
Domain Name Dispute Offers Important Insights into Difficulties Faced by Trademark Owners

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A recent dispute between Weber-Stephen, the owner of various trademarks and service marks for Weber grills, and one of its authorized sales representative has resulted in two far-reaching decisions that will affect many other domain name disputes, in terms of: (1) the application of anticybersquatting principles; and (2) the procedural interplay between trademark litigation before a U.S. federal district court and domain name dispute proceedings before the Internet Corporation for Assigned Names and Numbers (ICANN).

In the Weber-Stephen dispute, a federal court refused the sales representative's request to delay a proceeding before a World Intellectual Property Organization (WIPO) administrative panel authorized by ICANN, in which its domain name registration was being challenged by Weber-Stephen. Only eight days later, however, the WIPO panel found in favor of that sales representative, and refused to order the cancellation of its domain name registration.

Application of Anticybersquatting Principles

Weber-Stephen brought a proceeding under the Uniform Dispute Resolution Policy (UDRP) of ICANN, seeking the transfer or cancellation of several Internet domain names registered by Armitage Hardware, one of Weber-Stephen's authorized sales representatives. ICANN's UDRP was discussed in our [February 15, 2000 Internet Alert](#).

On May 11, the WIPO panel [ruled in favor of Armitage Hardware](#).

In order for Weber-Stephen to have prevailed before the WIPO panel, the UDRP required Weber-Stephen to prove each of the following three elements:

1. That the domain name in question is identical or confusingly similar to a trademark or service mark in which Weber-Stephen has rights;
2. That Armitage Hardware has no rights or legitimate interests in respect of the domain name; and
3. That the domain name has been registered and is being used in bad faith.

The WIPO panel concluded that Weber-Stephen had proved (1), but not proved (2) or (3). The panel

was satisfied that Armitage Hardware had presented sufficient evidence to prove that it has used the domain name in connection with the *bona fide* offering of Weber-Stephen's products, and thus appeared to have a right or legitimate interest in respect of the domain name. The panel also concluded that Weber-Stephen had failed to prove that Armitage Hardware's registration and use of the domain names was in "bad faith." In the panel's view, Weber-Stephen did not rebut the showing made by Armitage Hardware that Weber-Stephen was aware of, and had repeatedly approved, Armitage Hardware's web site over a period of several years.

The ruling of the WIPO panel has far reaching implications for a wide variety of domain name disputes between trademark owners and their authorized distributors and sales representatives. Trademark owners would be well advised not to rely exclusively on the UDRP to acquire or cancel domain names registrations which incorporate their trademarks, and should consider including provisions in their contracts with distributors and sales representatives which prohibit those parties from:

1. establishing, operating, sponsoring or contributing content to web sites which incorporate any of the owner's trademarks into the URL addresses for such web sites;
2. registering any domain names which incorporate any of the owner's trademarks;
3. registering any of the owner's trademarks or any trademarks that are confusingly similar to any of the owner's trademarks; or
4. forming any corporation or other entity under a name which incorporates any of the owner's trademarks.

Procedural Interplay between Trademark Litigation and UDRP Proceeding

Weber-Stephen also brought a trademark infringement complaint in federal court against Armitage Hardware. Prior to the WIPO panel's ruling, in response to the complaint filed by Weber-Stephen, Armitage Hardware sought:

1. an order from the court declaring that a decision under the UDRP would be non-binding on the court, or
2. if a decision under the UDRP is binding on the court, a decision to stay the UDRP proceeding to consider whether Armitage Hardware's participation in it could be compelled.

The court first noted that no other federal court in the United States has considered the legal effect of a proceeding under the UDRP. Second, the court refused to intervene in or delay the UDRP process, and instead stayed its own decision, pending the resolution of the UDRP proceeding. Third, the court concluded that, while it was not bound by the outcome of the UDRP proceeding, it would not determine the precise standard by which it would review the WIPO panel's decision, and what degree of deference, if any, it would give that decision, noting that the UDRP itself does not address that subject. *Weber-Stephen Products Co. v. Armitage Hardware and Bldg. Supply, Inc., et al.*, Civil Action No. 00 C 1738 (May 3, 2000).

Only eight days later, the WIPO panel observed, perhaps ironically given the court decision, that if Weber-Stephen desires to obtain relief based upon allegations that Armitage Hardware had

overstepped or overstated the bounds of its arrangement with Weber-Stephen, or that no such arrangement exists, that argument is better addressed to a court, which is equipped to resolve such complicated factual issues.

This case points out the need for careful strategy and planning in litigation, whether as a plaintiff or defendant, in considering the interplay between a UDRP proceeding and a related court proceeding. Moreover, it is likely to be some time before the issue of judicial review of decisions under the UDRP is clarified by court decisions and/or by changes to the UDRP rules.

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