

EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

Starbucks (HK) Limited v. Grand Turn LLC

Case No. LRO2013-0025

1. The Parties

The Objector/Complainant is Starbucks (HK) Limited of Hong Kong, China, represented by Dechert LLP of the United Kingdom of Great Britain and Northern Ireland.

The Applicant/Respondent is Grand Turn LLC, of Bellevue, the United States of America, represented by The IP & Technology Legal Group, P.C. dba New gTLD Disputes, of the United States.

2. The applied-for gTLD string

The applied-for gTLD string is <.now>.

3. Procedural History

The Legal Rights Objection (the “Objection”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) on March 13, 2013 pursuant to the New gTLD Dispute Resolution Procedure (the “Procedure”).

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 21, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the “WIPO Rules for New gTLD Dispute Resolution”).

In accordance with Article 11(a) of the Procedure, the WIPO Center formally notified the Applicant of the Objection, and the proceedings commenced on April 17, 2013. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was timely filed with the WIPO Center on May 18, 2013, with Annexes A and B missing.

On May 22, 2013, the WIPO Center requested the Applicant to submit missing Annexes A and B to its Response. On May 27, 2013, the Applicant submitted new Annexes which were not included in its original filing.

On May 30, 2013, the Objector emailed the WIPO Center stating that the Annexes sent by the Applicant on May 27, 2013 were a wholly new and different set of Annexes to the Annexes sent on May 18, 2013 as part of the filed Response. The Objector submitted that the new Annexes were filed out of time and should not

be accepted by the WIPO Center to put before the Panel. The Applicant responded to the Objector's submission stating the original Annexes had been included in error and the new Annexes were submitted in response to a request from the WIPO Center. The WIPO Center noted these submissions for the Panel.

The WIPO Center appointed Susanna H.S. Leong as the Panel in this matter on June 18, 2013. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the WIPO Center to ensure compliance with Article 13(c) of the Procedure and Paragraph 9 of WIPO Rules for New gTLD Dispute Resolution.

4. Factual Background

The Objector, Starbucks (HK) Limited, in this administrative proceeding has adduced evidence to show that it is the registered trade mark owner of a number of trade marks which consist of or include the word NOW, but not limited to NOW and NOW TV in Hong Kong, China, India, Canada, USA, Japan, Indonesia, Kuwait, Philippines, Taiwan, Thailand and Saudi Arabia ("the Trade Mark"). The Objector is a member of the PCCW Group of companies and is a wholly owned subsidiary of PCCW Limited which is also incorporated in Hong Kong. The Objector is a non-trading, asset holding company within PCCW and owns all of PCCW's rights in and to the said trademarks whether registered, acquired through use or otherwise. As part of its multimedia and entertainment offerings, PCCW operates an IPTV (Internet Protocol Television) operation in Hong Kong called Now TV. The Objector has adduced evidence to show that PCCW's Now TV platform, at least up to 2007, was the world leader in IPTV and was publicly recognized as such. The Objector has adduced evidence to show that as of 2009, PCCW's Now TV was the 8th largest IPTV operation in the world in terms of users. The Objector has adduced further evidence to show that at present, Now TV is one of the largest pay TV operator in Hong Kong and enjoys a subscription of more than 1,165,000 users.

The Applicant, Grand Turn LLC, is wholly owned by Donuts Inc., a company incorporated for the purpose of acquiring and operating new generic top-level domains under ICANN's New gTLD Program officially launched in July 2011. Through subsidiary entities such as the Applicant, Donuts Inc. has applied for 307 new gTLDs and has paid more than USD 55 million in application fees.

5. Parties' Contentions

A. Complainant

The Objector contends that its Objection is valid and should be upheld as the potential use of the applied-for gTLD by the Applicant (i) takes unfair advantage of the distinctive character or the reputation of the Trade Mark; and (ii) unjustifiably impairs the distinctive character of the reputation of the Objector's Trade Mark; and (iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the Objector's Trade Mark.

(i) Takes unfair advantage of the distinctive character or the reputation of the Trade Mark

The Objector contends that the use of the applied-for gTLD by the Applicant will take unfair advantage of the distinctive character of the Trade Mark because it will be associated with the Objector's well recognized and remembered Trade Mark. The Objector has adduced evidence to show that the Objector's Trade Mark is globally recognized as one of the leading Trade Mark in the global IPTV market and thus, enjoys a massive reputation. The Objector further contends that the services which the Applicant will be providing in relation to the applied-for gTLD are Internet related and are therefore highly similar, if not identical to the IPTV services provided by PCCW under the Trade Mark. In view of the overlap of the services, the Objector contends that the Respondent's proposed use of the applied-for gTLD will draw business to the Applicant's gTLD platform as a result of the goodwill and reputation in the Trade Mark and consequently taking unfair advantage of the Objector's rights in the Trade Mark. The Objector further contends that it will be open for third parties to register second-level names on the applied-for <.now> gTLD for words such as TV, IPTV, Sports and News

which are readily associated with the Trade Mark and PCCW's Now TV service. This will in turn draw Internet users to these domain names as a result of the goodwill and reputation in the Trade Mark taking unfair advantage of the Objector's rights in the Trade Mark.

(ii) Unjustifiably impairs the distinctive character of the reputation of the Objector's Trade Mark

The Objector contends that the applied-for gTLD is identical to the Trade Mark and the services to be provided by the Applicant in relation to the applied-for gTLD are highly similar, if not identical to the IPTV services provided by PCCW under the Trade Mark. As such, the Objector contends that the Applicant's use of the applied-for gTLD will lessen the Objector's ability to identify and distinguish its services from its competitors and prejudices the distinctive character of the Objector's Trade Mark. The Objector further contends that the mere registration of the applied-for gTLD by the Applicant and not the Objector will render the Objector's Trade Mark not as unique as it was prior to the registration by the Applicant. This results in detriment to the Trade Mark by dilution of the distinctive character of the Trade Mark and thus unjustifiably impairs the distinctive character of the Objector's Trade Mark. The Objector also contends that PCCW enjoys an excellent reputation as a result of the very high quality services it provides under the Trade Mark. However, there is no assurance that the Applicant will provide the same high quality of service which the relevant public have come to expect from and associate with the services provided under the Trade Mark. Therefore, any use of the applied-for gTLD which does not meet the very high standards expected under the Objector's Trade Mark will unjustifiably impair the reputation of the Trade Mark which PCCW has worked hard to establish. Finally, the Objector contends that the fact the Applicant will manage the registration of second-level names in the applied-for gTLD will result in the Objector losing a significant amount of control over its Trade Mark because it will not be able to prevent the registration of words as second-level names nor control the content of the websites at those domains which the Objector felt would tarnish the reputation of the Trade Mark or otherwise impair its distinctive character.

(iii) Otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the Objector's Trade Mark

The Objector contends that the identity between the Trade Mark and the applied-for gTLD and the identity or high similarity between the services provided under the Trade Mark and the services to be provided by the Applicant in relation to the applied-for gTLD leads to an inevitable likelihood of confusion between the applied-for gTLD and the Objector's Trade Mark as to the source, sponsorship, affiliation or endorsement of the gTLD. The Objector contends that given the international reputation of the Objector's Trade Mark particularly in the IPTV sector, it is inevitable that Internet users will be confused into believing that the applied-for gTLD is registered to, operated, endorsed, sponsored or authorized by, or affiliated to the Objector. The Objector further contends that this likelihood of confusion is significantly elevated given the enhanced distinctiveness of the Trade Mark which has been acquired through extensive use over more than a decade.

B. Applicant

The Applicant contends that the Objection is invalid and should be overruled as the potential use of the applied-for gTLD by the Applicant (i) does not take unfair advantage of the distinctive character or the reputation of the Trade Mark; and (ii) does not unjustifiably impair the distinctive character of the reputation of the Objector's Trade Mark; and (iii) does not otherwise create an impermissible likelihood of confusion between the applied-for gTLD and the Objector's Trade Mark.

The Applicant contends that the Objector fails to satisfy its burden of proof under the standards required set out in the Attachment to Module 3 of the New gTLD Applicant Guidebook, the Procedure, and the WIPO Rules for New gTLD Dispute Resolution. The Applicant contends that the Objector's Trade Mark has no distinctive character and there is no evidence of infringement. The Applicant contends that its proposed use of the <.now> gTLD would not infringe any legitimate right of the Objector because the Objector employs its "NOW TV" trade mark on a limited basis in connection with its provision of television services in Hong Kong. The Objector has provided little, if any, real evidence that consumer confusion will occur and the Objector's

contentions are based on the possibility of infringement which the Applicant argues is not sufficient to meet the burden of proof under this administrative proceeding. The Applicant contends that the ICANN New gTLD program opens more avenues of communication and consumer choice and brings competition to registries.

In summary, the Applicant contends the following:

1. The applied-for gTLD is not similar in appearance, sound or meaning to the mark claimed by the Objector;
2. The Objector has used its mark on a limited basis;
3. The Objector fails to prove public recognition of the sign corresponding to the applied-for <.now> gTLD as the mark of the Objector as opposed to third parties;
4. The Objector is unable to demonstrate improper intent on the Applicant's part in applying for the <.now> gTLD;
5. The Applicant has prepared to use the sign corresponding to the applied-for <.now> gTLD in connection with providing *bona fide* access to information on the Internet that does not interfere with any legitimate rights of the Objector;
6. The Applicant has rights in the sign corresponding to the applied-for <.now> gTLD by virtue of its application to ICANN;
7. The Applicant's proposed *bona fide* use of the sign corresponding to the applied-for <.now> gTLD is consistent with the rights it has acquired by virtue of its application to ICANN;
8. The Applicant's intended use of the applied-for <.now> gTLD creates no likely confusion with the Objector's claimed mark as to the source, sponsorship, affiliation or endorsement of the gTLD.

6. Discussion and Findings

According to New gTLD Applicant Guidebook (v.2012-01-11) (the "Guidebook") Module 3, Article 3.5, each panel will use appropriate general principles (standards) to evaluate the merits of each objection. It is also stated that the Objector bears the burden of proof in each case.

The Objector has elected the Legal Rights Objection standards in its Objection to the applied-for <.now> gTLD. Accordingly, the standards to be applied by the Panel are set out in Article 3.5.2 of the Guidebook Module 3, whether potential use of the applied-for gTLD by the Applicant (i) takes unfair advantage of the distinctive character or the reputation of the Objector's registered or unregistered trademark or service mark ("mark"); and/or (ii) unjustifiably impair the distinctive character or the reputation of the Objector's mark; and/or (iii) otherwise create an impermissible likelihood of confusion between the applied-for gTLD and the Objector's mark. It is further stated in Article 3.5.2 that reference is made to "general accepted and internationally recognized principles of law" in the determination of whether the Objection or the Response is to be upheld based on the standards stated therein.

After considering the evidence adduced by both the Objector and the Applicant, the Panel concludes that the Objection should be dismissed given that the potential use of the applied-for gTLD by the Applicant/Respondent does not:

- (i) take unfair advantage of the distinctive character or the reputation of the Objector's registered or unregistered trademark or service mark ("mark"), and/or
- (ii) unjustifiably impair the distinctive character or the reputation of the Objector's mark, and/or
- (iii) otherwise create an impermissible likelihood of confusion between the applied-for gTLD and the Objector's mark.

The Panel has considered the following non-exclusive factors.

(i) Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to the objector's existing mark.

In assessing whether the Applicant's applied-for <.now> gTLD is similar to the Objector's Trade Mark, the Panel has considered the visual, aural or phonetic and conceptual similarities between them and whether the Objector's Trade Mark is distinctive. Whether the Applicant's applied-for <.now> gTLD is similar to the Objector's Trade Mark is considered from the viewpoint of the average Internet user who exercises some care and good sense in its search for goods and services in the Internet.

The Objector's Trade Mark consists of the word NOW (and in some other instances, other terms such as TV, KIDS, NEWS etc.) together with various design elements such as font and colours, whilst the applied-for <.now> gTLD by the Applicant consists only of the word NOW. As such, the two cannot be identical. However, to the extent that a word mark can be compared to a design mark, the Panel finds that the applied-for <.now> gTLD bears some similarity to the Objector's Trade Mark which incorporates the word "now".

(ii) Whether the objector's acquisition and use of rights in the mark has been *bona fide*.

The Objector has adduced evidence to show that it is the registered trade mark owner of the Trade Mark which consists of or includes the word NOW, but not limited to NOW and NOW TV in Hong Kong, China, India, Canada, USA, Japan, Indonesia, Kuwait, Philippines, Taiwan, Thailand and Saudi Arabia. The Panel thus finds that the Objector's acquisition and use of rights in the Objector Trade Mark has been *bona fide*.

(iii) Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of the objector, of the applicant or of a third party.

A key issue in this case is whether and to what extent the word NOW in the applied-for <.now> gTLD has come to be associated in the minds of the relevant public with the Objector's NOW related Trade Marks. The Panel finds for the purposes of this Procedure that "the relevant sector of the public" refers to the average Internet users who exercise some care and good sense in their search for goods and services in the Internet.

The Objector has adduced evidence in an attempt to show that the Objector's Trade Mark is globally recognized as one of the leading Trade Mark in the global IPTV market and thus, enjoys a massive reputation. However, the Panel finds that the Objector has primarily operated its IPTV business in Hong Kong and although the Objector may have enjoyed substantial notoriety or fame in Hong Kong, it has not discharged the burden of proof that its Trade Mark enjoys widespread fame outside of Hong Kong and in the rest of the world. The fact that the Objector's Trade Mark has been registered in several countries in the world does not automatically mean that the Objector's Trade Mark enjoys worldwide recognition and fame in the relevant sector in the public, particularly in the Internet. One important factor which must be taken into account is the relatively low distinctiveness of the Objector's Trade Mark in that it consists of an ordinary English word NOW and consequently, the burden of proof showing that the average Internet users who exercise some care and good sense in their search for goods and services in the Internet associate the applied-for gTLD <.now> with the Objector's Trade Mark is a very heavy one which the Objector has not successfully discharged. Another important factor is the fact that there exist other proprietors who use the word "now" in distinguishing their goods or services. Examples include "NOW foods" (Hong Kong); "NOW magazine" (UK); and "Optus TV NOW" (Australia). Again, the burden is on the Objector to demonstrate that the average Internet users who exercise some care and good sense in their search for goods and services on the Internet associate the applied-for <.now> gTLD only with the Objector's Trade Mark. This burden has not been discharged by the Objector.

The Panel finds that the recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of the Objector is too geographically limited in light of the ordinary generic English meaning of the word "now".

(iv) Applicant's intent in applying for the gTLD, including whether the applicant, at the time of application for the gTLD, had knowledge of the objector's mark, or could not have reasonably been unaware of that mark, and including whether the applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

The Panel accepts the evidence adduced by the Applicant which shows that its parent company, Donuts Inc., ("Donuts") is a company incorporated for the purpose of acquiring and operating new generic top-level domains under ICANN's new gTLD program. To date, the parent company of the Applicant has applied for 307 new gTLDs and has paid more than USD 55 million in filing fees. The Objector has not shown that the Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

(v) Whether and to what extent the applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by the objector of its mark rights.

The Panel finds that the Applicant has made demonstrable preparations to use the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by the Objector of its mark rights based on the following reasons:

- a. The Applicant's parent company Donuts has expended substantial financial resources (more than USD 55 million) in the registration of 307 new gTLDs and consequently, it is in Donuts' interest to carefully and legitimately operate the selected gTLDs.
- b. The Applicant's parent company Donuts has stated in its application to ICANN for the <.now> gTLD that "this TLD is attractive and useful to end-users as it better facilitates search, self-expression, information sharing and the provision of legitimate goods and services. Along with the other TLDs in the Donuts family, this TLD will provide Internet users with opportunities for online identities and expression that do not currently exist. In so doing, the TLD will introduce significant consumer choice and competition to the Internet namespace – the very purpose of ICANN's New TLD program".
- c. The Applicant's parent company Donuts has stated in its application to ICANN for the <.now> gTLD that it will employ and enforce terms and conditions that prohibit unlawful conduct and it reserves that right to delete second level domain names used for such behavior. In particular, Donuts has voluntarily committed in its application (for second-level names in this new gTLD) to taking eight more protective steps, in addition to the 14 that ICANN already has imposed over and above what it demands of existing gTLD operators specifically:
 - i. periodic audit of Whois data for accuracy;
 - ii. remediation of inaccurate Whois data, including takedown, if warranted;
 - iii. a new Domain Protected Marks List (DPML) product for trade mark protection;
 - iv. a new Claims Plus product for trade mark protection;
 - v. terms of use that prohibit illegal or abusive activity;
 - vi. published policies and procedures that define abusive activity; and
 - viii. proper resourcing for all of the functions above.
- d. The Objector has contended that as the Applicant would manage the registration of second-level names in the applied-for <.now> gTLD this would take unfair advantage of and or unjustifiably impairs the distinctive character or the reputation of the Objector's Trade Mark particularly if the Applicant allows the use of negative terms like "poor", "useless", "weak" or words such as TV, IPTV, Sports, Business and News etc. However, the Panel finds that there is no evidence in the present record

which shows that Applicant will use or will allow the use of such second-level names in the applied-for <.now> gTLD.

(vi) Whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by the applicant is consistent with such acquisition or use.

The Applicant has not claimed any trade mark or other intellectual property rights in the sign corresponding to the gTLD.

(vii) Whether and to what extent the applicant has been commonly known by the sign corresponding to the gTLD, and if so, whether any purported or likely use of the gTLD by the applicant is consistent therewith and *bona fide*.

There is no evidence that the Applicant has been commonly known by the sign corresponding to the gTLD. However, the Panel finds that there is no evidence that the purported or likely use of the gTLD by the Applicant is not *bona fide*.

(viii) Whether the applicant's intended use of the gTLD would create a likelihood of confusion with the objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

In considering whether the Applicant's intended use of the gTLD would create a likelihood of confusion with the objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD, the Panel has to take into account the following factors: the distinctiveness of the Objector's Trade Mark; the similarities between the applied-for <.now> gTLD and the Objector's Trade Mark; the proximity of goods and or services between the Objector's Trade Mark and the Applicant's intended use of the gTLD; and the evidence of actual confusion in the relevant sector of the public.

The Panel has found that the Objector's Trade Mark is low in distinctiveness and that the applied-for gTLD is not identical, but to the extent that a word mark can be compared to a design mark that the applied-for <.now> gTLD bears some similarity to the Objector's Trade Mark which incorporates the word "now". Having said this, it is clear that the Objector operates in the IPTV sector and uses the Trade Mark to market television services. On the other hand, the Applicant's applied-for <.now> gTLD may be used in many other areas such as social, educational and informational and not necessarily involving goods and services. Furthermore, the Panel finds that the Objector has not proved that there is recognition in the relevant sector of the public (*i.e.* the average Internet users who exercise some care and good sense in their search for goods and services in the Internet), of the sign corresponding to the gTLD, as the Trade Mark of the Objector. There is also no evidence of actual confusion in the relevant sector of the public.

Thus, the Panel finds that the Applicant's intended use of the gTLD is not likely to create a likelihood of confusion with the Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

7. Decision

After considering the evidence adduced by both the Objector and the Applicant, the Panel concludes that the Response is valid and should be upheld for the following reasons that the potential use of the applied-for gTLD by the Applicant does not:

- (i) take unfair advantage of the distinctive character or the reputation of the Objector's registered or unregistered trademark or service mark ("mark"); or
- (ii) unjustifiably impair the distinctive character or the reputation of the Objector's mark; or

- (iii) otherwise create an impermissible likelihood of confusion between the applied-for gTLD and the Objector's mark.

For the foregoing reasons, the Panel dismisses the Objection.

[signed]

Susanna H.S. LEONG

Sole Panel Expert

Date: August 13, 2013