

World Trademark Review Daily

UDRP decision provides example of legitimate interest for distributors or resellers **Cybersquatting International - Hogan Lovells International LLP**

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In a recent domain name dispute under the [Uniform Domain Name Dispute Resolution Policy \(UDRP\)](#), a manufacturer of women's undergarments, [Lise Charmel Industrie](#), was [denied the transfer](#) of the domain name 'lisecharmell.org' for failing to prove the absence of rights or legitimate interests of the respondent, [Laurela Inc/Alexander Kargin-Utkin](#), based in the United States.

The complainant was the manufacturer of the Lise Charmel range of women's undergarments, a company founded in 1975 and based in Lyons, France. It distributed its products in numerous jurisdictions, including the United States. It registered a number of LISE CHARMELEL trademarks worldwide, as well as domain names incorporating the LISE CHARMELEL mark.

As part of its business, the respondent operated an online business from the website '[www.laurela.com](#)' selling various ranges of women's undergarments, including the complainant's garments, since 2008. The domain name 'lisecharmell.org' was registered by the respondent on June 6 2009. The respondent was using the domain name to point to a blog relating to the complainant's products. The respondent claimed that it registered the domain name in good faith in order to use it to assist promotional display for the Lise Charmel brand merchandise sold through its website at '[www.laurela.com](#)'.

To be successful in a complaint under the UDRP, a complainant must evidence all of the following:

- The domain name 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.

Regarding the first limb, the complainant submitted that the operative elements of the domain name were identical to its LISE CHARMELEL registered trademark. Given the complainant's trademark rights in the term 'Lise Charmel' and the fact that the latter was identical to the domain name (not including the top-level element), the panel concluded that the domain name was identical, or confusingly similar, to the complainant's mark.

To establish the second requirement of the UDRP, the complainant argued that the respondent had no trademark or trade name rights in the LISE CHARMELEL mark and that it had not been authorised or licensed to use the mark by the complainant. The complainant further maintained that the respondent used the domain name to attract internet users to its retail website from which it sold not only the complainant's range, but also other product ranges from third parties.

The respondent defended itself by arguing that its marketing and retailing of Lise Charmel products was known by the complainant and that, in any event, the complainant did not sell on a retail basis, but only on a wholesale basis to authorised distributors. It further claimed that the complainant explicitly approved of its activities by endorsing five promotional videos created by the respondent. The respondent also asserted that it was a *bona fide* authorised agent or reseller of Lise Charmel products and carried the largest variety of these products of any retailer in the world. Finally, the respondent asserted that it had expended considerable resources on developing its blog at the domain name into a reference page that aimed to create a positive image of Lise Charmel products and to encourage product sales.

The general rule regarding resellers and distributors was asserted in [Oki Data Americas Inc v ASD Inc \(WIPO Case D2001-0903\)](#) as set out in the [WIPO Overview of WIPO Panel Views on Selected UDRP Questions](#) stating that:

"Normally, a reseller or distributor can be making a bona fide offering of goods and services and thus have a legitimate interest in the domain name if its use meets certain requirements. These requirements normally include the actual offering of goods and services at issue, the use of the site to sell only the trademarked goods, and the site is accurately and prominently disclosing the registrant's relationship with the trademark holder. The respondent must also not try to 'corner the market' in domain names that reflect the trademark."

The panel noted that the respondent was supplying legitimate Lise Charmel products purchased from the complainant's official distributor and that the complainant was aware of this activity. It also noted that neither the blog at the domain name, nor the respondent's retail store website to which it linked, misrepresented the

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respondent's relationship with the complainant.

However, the difficulty was whether the respondent's website was selling only the trademarked goods, as required by *Oki Data*. Whilst the website to which the domain name was pointing promoted only Lise Charmel products, there was a link from each product to the respondent's online retail store, which also sold third-party products. The complainant therefore argued that the respondent was using the LISE CHARMELEL mark and goodwill to divert internet users to other brands (a tactic often referred to as 'bait and switch'). However, the panel underlined that, although other products were being sold on the respondent's online retail store, they were not being sold from the same pages as the Lise Charmel products, and nor were they being sold on the website to which the domain name was pointing.

In the panel's view, the question was finely balanced. The *Oki Data* criteria were meant to act only as a guideline and it was necessary to bear in mind the overarching purpose of the UDRP (namely to defeat cybersquatting) when applying them. According to the panel, this was a case of the respondent seeking to promote and sell the complainant's products in the interests of both parties, and on balance the respondent's links to the relevant pages of its online store did not amount to bait and switch selling. In light of this, the panel found that the respondent had successfully shown that it had rights or legitimate interests. The second requirement of the UDRP was therefore not satisfied and the complaint was denied.

The panel decided not to address the third limb of the UDRP regarding bad-faith registration and use as this was not necessary given the above, and simply noted that there was no persuasive indication of the respondent having acted in bad faith.

The decision is interesting in that it provides just one illustration of what could potentially be seen as a legitimate interest for distributors or resellers. For reference, Paragraph 4(b) of the UDRP lists the following as evidence of rights or legitimate interests for the purpose of paragraph 4(a)(ii):

"(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organisation) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue."

In the present case, the panel based its decision not only on the letter of the UDRP, but also on its spirit. It should be kept in mind that the *Oki Data* factors are intended to be applied contextually, taking into account all the surrounding facts and circumstances, as in the present case. As the panel put it:

"This case arises in a narrow category of cases involving reseller arrangements and turns on its particular facts. It should not be interpreted in any way as a charter for re-sellers to indulge in a spot of cybersquatting for the purposes of diverting internet users to their own site in order to sell or endorse alternative products or services."

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