

EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

Defender Security Company v. Baxter Pike LLC

Case No. LRO2013-0031

1. The Parties

Objector/Complainant is Defender Security Company of Indianapolis, Indiana, United States of America, represented by Maginot, Moore & Beck, United States.

Applicant /Respondent is Baxter Pike LLC of Bellevue, Washington, United States represented by The IP & Technology Legal Group, P.C. dba New gTLD Disputes, United States.

2. The applied-for gTLD string

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

3. Procedural History

The Legal Rights Objection was filed by 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 26, 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 Respondent of the Objection, and the proceedings commenced on April 17, 2103. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was timely filed with the WIPO Center on May 17, 2013.

The WIPO Center appointed Richard G. Lyon as the Panel in this matter on June 10, 2013. The Panel finds that it was properly constituted. The Panel has submitted his 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 Panel finds the following facts established from the evidence in the record and publicly available information referred to in the record.

OBJECTOR

Objector's principal business is the sale and installation of residential security systems in the United States. The following products are enumerated under the Products tab on its website: PRO Security Systems DIY Security Systems, Wireless Security Systems, Covert Security Systems, DVRs, Cameras & Monitors, Accessories, Intercom Security Systems, and Imitation Security Cameras. Objector alleges that it also sells and installs residential heating, cooling, ventilation, and plumbing products. At some point a company said to be affiliated with Objector began to market domain name registration services at a website maintained at "www.dothome.net".

Objector claims rights in the following service marks:

- (a) HOME and design, No. 010535201 issued by the Office for Harmonization in the Internal Market, Trademark and Designs of the European Community. Application filed December 30, 2011; certificate issued June 22, 2012. Registrant is DotHome Limited of Limassol, Cyprus. The Panel refers to this as the "European Mark."
- (b) Standard character mark TRUE HOME, No. 3404246 registered with United States Patent & Trademark Office (USPTO) for use in conjunction with environmental testing and inspection consulting service in relation to heating, ventilation, and air conditioning (HVAC) equipment. Application filed on December 21, 2006, by Carl Simpson of Wylie, Texas; registration issued to Simpson April 1, 2008. Assigned to Objector on August 26, 2012.
- (c) Two USPTO applications for TRUE.HOME and design for advertising, promotion and marketing services of the goods and services of others in the field of residential and commercial security systems and alarms; negotiation and conclusion of commercial transactions in the field of residential and commercial security systems and alarms for third parties via telecommunications system. Filed April 3, 2012; both applications are currently pending.
- (d) USPTO applications for TRUE.HOME and TRUE HOME, for use with and advertising, promotion and marketing services for the goods and services of others in the field of residential and commercial security systems and alarms; satellite television products and services; and installation, repair and maintenance of plumbing, heating, air conditioning, geothermal, electrical, and security systems. Both filed September 5, 2012; currently pending.

Three applications contain a disclaimer: "NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE 'HOME' APART FROM THE MARK AS SHOWN."

Objector has also applied for the gTLD string <.home> and has lodged Legal Rights Objections against eight other applicants for that string, in addition to this Objection.

APPLICANT/RESPONDENT

Applicant is an affiliate of Donuts Inc., an entity formed in connection with ICANN's new gTLD process. Donuts Inc. and its affiliates applied for 307 new gTLDs, more than three times as many applications as the next-highest applicant. Many, if not all¹ appear to be common words or letter combinations (e.g., LTD, LLC) in English or another language. If awarded the <.home> gTLD it will create an open registry "for those who

¹ Applicant's or its affiliates' applied-for strings are listed in an Annex to the Response.

wish to make dictionary and other permissible uses of domains such as <.HOME>”.

5. Parties’ Contentions

A. Objector

Objector contends as follows:

The applied-for string <.home> is identical to the “primary formative” of the European Mark and “identical to all, or at least a dominant portion, of” one of Objector’s USPTO marks or applications. Objector apparently designates the word “HOME” as the “dominant” or “primary” element of each of its marks. As such, the applied-for string “will necessarily trade upon the goodwill in the [Objector’s] Marks promoted by [Objector]’s significant marketing efforts, creating a strong likelihood of confusion should Applicant’s application be approved”.

Objector’s use of its marks is *bona fide*. It acquired and exploited its marks in ordinary commerce in a manner consistent with an extended marketing strategy. It has used its USPTO marks in its home security and related products businesses since at least 2011, and intends, should it be awarded the <.home> string, to expand its services into registry services and the registration of domain names including the home services industry. For this purpose it acquired the European Mark, which is used by Objector’s wholly-owned subsidiary Dothome LTD for the purpose of reserving domain names under the <.home> gTLD and offering related projects, research, and Internet services.

Objector has been “a prominent and well known entity within the home services industry since 1998”. Since its “establishment” in December 2011, the .HOME mark and website have received significant Facebook followers, Twitter account posts, and unsolicited requests for <.home> domain registrations. “That consumers clearly associate the marks with Defender’s services is certainly demonstrable.”

Allowing Applicant to acquire the <.home> gTLD would “allow Applicant to impermissibly trade on Defender’s goodwill in the .HOME mark” in the home services sector, an industry in which Objector is well known but Applicant is not known at all. Objector knows of no use by Applicant of any derivative of HOME or any business related to homes or home services. Confusion as to source, sponsorship, affiliation, or endorsement with Objector’s established business is inevitable.

B. Applicant

Procedural Issues: Applicant first contends that for the following reasons Objector lacks standing to assert the Objection:

Applicant first asserts that Objector’s burden of proof should be more than a mere preponderance of the evidence. Citing ICANN’s Summary and Analysis, “[t]here is a presumption generally in favor of granting new gTLDs to applicants who can satisfy the requirements for obtaining a gTLD – and, hence, a corresponding burden upon a party that objects to the gTLD to show why that gTLD should not be granted to the applicant.”²

Objector has no right to challenge Applicant’s application. Rather its Objection is based upon the premise that ownership in one jurisdiction of a single service mark identical or similar to the applied-for string grants a right to exclude anyone else from that string.

² New gTLD Draft Applicant Guidebook Version 3 Public Comments Summary And Analysis, <http://archive.icann.org/en/topics/new-gtlds/summary-analysisagv3-15feb10-en.pdf>.

Objector's factual assertions are "highly questionable." Its entry into the domain name registry arena occurred only last year. While it may have acquired the European Mark legitimately, it did so only in connection with its efforts to acquire a new gTLD, not in the ordinary course or to promote a pre-existing line of commerce.

The applied-for string consists of a generic word, and Applicant's use of it for a new top-level domain is entirely consistent with ICANN's stated goals of enhancing free speech, competition, and consumer choice on the Internet. Those objectives would be frustrated if the Objector could stymie or avoid the carefully delineated ICANN processes for determining awards of the new gTLDs by claiming a monopoly on use of a dictionary word incorporated into a single, limited mark with no demonstrated use.

Objector makes no showing of actual infringement of its marks, and actual infringement, not just a likelihood of confusion, must be proven. Again citing ICANN (Panel emphasis), "the panel must determine, pursuant to the standards delineated, if that mark *is infringed*. The panel will then make its determination based on its finding. It will not be based on the strength of the registration, use, or otherwise, in a vacuum."³ Objector has alleged only a possibility of infringement. ICANN's procedures⁴ rather than a Legal Rights Objection provide the proper forum to address uses that have not yet occurred.

Substantive Response: Should Objector be granted standing, Applicant contends that that the Objection should be denied on the merits for the following reasons.

Similarity between the applied-for string and Objector's marks does not equal trademark infringement and there is little likelihood of confusion between the two. "Home" is an everyday word with many broad meanings; Objector's marks are limited geographically and to a small subset of those broad meanings. To the extent there will be any confusion it results from Objector's choice of a common word for its marks.

Objector has used its marks on a limited basis, for a limited time, in a limited geographic area, and not in good faith. Any use was primarily to further its gTLD application, not for the sale or marketing of goods or services.

Objector has shown no public recognition of its marks. To demonstrate a lack of such recognition Applicant submits a survey it conducted that demonstrates no recognized connection between those marks and the term "home".⁵

Objector has demonstrated no improper intent on Applicant's part in applying for the <.home> gTLD. Using a generic word for a generic TLD is entirely proper and consistent with – in fact the very purpose of – the application process ICANN established. Applicant's proposed use for a <.home> registry is presumed valid and Objector has failed to provide any evidence to the contrary; all it furnishes is unsupported speculation.

Under established trademark law in the United States, where both parties are located, Objector has failed to demonstrate any likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of Applicant's proposed use of the <.home> gTLD. Objector's mark is weak; consumers will easily be able to distinguish the new registry from Objector's products; no actual confusion has been or can be shown; and the public interest will be better served by adding competition and choice to the gTLD marketplace.

³ New gTLDs Proposed Final Applicant Guidebook Public Comment Summary, <https://archive.icann.org/en/topics/new-gtlds/summary-analysis-proposed-finalguidebook-21feb11-en.pdf>

⁴ Applicant cites in particular the requirement in its application to demonstrate trademark rights protection mechanisms it will employ should it be awarded the <.home> gTLD, asserting that it will provide considerably more protection than today available under common domains. These procedures are set forth in its application, a copy of which (public portion) is attached to the Response, and explained in the declaration of one of Applicant's officers.

⁵ As with its other evidence, Applicant supports the survey with a declaration of its methodology and relevance.

6. Discussion and Findings

The Legal Rights Objection procedure is new and its substantive guidelines for decision relatively untested in published decisions. The Panel therefore may offer a more detailed statement of the reasons for its decision than might strictly be necessary.

A. Standing: Module 3 of the gTLD Applicant Guidebook (the “Guidebook”) and the parties address standing and the merits as separate issues, so the Panel will first examine whether Objector has proven that it has standing to make the Objection.

The Guidebook, Section 3.2.2 (entitled “Standing to Object”), provides simply that “Rightsholders” are those “[w]ho may object,” *i.e.*, may file a Legal Rights Objection. “Rightholder” is elaborated on in Section 3.2.2.2: “[t]he source and documentation of the existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing.” Objector here has offered two registered service marks and four pending service mark applications with the Objection. Copies of the status page of each are attached as Annex A to the Objection. Other than proof of paying the applicable fee, these copies of public records are the only evidence accompanying the Objection.

The European Mark was issued to and is owned by an entity with a Cyprus address named Dothome LTD. Objector asserts that Dothome LTD is Objector’s “wholly-owned subsidiary” that was formed in connection with the extension of Objector’s business into the field of domain name registration, but furnishes no evidence to support these statements. Under generally accepted trademark law, practice under the Uniform Domain Name Dispute Resolution Policy (UDRP) (to the extent relevant here), and the literal language of the Guidebook, Section 3.2.2.2 (“documentation . . . must be included”), Objector in this Panel’s opinion has not established its standing vicariously to assert whatever rights Dothome LTD may hold in the European mark.

The only other registered mark relied upon by Objector is TRUE HOME, registered with the USPTO in 2006. The USPTO records⁶ indicate that this mark was assigned to Objector by its original holder, one Carl Simpson, in August 2012. There is no allegation or evidence of any affiliation or contractual relationship between Simpson and Objector beyond assigning the mark, which according to the USPTO records was an assignment of Simpson’s “entire interest [in the mark] and the goodwill.” There is no evidence to support Objector’s contentions that it has used TRUE HOME in its business.

A pending USPTO application by itself confers no rights or presumptions. To show rights in connection with them Objector must therefore rely on its use of the applicable terms in commerce. As with the other claimed marks, there is no evidence to support Objector’s claimed use of the terms included in its four pending USPTO applications for TRUE HOME, with or without the period. As Applicant points out, that term appears nowhere on a recent screenshot of Objector’s entire principal website.⁷

This leads the Panel to consider a procedural aspect of LRO proceedings, to what extent will the Panel allow a party to correct a pleading defect or supply evidence that should have been but was not included initially. Were this a UDRP proceeding, this Panel would follow well-established UDRP practice⁸ not to accept unsupported factual allegations and not to allow amendment absent extraordinary circumstances. The LRO Procedure is new, however, and perhaps a party or its counsel’s reliance on the notice pleading that is customary in common law countries might excuse such an omission. Moreover, far more is at stake in a Legal Rights Objection than in a typical UDRP proceeding, a fact that might persuade a panel to show a bit more grace and leniency in allowing amendment or supplementation.

⁶ The USPTO record of assignment is Annex D to the Response.

⁷ Response, p. 5 and Annex C.

⁸ See WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition, (“WIPO Overview 2.0”) paragraphs 4.6 and 4.7, Consensus Views.

On the other hand, LRO proceedings' increased gravity could also be said to require stricter adherence to the Procedure's requirements and less tolerance of counsel who have not undertaken a thorough investigation of the Procedure's requirements and appropriate standards of proof. The greater stakes and substantial upfront investment required in a gTLD application argue for a well-presented and well-documented presentation, without assistance from the Panel.⁹ This Panel finds this latter argument persuasive here, particularly since Objector has proven next to nothing. Its only evidence are copies of the service marks and applications upon which the Objection is based. The Objection must stand or fall on what Objector has elected to submit.

Applicant has raised additional bases for denying standing to Objector. Of these the Panel views only the last as possibly a standing objection, the failure of which to meet would disqualify the Objection regardless of the merits.¹⁰ The Panel agrees with Applicant that actual infringement, primarily at the gTLD level and not the mere possibility of a second level infringement, must be proven to sustain an Objection. The Panel prefers to address this issue under the merits of the Objection rather than as a standing issue. As with Applicant's other standing contentions, its subject is to a certain extent within the criteria established by ICANN to weigh the strength of an Objection, though on the merits it may by itself end the Panel's inquiry.

Has Objector established standing to assert the Objection? This Panel believes it has not, for failure to provide proof of any "established rights" in any of the marks or applications it cites and for failure to show any "distinctive character or reputation" of those marks.

B. The Merits: While lack of standing ordinarily would make further discussion unnecessary, for several reasons the Panel will proceed to address the merits of the Objection¹¹ under the standards set out by ICANN. First, the Guidebook, Section 3.5, expressly notes that "[t]he principles outlined below are subject to evolution based on ongoing consultation with DRSPs, legal experts, and the public." Hopefully this Panel's analysis and commentary will advance such evolution. More importantly, this Panel believes that certain of Applicant's contentions deserve serious attention by this and possibly other LRO panels.

For the Panel to uphold an objection an objector must prove (Guidebook, Section 3.5.2):

- (i) the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark"), or
- (ii) unjustifiably impairs the distinctive character or the reputation of the objector's mark, or
- (iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark.

The Guidebook is quite clear that "[t]he objector bears the burden of proof in each case". (*Id.* Section 3.5)

But what is the standard of proof the Objector must meet? Applicant forcefully suggests that an objector must clear a "high bar," as Applicant has passed its initial evaluation by ICANN and therefore generally should be presumed entitled (along with others who similarly passed the initial evaluation) to the string.

⁹ The Response in this case well illustrates this proposition. In stark contrast to the Objection, the Response is well organized, contains argument based upon the ICANN-issued documentation, and supports all factual assertions with documentation or statements made under penalty of perjury.

¹⁰ That is not to say the Panel considers the other contentions without merit. To the contrary, as discussed at greater length in the following section, the Panel finds the other standing contentions very persuasive, but as matters going to the merits of the Objection.

¹¹ As did the panel in *Defender Security Company v. Charleston Road Registry Inc.*, WIPO Case No. LRO2013-0032, which also found that this Objector lacked standing, albeit on slightly different grounds. But see, *contra*, *Defender Security Company v. Merchant Law Group LLP*, WIPO Case No. LRO2013-0036, in which the panel found that Objector did have standing based upon its United States mark, and *Defender Security Company v. Lifestyle Domain Holdings, Inc.*, WIPO Case No. LRO 2013-0035 (finding standing "by the thinnest preponderance of the evidence.")

Applicant's basic premise, that mere ownership of a trademark containing the word in the applied-for string will not suffice to sustain an objection, is incontrovertible. Applicant is also correct that the possibility of infringement caused by second level domains employing the string, by itself, will not suffice. By requiring applicants for the new gTLDs to include rights protection mechanisms that exceed those available under the existing gTLDs, a mark owner such as Objector should have a measure of recourse against a degree of cybersquatting. Applicant goes a bit too far, however, by implying that any proposed "non-trademark use" of a generic word in a string *ipso facto* defeats an objection. The existence of the LRO Procedure and the criteria from Guidebook, Section 3.5.2, quoted above indicate that ICANN contemplated instances in which a string consisting of a common word might tread impermissibly upon a mark owner's rights. Applicant also overstates its case by leaving consideration of all possible future use to ICANN's procedures for selecting the grantee of any new gTLD string. The predicate of Section 3.5.2 expressly refers to "potential use" of the applied-for string, a fact that requires the Panel to anticipate conflicts that might arise from Applicant's proposed use.

Section 3.5.2, read as a whole, furnishes some standards for evaluation. Its first two subsections each require a mark that has "distinctive character or reputation".¹² Each subsection includes a modifier on the matter that must be shown: *unfair advantage*, *unjustifiably impair*, *impermissible likelihood of confusion*. (emphasis supplied). While not creating bright lines (quite the opposite, in fact), these terms imply some malfeasance on the applicant's part or obvious adverse impact upon the objector's mark. To this Panel's way of thinking the italicized words, in the context of the new gTLD process, require a showing of systemic or regular confusion that would be found actionable under applicable trademark law. Stated differently, an objector would need to show that all or most, or perhaps an identifiable and substantial subset, of the names to be registered under the applied-for string would give rise to a colorable claim for infringement or unfair competition. An essential element of these torts, which exist under most regimes regulating labeling of goods or services, is arrogating the inherent value of another's recognized identifier. In domain name jurisprudence, this is called targeting.

With the foregoing in mind the Panel turns to the express evaluation criteria set forth in section 3.2. of the Guidebook. These are ICANN's yardsticks, expressly nonexclusive, for determination whether the necessary targeting has been proven.¹³

1. Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to Objector's existing mark.

The applied-for string incorporates the dominant feature of the HOME and TRUE HOME marks, and is thus identical or similar in appearance and sound. But as Applicant argues the meaning of HOME is far broader than the limited rights attaching to the marks. Any overlap in meaning is minimal and, so long as Applicant uses the applied-for string as it has represented to ICANN that it will, confusion is not likely. The Panel accordingly gives the superficial similarity little weight.

2. Whether Objector's acquisition and use of rights in the mark has been *bona fide*.

Objector's acquisition of its marks occurred within the past two years and it has shown no actual use of them for any business, including either its existing security systems business or its proposed domain name registry. While the record contains no hint that such acquisition was unlawful, the timing of the acquisitions, failure to show exploitation of the marks, and the fact that Objector omitted to note the very pertinent fact that it acquired one of its marks by purchase from a third party lend considerable support to Applicant's charge that Objector obtained these marks primarily to bolster its application for the applied-for string. As Applicant notes, that calls good faith into question. In any event the Panel gives Objector's acquisition and use of the marks far less weight than he would to marks that had been used for a long period in an established business. This factor strongly favors Applicant.

¹² As noted, Objector in this proceeding has not demonstrated this.

¹³ The following analysis assumes Objector's rights in an existing mark, something the Panel has found not proven.

3. 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 Objector, of the Applicant, or of a third party.

Objector furnishes no evidence to support its allegation that its marks are well known and identified with it by any market sector. The recent acquisition of the marks makes it highly unlikely that any such recognition or identification exists. Applicant's study supports this latter conclusion. This factor strongly favors Applicant. As an aside, this Panel notes that unless an objector can demonstrate strong recognition of its marks in an identifiable sector, its objection is likely to fail.

For its part, Applicant does not claim market recognition, nor does the record address third-party marks.

4. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether 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.

Nothing in the record so much as suggests any reason why Applicant should have been aware of Objector's marks, which as noted have been used if at all for less than one year in one geographic market. This factor strongly favors Applicant.

5. Whether and to what extent 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 Objector of its mark rights.

Applicant has demonstrated that its anticipated use of the applied-for string as an open domain name registry should further ICANN's stated objectives of enhanced competition and consumer choice. Such use will be entirely *bona fide*. Applicant's paying the substantial filing fee required for a new gTLD application indicates significant preparation to use the string for this purpose. This factor strongly favors Applicant.

6. Whether 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 Applicant is consistent with such acquisition or use.

Applicant does not claim having any such intellectual property rights.

7. Whether and to what extent 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 Applicant is consistent therewith and *bona fide*.

While Applicant holds no trademark or other intellectual property rights in HOME, its anticipated use is entirely *bona fide*. In contrast to Objector, which alleges without evidentiary support an investment of USD 500,000, Applicant has invested more than USD 50 million in filing fees alone to start its anticipated registry business. These factors do not aid Objector and on balance favor Applicant.

8. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

For the reasons stated several times in this Determination, Objector has made no showing of the likelihood of any confusion with Objector's marks, let alone the systemic confusion that this Panel would require. This factor, another that this Panel believes is a *sine qua non* for a successful Legal Rights Objection, strongly favors Applicant.

On the merits Objector has failed to prove that the potential use of the applied-for gTLD by Applicant:

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's marks, or
- (ii) unjustifiably impairs the distinctive character or the reputation of Objector's mark, or
- (iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and Objector's mark.

The Panel believes that the Objection borders on the frivolous and would even if Objector has shown rights in the HOME and TRUE HOME marks.

7. Decision

For the foregoing reasons, the Objection is rejected.

[signed]

Richard G. Lyon
Sole Panel Expert
Date: July 23, 2013