

EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

Limited Stores, LLC v. Big Fest LLC

Case No. LRO2013-0049

1. The Parties

Complainant/Objector is Limited Stores, LLC of New Albany, Ohio, United States of America, represented by Frost Brown Todd LLC, United States (“Objector”).

Applicant/Respondent is Big Fest LLC of Bellevue, Washington, United States, represented by The IP & Technology Legal Group, P.C. d/b/a “New gTLD Disputes”, United States (“Applicant”).

2. The applied-for gTLD string

The applied-for gTLD string (the “String”) is <.limited>.

3. Procedural History

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 25, 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 Applicant of the Objection, and the proceedings commenced on April 18, 2013. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was filed with the WIPO Center on May 18, 2013.

The WIPO Center appointed Robert A. Badgley as the Panel in this matter on June 19, 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.

On June 28, 2013, Objector submitted an unsolicited Reply Brief with new exhibits. On July 4, 2013, Applicant objected to Objector’s unsolicited filing. The Panel read these supplemental materials but did not find them to make any notable difference to the disposition of this case.

4. Factual Background

Applicant is a subsidiary of Donuts Inc. According to the Executive Vice President of Donuts Inc., the company's management has substantial experience in the domain name business. Donuts Inc. was formed "to acquire and operate new generic top-level domains under ICANN's new gTLD program that launched officially in July 2011." One stated goal of Donuts Inc. is to "increase competition and choice in the domain name space." Applicant and its Donuts affiliates applied for 307 new TLDs (spending roughly USD 57 million in the process), and "deliberately chose common words from the dictionary so that consumers could make use of the gTLDs in accordance with the meanings they ascribe to those words." Donuts claims to have raised more than USD 100 million toward these business aims.

As respects the <.limited> string in particular, Applicant wrote in section 18(a) of its application:

"This TLD is a generic term and its second level names will be attractive to a variety of Internet users. (...) The .LIMITED TLD will be attractive to a very broad and diverse group of registrants that may include companies and non-profits in multiple international and intra-country jurisdictions that use the "limited" term as a corporate or organizational identifier. It would be further available to companies in jurisdictions that may later adopt this moniker. The "limited" term is widely utilitarian, as evidenced by various international applications – for example, separate from their context as incorporated entities, organizations have used the "limited" term to refer to various products and services..."

Applicant also wrote in that part of the application: "in the case of the known clothing retailer, we would work to reserve some [second-level] names that arguably could interfere with the rights of that entity."

Objector is a fashion retailer offering clothing and accessories at over 250 retail stores in the United States and in 90 countries via the Internet. Objector's mark THE LIMITED has been registered in numerous countries and jurisdictions to identify and distinguish Objector's clothing and accessories. The worldwide sales of THE LIMITED goods over the past 20 years exceed USD 10 billion.

Objector spends tens of millions of dollars each year advertising and promoting its THE LIMITED clothing apparel and accessories, including USD 13 million during the past five years to promote its e-commerce activities. Objector's net sales over the past five years of THE LIMITED goods via the Internet exceed USD 150 million.

Objector's online presence is centered at the domain name <thelimited.com>. In 2012, that website received more than 25 million visits. The periodical *Women's Wear Daily* reportedly counted THE LIMITED among the 100 most recognized consumer brands in the year 2012.

Additional facts will appear in context in the discussion that follows.

5. Parties' Contentions

A. Objector

Objector raises arguments under each of the eight non-exclusive factors relevant to a determination under the Procedure, the principal points of which are set forth below in the respective discussion of each of those factors.

B. Applicant

Applicant's main points under the eight factors will also be reflected in the context of the discussion below.

6. Discussion and Findings

For the reasons set forth below, the Panel concludes that this Legal Rights Objection should not be sustained.

Objector bears the burden of proof. ICANN New gTLD Applicant Guidebook (“Guidebook”), Section 3.5. The prefatory comments to the eight factors to be considered by a Panel under the LRO Procedure state that the Panel:

“... will determine whether 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 unjustifiably impairs the distinctive character or the reputation of the objector’s mark ..., or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector’s mark...”

Guidebook, Section 3.5.2.

The use of the terms “unfair,” “unjustifiably,” and “impermissible” as modifiers, respectively, of “advantage,” “impairs,” and “likelihood of confusion” in Section 3.5.2 of the Guidebook suggests that there must be something more than mere advantage gained, or mere impairment, or mere likelihood of confusion for an Objection to succeed under the Procedure. It seems, rather, that there must be something untoward – even if not to the level of bad faith – in the conduct or motives of Applicant, or something intolerable in the state of affairs which would obtain if Applicant were permitted to keep the String in dispute.

The Guidebook sets forth eight non-exclusive factors which should be considered by the Panel when applying the Section 3.5.2 standards to the facts of this case. Before walking through the eight factors, however, the Panel must raise one fundamental point that colors its consideration of this entire case. Objector’s mark is THE LIMITED, whereas the string is <limited>. Typically, the presence or absence of a definite article (here, “the”) makes little or no difference in trademark matters. However, in the present case the Panel believes that the definite article “the” makes a great deal of difference. Without the “the” in the String, Applicant’s claim to legitimacy is much more plausible and stronger, and the prospect of confusion is reduced.

It is worth noting that Objector consistently refers to its mark as THE LIMITED throughout the record in this case. Objector’s numerous trademark registrations throughout the world are for THE LIMITED.¹ The considerable advertising and marketing expense incurred each year by Objector, as reflected in the affidavit of its General Counsel, is for THE LIMITED. The signage and labels used by Objector at its retail outlets and on its wares, as set forth in the annexes to the Objection, are invariably expressed as THE LIMITED.

Objector’s Internet activities also confirm that it regards its mark as THE LIMITED, not LIMITED. Objector’s online business is conducted at a website located at <thelimited.com>. Objector refers to its ownership of “a robust domain portfolio, including thelimited.com.” Objector also lists eight other domain names with country code TLDs, such as <thelimited.ca>. Each of these eight domain names with a ccTLD contains the second-level domain name “thelimited.” None of the domain names in Objector’s “robust” portfolio, at least as far as this record is concerned, includes a second-level domain name consisting of “limited” by itself. Objector also points out that it obtained a registration block of the domain name <thelimited.xxx>. Again, there is no suggestion in the record that Objector tried to block <limited.xxx>.

¹ It appears that, among Objector’s hundreds of worldwide trademark registrations, there are two for the word mark LIMITED in Australia and possibly one for the word mark LIMITED in New Zealand. Even so, in documents assigning trademark rights to Objector, the Australian marks are designated as THE LIMITED and not LIMITED. Further, there is no evidence in the record concerning Objector’s efforts, if any, to use the mark LIMITED (standing alone) in Australia or New Zealand (or anywhere else, for that matter).

The record is devoid of any evidence that Objector has actually used LIMITED as a mark in commerce, or affixed the sole word LIMITED to any of its goods, or spent any money marketing its wares or services under the sole word LIMITED. From all of this the Panel concludes that Objector understands its trademark to be THE LIMITED, not LIMITED.

If the string in dispute in this case were <.thelimited>, Objector would be in a much stronger position. As it stands, however, Objector cannot escape the reality that “limited” is a common word with various meanings, and as such it is possible for someone to make a legitimate use of the string <.limited>. Having made this preliminary observation, the Panel will examine whether Applicant’s anticipated use of this String is tolerable under the standards governing this Procedure.

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

Objector’s mark is THE LIMITED and the string is <.limited>. Objector is incorrect to argue that the mark and the String are identical; the word “the” appears in the mark but not in the String. The Panel is prepared to find the mark and the String similar, but, as suggested above, the definite article “the” will figure importantly in the analysis of other factors under the Procedure.

The Panel concludes that the mark and the String are similar and therefore this first factor weights in favor of Objector. The Panel observes here that “similarity” under this factor does not necessarily mean *confusing* similarity.

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

Applicant does not seriously dispute for purposes of this proceeding that Objector’s use of, and rights in, its THE LIMITED mark are *bona fide*. Rather, Applicant tries to recast the focus of this factor by arguing that Objector’s use of its mark is too narrow (largely confined to younger women in the United States) to implicate the string in dispute. The Panel rejects Applicant’s attempted reconstruction of this factor. Objector has doubtless made *bona fide* use of its mark, and hence the Panel finds that this factor weighs in favor of Objector.

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 Objector, of Applicant or of a third party.

There is undoubtedly considerable public recognition, at least in the United States, of the mark THE LIMITED as the source identifier of Objector’s retail stores and fashion wares. However, there is no evidence in the record that the word “limited”, without more, enjoys recognition in the public as a source identifier of Objector. There is no evidence in the record that Objector’s Internet activities involve LIMITED, as opposed to THE LIMITED, as a source identifier.

Objector states (with emphasis added): “The Limited submits that consumers of retail services, clothing apparel and accessories associate LIMITED, *whether standing alone or with the definite article ‘the,’ solely* with The Limited.” This assertion is unsupported by actual evidence, and on its face does not appear plausible (especially as respects the universe of “consumers of retail services”). If Objector had any evidence to support its assertion that the word “limited” – “standing alone” – was associated by the relevant consuming public “solely” with Objector, it was incumbent on Objector to provide such evidence.

As respects Applicant, there is no evidence that the word “limited” is associated in the public mind with Applicant.

The word “limited” is a common word with multiple meanings. As the parties acknowledge, the word can refer to a confined or scarce quantity, such as a “limited edition” or “limited options.” It is also a common legal term to refer to “limited liability,” *i.e.*, a restriction on one’s ability to sue certain persons who own or manage a business. It is common ground between the parties that various businesses append to their

company name the term “limited,” or its abbreviation “Ltd.,” or “LLC” (limited liability corporation), or “LLP” (limited liability partnership), and so forth. Hence, the Panel finds that there are numerous third parties who use the term “limited” in connection with a company name or in some other descriptive sense.

Applicant submitted an affidavit summarizing a consumer recognition survey to assert that “limited” is widely perceived as an intangible concept and not as Objector’s trademark. Much of Objector’s Reply Brief is devoted to attacking this affidavit and survey. The Panel has accorded little or no weight to the survey, chiefly because (as Objector also noted) the affidavit provides inadequate information about the context of the survey exercise. While the methodology behind this survey may well have been sound, the Panel cannot so conclude because of the unclear foundation on which it was presented.

The Panel finds that this factor is inconclusive in its disposition of this case.

iv. 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.

It is undisputed that Applicant was aware of Objector’s mark at the time Applicant applied for the String. As noted, in section 18(a) of its application Applicant wrote: “in the case of the known clothing retailer, we would work to reserve some [second-level] names that arguably could interfere with the rights of that entity.” Applicant did not elaborate on which names it might “work to reserve” for Objector’s benefit.

Applicant’s parent Donuts Inc. has, directly or through subsidiaries like Applicant, applied for more than 300 gTLDs in addition to the string in dispute. According to Applicant, in section 18(a) of its application “[t]he company intends to increase competition and consumer choice at the top level. It will operate these carefully selected TLDs safely and securely in a shared resources business model.”

As respects the <.limited> string in particular, Applicant wrote in section 18(a) of its application:

“This TLD is a generic term and its second level names will be attractive to a variety of Internet users. (...) The .LIMITED TLD will be attractive to a very broad and diverse group of registrants that may include companies and non-profits in multiple international and intra-country jurisdictions that use the “limited” term as a corporate or organizational identifier. It would be further available to companies in jurisdictions that may later adopt this moniker. The “limited” term is widely utilitarian, as evidenced by various international applications – for example, separate from their context as incorporated entities, organizations have used the “limited” term to refer to various products and services...”

It is undisputed that Applicant was aware of Objector, the “known clothing retailer,” at the time it applied for the String. Such awareness, by itself, does not automatically equate to bad faith or some other mischievous motive for purposes of this proceeding. Rather, the core question is whether Applicant’s intentions here were *bona fide*.

The Panel concludes, on the record before it, that Applicant’s intent here was legitimate and in good faith. Applicant and its corporate family have set about to launch an ambitious Internet business venture. Having spent roughly USD57 million on the gTLD applications alone, they hope to become a leading registry of TLDs with potentially popular appeal. The array of TLD strings for which Applicant and its affiliates have applied reflects an intention to acquire largely popular and common words that may attract people and businesses to pay for an Internet address at one of the Donuts TLDs.

The Panel notes also that Applicant’s stated intentions *vis-à-vis* the string at issue are corroborated by Applicant’s other TLD applications for <.ltd>, <.llc>, <.inc.>, and <.corp>.

Objector notes that Applicant's parent Donuts Inc. has also applied for the TLD strings <.fashion>, <.coach> and <.express>, and alleges on this basis that Donuts has "future designs for operating gTLDs aimed at the fashion industry." Objector does not expressly argue that such registrations constitute, within the meaning of this fourth factor, "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."

In any event, Applicant denies having engaged in any such pattern, and the Panel finds this denial plausible. The words "coach" and "express" both reflect trademarks in the fashion industry, but they also serve as very common words whose generic use as TLDs is certainly within the realm of imagination. (The Panel is not, of course, making any actual findings as respects those other TLD strings, but discusses them here only insofar as Objector has raised them as examples of Applicant's alleged ill motives.)

It also bears noting that Applicant and its affiliates have applied for more than 300 gTLDs and Objector has mentioned only three of them in this case. Without being exhaustive here, the Panel observes that a sampling of the other TLDs applied for by the Donuts family includes: <.art>, <.accountants>, <.agency>, <.food>, <.football>, <.forsale>, <.style>, <.sucks>, and <.supplies>. These common terms appear to be consistent with a legitimate plan to attract various people and entities to purchase Internet addresses tailored to their interest or sphere of activity.

In sum, the Panel finds nothing untoward in Applicant's intent here. This factor favors Applicant.

v. 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.

Much of what was said above in connection with the fourth factor is equally applicable here. Applicant apparently has secured financing exceeding USD 100 million, hired numerous professionals, and applied for more than 300 TLDs in order to operate a suite of TLD registration services.

Objector asserts that Applicant's anticipated use of the <.limited> string will interfere with its rights in its THE LIMITED mark. As respects Applicant's comment in the application that "in the case of the known clothing retailer, we would work to reserve some [second-level] names that arguably could interfere with the rights of that entity," Objector asserts:

"Such a proposal is not only unworkable in practice but wholly ineffective to remove the likelihood of confusion and resulting damage to The Limited due to (a) the consumer recognition of THE LIMITED throughout the world, (b) the relative scarcity of the use of "Limited" alone in the marketplace as a "corporate or organizational identifier," and (c) the virtually unlimited combinations of terms that could be used by third parties to attract consumers to competing or counterfeit goods."

As respects (a), Objector has not provided evidence of the consumer recognition of its THE LIMITED mark "throughout the world." As respects (b), no one has provided evidence in this case as to the extent of use of "limited" as a corporate or organizational identifier.

As respects (c), Objector cites as examples the potential domain names <sales.limited>, <springline.limited>, <runway.limited>, and <catalogue.limited>. The Panel accepts that there is some potential for abuse by third parties who may register second-level domain names with <.limited> as the TLD. The extent of such potential abuse is of course a matter of speculation. Objector will have legal recourse of some kind to curb particular abuses, should they occur. On a more practical level, because Applicant confirmed in its application its commitment to "work to reserve" certain names that might be particularly sensitive to Objector, it would seem logical that Objector could now seek to work with Applicant to reserve or otherwise block some of the most sensitive potential second-level domain names.

Finally, the Panel observes here that Objector's very list of unacceptable domain names (if in the hands of third parties) includes <sales.limited>. Just looking at that example, it is apparent that Objector's concerns might perhaps be somewhat exaggerated. Numerous businesses in various areas of commercial activity in diverse parts of the world might be tempted to register <sales.limited> and legitimately use that domain name because their business happens to conduct sales over the Internet for a limited period. It is not difficult to imagine many such businesses doing so legitimately and without infringing Objector's mark in any respect.

This factor weighs in favor of Applicant.

vi. 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 plans to use the String in a largely generic sense, without possessing corresponding intellectual property rights. This factor, while not very significant in this case, favors Objector.

vii. 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*.

Applicant is not commonly known by the String or any sign corresponding thereto. This factor, like the previous one, is not very significant in this case but does favor Objector.

viii. 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.

The Parties offer their respective analyses under this head on the basis of two of the leading, and largely overlapping, judicial multi-factor tests developed to determine likelihood of confusion in the United States. Under the Procedure, no single test is mandated when considering this "likelihood of confusion" factor. The Panel will address the more substantial arguments set forth by the Parties, as well as the Panel's own considerations bearing on this factor.

First, in support of its contention that THE LIMITED mark is "arbitrary and strong," Objector asserts that Applicant, in its application, alluded to Objector as "the well-known clothing retailer." Actually, Applicant used the phrase "known clothing retailer," and did not say "*well-known*." This may seem a small point, but it deserves mention when the strength of a trademark is under discussion.

In addition, the Panel observes that, despite describing the mark THE LIMITED as "arbitrary" in the initial LRO pleading, Objector conceded in its Reply Brief that "'Limited' is not an arbitrary mark." These two assertions underscore the importance of the difference between THE LIMITED and <.limited>.

As discussed above, the mark THE LIMITED and the string <.limited> are similar, though not (as Objector asserts) identical. The definite article "the" makes a difference in this case. If the string were <.thelimited>, Applicant's professed plans for the String would be highly suspect. This is because limited liability businesses do not use the term "the limited" (or an abbreviation or derivation thereof) in their company name. Also, the concept of exclusivity or scarcity conveyed by the term "limited" would often lose its force or meaning if the word "the" were appended to "limited." For example, the phrase "she has limited options" means something different from "she has the limited options."

In the absence of the definite article "the" in the String, however, Applicant's proposed use of the String is plausible and legitimate, and the likelihood of confusion between Objector's mark and the String is greatly reduced. There is simply no viable evidence in the record to suggest that significant source confusion – among consumers or non-consumers who use the Internet – will ensue if Applicant carries out its plans.

The Panel also notes that Objector's commercial activity is largely confined to the sale of women's clothing and accessories at retail stores in the United States and via the Internet. Outside of that field of activity, there are myriad legitimate third-party uses of the term "limited" which cause no confusion with Objector's THE LIMITED mark.

It is also useful to recall in this connection that, under Section 3.5.2 of the Guidebook, the relevant concern is with an "*impermissible* likelihood of confusion." Even if Objector were to demonstrate a likelihood of confusion here, it would also have to demonstrate an *impermissible* likelihood of confusion. In the Panel's view based on this record, Objector has done neither.

The Panel concludes that this eighth factor under Section 3.5.2 of the Guidebook weighs in favor of Applicant.

7. Decision

For the foregoing reasons, the Objection is rejected.

[signed]

Robert A. Badgley
Sole Panel Expert
Date: July 15, 2013