that, in any event, their agreements only authorised the respondent to use its trademarks as a company name and not in a domain name. The respondent insisted that the registration of the domain name was beneficial to the complainant in aiding the sales of its products and was not prohibited by the agreements. It further drew the panel's attention to the current status of the domain name, which was no longer functional as a website or for email.

Based on the evidence provided by the parties, the panel noted that the relationship between one of its principals and the complainant may date back to 2000. In particular, the domain name was registered in

2005, when the respondent had obtained distribution rights to certain of the complainant's products. Since the complainant did not provide any evidence suggesting the respondent's bad faith at the time of registration, the panel tended to believe that the domain name was registered mainly for increasing the sales of the complainant's products further to the acquisition of the distribution rights by the respondent. Furthermore, there was no evidence suggesting that the respondent had intended to sell the domain name, or had engaged in a pattern of blocking registrations, or had the primary purpose of disrupting the business of a competitor, or had any other bad faith intent. Therefore, on the balance of probabilities, the panel held that the complainant had failed to establish registration in bad faith, which was sufficient to give rise to a denial of the complaint as the third limb requires both registration and use of a domain name in bad faith.

For the sake of completeness, the panel briefly discussed some remaining points of the complaint, such as the breaches of the agreements as alleged by the complainant. The panel simply discarded this issue due to the fact that the scope of the UDRP was limited to the abusive registration of a domain name and did not extend to trademark or contract disputes.

Comment

The outcome of this decision could be instructive for trademark owners who intend to engage distributors for the sale of their goods/services. In the event that such distributors propose to register domain names incorporating relevant trademarks for marketing and distribution purposes, trademark owners should make sure that they register and control them, rather than the distributors, regardless of any provisions in the corresponding distribution agreements.

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