

UDRP: difficulties with distributors and domain names

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- Sanosil AG sought the transfer of the domain name 'sanosil-mena.com' under the UDRP
- The panel assumed that the respondent's intent at the time of registration was to secure the most suitable online identity for a distributor conducting business in the MENA region
- It was more likely that the respondent registered the domain name in the expectation of a commercial agreement being concluded with the complainant

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a panel has denied the transfer of the domain name at issue, finding that the respondent's registration, carried out without the complainant's prior knowledge or explicit permission, did not inherently imply bad faith in the context of a distribution relationship.

Background

The complainant was Sanosil AG, a Swiss corporation established in 1982 and engaged in manufacturing and distributing disinfectants. It held several registered stylised word trademarks for SANOSIL since at least 2004, both in Switzerland and in the United Arab Emirates. It used its SANOSIL marks in connection with its business and had agreements with local distributors worldwide. It also owned multiple SANOSIL-formative domain names.

The registrar-confirmed respondent was Ammar Matouk, who previously worked for SANOSIL MENA Detergents & Disinfectants Manufacturing Co LLC, a company established in 2015 as a result of a joint venture shareholder's agreement ('JVS agreement') between the complainant and two individuals for the purposes of importing and marketing SANOSIL-branded chemical products in the United Arab Emirates and in other countries in the Middle East and North Africa. SANOSIL MENA submitted a detailed response in which it argued that it was the beneficial holder of the domain name, and so the panel

considered it reasonable to decide that this company was the respondent in this case. The JVS agreement was purportedly terminated by the complainant in 2022, whereby the respondent was ordered to cease any use of the complainant's SANOSIL trademarks, including on the website associated with the domain name.

The domain name 'sanosil-mena.com' was registered on 23 December 2012, shortly before the JVS agreement was entered into on 11 February 2013. It pointed to a website promoting the complainant's disinfectants and other products branded under its SANOSIL mark.

To be successful in a complaint under the UDRP, a complainant must satisfy the following three requirements under Paragraph 4(a):

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

Decision

First limb

The complainant contended that the domain name incorporated its SANOSIL mark in its entirety and the verbal element 'mena', which stood for "Middle East and North Africa", could only increase the risk of confusion as it implied that the website associated with the domain name was the complainant's official site for this region.

The panel confirmed the complainant's stylised trademark rights for SANOSIL. It held that the textual component 'sanosil' was recognisable in the domain name and the addition of other elements (ie, the term 'mena' and a hyphen) would not prevent a finding of confusing similarity. The first limb was therefore satisfied.

Second limb

The complainant argued that the registrar-confirmed respondent (ie, Ammar Matouk) was never granted the right to use its SANOSIL trademark, including in a domain name. The complainant also argued that the respondent had no rights or legitimate interests in the domain name as from its receipt of the complainant's termination notice in 2022. Again, the respondent relied on its *bona fide* use of the domain name for more than 10 years under the JVS agreement.

The panel first noted that a respondent claiming rights or legitimate interests in a domain name based on a prior agreement or past good-faith use would not necessarily have the same rights or legitimate interests at the time of the panel's assessment, as panels tend to assess claimed respondent rights or legitimate interests in the present (ie, with a view to the circumstances prevailing at the time of the filing of the complaint). However, the respondent argued that the JVS agreement was not a "prior agreement" as it had not been validly terminated. The panel considered that it was not in a position to review the detailed provisions of the JVS agreement or determine whether it was still in force or not. However, given its findings under the third limb, the panel held that it was not necessary to reach a firm conclusion under the second limb.

Third limb

The complainant underlined that the domain name was registered before the entry into force of the JVS agreement, and thus before the complainant consented to the respondent's use of its SANOSIL trademark. Therefore, when the respondent registered the domain name, it was aware of the complainant's prior trademark rights, indicating bad faith under the UDRP. The fact that the respondent had continued to use the domain name after the JVS agreement was terminated constituted use in bad faith. In response to these assertions, the respondent claimed that it registered the domain name in anticipation of the conclusion of its commercial agreement with the complainant, and had lawfully used this domain name to conduct its business with the complainant's knowledge and approval since 2013. As a result, neither its registration nor its use of the domain name was in bad faith.

Given the timing of the registration of the domain name shortly before the JVS agreement became effective, the panel assumed that the respondent's intent at the time of registration was to secure the most suitable online identity for a distributor conducting business in the territories concerned, namely the Middle East and North Africa. The question then arose as to whether the complainant's lack of knowledge or permission when the respondent registered the domain name would necessarily lead to the conclusion that this domain name was registered in bad faith under the UDRP. To answer this question, the panel noted that the JVS agreement between the two parties did not expressly prohibit the registration of domain names incorporating the complainant's trademarks. In the absence of such prohibition, the panel found that the registration of the domain name could be in bad faith only if the evidence showed that the respondent had some form of abusive or malicious intent at time of registration, such as to divert business from the complainant or to use this registration as leverage in the negotiations prior to the conclusion of the JVS agreement. On the balance of probabilities, the panel found it more likely that the

respondent registered the domain name in the expectation of a commercial agreement being concluded with the complainant (which was effectively in place less than two months later). On this basis, the panel found that the complainant was unable to prove that the registration of the domain name was in bad faith and therefore the third limb was not satisfied.

The complaint was therefore denied.

Comment

This decision highlights once again the challenge faced by brand owners when trying to obtain control over domain names registered and used by their distributors after the end of the relationship, especially when any relevant agreements do not explicitly prohibit domain name registrations and there is no evidence of the distributor's abusive or malicious intent at the time of registration. Recognising the limitations of the UDRP in resolving disputes involving domain names in such situations, it is advisable for brand owners either to include appropriate provisions in their agreements to address the ownership of domain names after the end of their contractual relationship with distributors, or simply to obtain and retain control of the necessary domain names themselves and allow distributors to use them under the terms of their agreements.

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