

EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

The DirecTV Group Inc. v. Dish DBS Corporation

Case No. LRO2013-0005

1. The Parties

Objector/Complainant (“Objector”) is The DirecTV Group Inc. of El Segundo, California, United States of America represented by Arent Fox LLP, United States.

Applicant/Respondent (“Respondent”) is Dish DBS Corporation of Englewood, Colorado, United States represented by Patton Boggs LLP, United States.

2. The applied-for gTLD string

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

3. Procedural History

The Legal Rights Objection (“the Objection”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) on March 12, 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 20, 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 Respondent of the Objection, and the proceedings commenced on April 16, 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 16, 2013.

The WIPO Center appointed Robert A. Badgley, Mark Partridge, and Maxim Waldbaum as the Panel in this matter on June 20, 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 May 22, 2013, Objector requested an opportunity to file a reply brief, which it reiterated on June 20, 2013. On the same day, the Respondent requested an opportunity to respond to any additional reply briefs filed by Objector, if the Panel granted Objector's request. On June 26, 2013, the Panel issued Procedural Order No. 1 in which it ordered Objector to submit a short Reply Brief by July 1, 2013 and Respondent to submit a short Rejoinder thereto within three business days thereafter. Both parties made timely submissions.

4. Factual Background

Objector and its subsidiaries provide digital television entertainment services, and provide television and audio services via satellite to subscribers. Objector provides such services under its DIRECTV mark and other marks containing the term "direct".

Since 1994, Objector has used the mark DIRECTV to identify and distinguish its digital and satellite television services. Objector is a leading satellite television provider in the United States, offering more than 285 digital channels to more than 20 million subscribers in the United States. Objector has another 15 million subscribers in other countries, including a large presence in Latin America.

Objector and its affiliates hold numerous trademark registrations. For example, the word mark DIRECTV was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") in March 2003 for telecommunications products (which are detailed and include satellite dishes). The word and design service mark DIRECTV was registered with the USPTO in September 2002 for "television programming and production services and distribution of television programs for others." These USPTO registered marks indicate first use in commerce in June 1994.

Other USPTO Principal Register registrations held by Objector or its affiliates include: (1) the word mark DIRECTV PLUS registered in January 2001 for "electronic equipment for receiving direct broadcast satellite signals, namely, receivers, satellite dishes, antennas and remote controllers therefore [*sic*] sold together as a unit" with a first use in commerce in September 1999; (2) the word service mark DIRECTV AIRBORNE registered in January 2004 for "satellite television transmission and broadcasting services" with a first use in commerce in April 1999; (3) the word service mark WORLDDIRECT registered in January 2006 for "television programming and production services and distribution of television programs for others" with a first use in commerce in December 2004; (4) the word service mark WORLDDIRECT registered in October 2007 for "satellite television transmission and broadcasting services" and "pay-per-view television transmission services" with a first use in commerce in December 2004; (5) the word service mark DIRECTVIEW registered in October 2012 for research and analysis of consumer viewing habits with a first use in commerce in April 2010; (6) the word service mark PINOYDIRECT registered in July 2010 for "television programming and production services, programming on a global computer network," and related services with a first use in commerce in September 2008; (7) the word service mark HINDIDIRECT registered in July 2007 for "satellite television broadcasting" and related services with a first use in commerce in October 2004; and (8) the word service mark MANDARINDIRECT registered in August 2007 for "satellite television broadcasting" and related services with a first use in commerce in May 2005.

Outside the United States, Objector holds several trademark registrations, including: (1) DIRECTV CINEMA registered in Argentina in September 2011; (2) DIRECTV NEXUS registered in Chile in July 2012 for telecommunications products and services; (3) DIRECTV registered in Colombia in July 2011 for telecommunications services; (4) DIRECTV registered in the Bolivarian Republic of Venezuela in April 2000 for telecommunications products; (5) ACCESS DIRECTV registered in the European Union in December 2011 for various goods and services, including telecommunication and satellite broadcasting services; and (6) DIRECTVIEW registered in the European Union in July 2011 for various goods and services.

For each year from 2008 through 2012, the DIRECTV brand was ranked among the world's 500 most valuable brands by BrandFinance.

Objector has maintained a website at “www.directv.com” since 1995. In 2012, that website received an average of more than 10 million visits each month. Objector also uses the toll-free telephone number 1-800-DIRECTV to promote its services.

Respondent is a subsidiary of Dish Network Corporation. According to Respondent’s Senior Vice President of Product Management:

“DISH provides satellite television, broadband services, audio programming, and interactive television services to commercial and residential customers in the United States. DISH currently provides satellite television services to 14 million subscribers in the United States. DISH has been a leader and innovator since it was founded in 1980. Since 1996, DISH has provided direct to home satellite based television services.”

In 2011, Dish purchased Blockbuster L.L.C. out of bankruptcy. Through its Blockbuster affiliate, Dish now provides movie and video game rental services to consumers “by DVD-by-mail, streaming and video-on-demand.” Dish also asserts that it intends to expand its presence and activities in the communications field.

Respondent describes itself in marketing materials as “a leader in satellite TV, providing subscribers with the highest-quality programming and technology at the best value.” Objector and Respondent are direct competitors, and both vie for the same customers as satellite dish television subscribers.

There is no evidence in the record that Respondent has ever used DIRECT (or any derivation of that word) as a trademark or service mark.

In section 18(a) of its application for the <.direct> gTLD, Respondent wrote in relevant part:

Applicant seeks the proposed .direct gTLD as a restricted, exclusively-controlled gTLD for the purpose of expanding Applicant and its affiliated entities’ ability to:

- create a connected digital presence and personalized brand experience for customers and other business partners;
- deliver product and service marketing/advertising;
- enable marketing campaign activation;
- facilitate secure interaction and communication with individuals and entities with whom Applicant has a business relationship;
- improve business operations;
- simplify Internet user navigation to information about Applicant products and services;
- demonstrate market leadership in protecting customer privacy and confidential information online; and
- meet future client expectations and competitive market demands.

In section 18(b) of its application, Respondent identified its anticipated “user experience goals” as follows:

- Unify the full breadth of products and services offered by Applicant and its affiliated entities under one brand umbrella;
- Improve and streamline the manner in which customers and other business partners can interact with Applicant and its affiliated entities in the online digital space;
- Foster trust and confidence in online interactions by customers and other business partners with Applicant and its affiliated entities;
- Reduce the risk of Internet users being misled, believing and/or acting on erroneous, information about Applicant and its affiliated entities, its business partners and/or its products and services presented online by unauthorized third parties; and
- Simplify online navigation to products, services and business partner information for Applicant and its affiliated entities.

In an affidavit submitted by Respondent's Vice President, Vivek Khemka, in response to the Objection, Respondent claims that its application for the <.direct> gTLD was filed in good faith, as part of Respondent's business plan to increase its connectivity and offerings to consumers. As Mr. Khemka notes in his affidavit, Respondent intends to continue to provide programming and content "direct" to consumers, using the <.direct> gTLD as a closed, secure network for its eco-system. As Mr. Khemka notes, the concept of providing "direct" services to its customers has been key to Respondent's business and success:

"DISH provides programming and content 'direct' to consumers, direct to their homes, direct to their screens. DISH also will provide telecommunications services 'direct' to consumers. DISH offers consumers direct choice, direct value, and direct service. 'Direct' service has been a key element of DISH's offerings since its founding. That is why DISH selected <.direct> as a gTLD."

5. Parties' Contentions

A. Objector

According to Objector, this is a clear case of underhanded business practices by a competitor. Objector states: "Dish and DIRECTV are direct competitors. Dish acknowledges this in promotional and marketing materials, including at its Web site where it dedicates numerous pages and charts to comparisons between Dish and DIRECTV." Objector also asserts that Respondent has never used the term "direct" to identify or distinguish its goods and services in commerce, but instead has chosen to apply for the <.direct> string in order to confuse consumers who were looking for Objector's goods and services.

Objector emphasizes the following quote from Respondent's application, in which Respondent describes its plan to use the <.direct> string to "[u]nify the full breadth of products and services offered by Applicant [DISH] and its affiliated entities under one brand umbrella." According to Objector, this stated plan is an admission by Respondent that it plans to use <.direct> as a trademark. In this vein, Objector points to several other stated goals of Respondent as reflected in section 18(a) of its application, including:

- creating a connected digital presence and personalized brand experience for customers and other business partners;
- delivering product and service marketing and advertising;
- enabling marketing campaign activation;
- simplifying Internet user navigation to information about Dish's products and services; and
- meeting future client expectations and competitive market demands.

B. Respondent

Respondent denies that it intends to use <.direct> as a trademark, stating that the word "direct" is generic and hence cannot serve as a mark. Respondent also claims that its proposed use of the String is *bona fide* and will not cause confusion with Objector and its goods and services.

6. Discussion and Findings

For the reasons set forth below, the Panel concludes that the Objection should be sustained. Respondent, a purveyor of satellite television services, is seeking to use the word "direct," which is the dominant part of the family of marks owned and used by its chief competitor in the satellite television business, Objector. On the record before it, the Panel therefore unanimously concludes that Respondent likely chose the <.direct> string for the sole purpose of disrupting the business of Objector.

That these two parties are direct competitors can scarcely be doubted. Indeed, the Panel notes that as it has been deliberating over this case, Respondent is running a series of television advertisements aimed

squarely at Objector and its satellite television offerings.

The Panel rejects Respondent's professed *bona fide* motives for applying for the String. Rather, the Panel views Respondent's effort as part of a battle for satellite television market share. Accordingly, under the standards set forth in the Procedure, the Panel concludes that the potential use of the applied-for gTLD by Respondent takes unfair advantage of the distinctive character or the reputation of Objector's registered marks, and unjustifiably impairs the distinctive character or the reputation of Objector's mark, and otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and Objector's mark. gTLD Applicant Guidebook ("Guidebook"), Section 3.5.2. The Panel concludes that there is something untoward in Respondent's motives here, and that an intolerable state of affairs would obtain if Respondent's application for the String were allowed to stand.

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. The Panel will address them below in order.

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

According to Objector, it is "indisputable that the gTLD string '.DIRECT' is nearly identical to DIRECTV's core intellectual property, including its name, and its family of DIRECTV and DIRECT-formative trademarks, and its primary domain name <directv.com>.

According to Respondent:

"The applied-for gTLD <.direct> is not identical or substantially similar to any of Objector's marks. While Objector submitted a roster of many trademark registrations in the U.S. and internationally using the term 'DIRECTV' 'direct+{suffix}', none of these registrations is for 'direct' by itself. That is, Objector has not established that it owns any trademark rights, anywhere in the world, in 'DIRECT' in and by itself. Instead, each of Objector's trademark registrations is for 'direct' in combination with another term, such as 'tv', 'hindi', 'mandarin', 'pinoy', 'world', 'view', etc., as is shown by the registrations set forth in Objector's Attachments B and C. In view of the inherent generic and descriptive nature of the word 'direct,' it is highly unlikely that Objector – or anyone else – could own exclusive trademark rights in 'direct' – especially when used for television or other services offered directly to consumers.

Further, while 'DIRECT' and 'DIRECTV' have some similarities in appearance, a critical aspect of DIRECTV is 'TV,' and as the survey evidence discussed below confirms, that the term 'direct' is not uniquely associated with Objector. Similarly, while 'DIRECT' and 'DIRECTV' have some phonetic similarities, they are significantly different, as the latter requires addition of third and fourth syllables for the 'TV' portion (DIR-ECT-TEE-VEE). That 'TV' portion is critical to Objector's marks and provides meaning, context and association of goods/services with a unique provider thereof. Without the 'TV' segment, the 'DIRECT' portion provides no such association – with Objector or anyone else. By itself, 'DIRECT' is simply a generic term. It is possible that, as stated in paragraph 12.e of Objector's complaint, that its 'DIRECTV' brand was valued at \$8.2 Billion. That is for the full mark, with the critical 'TV' component. It is telling that Objector does not claim that any value was established for 'DIRECT' alone. Objector's failure to establish any use of 'DIRECT' by itself in its advertising and as a free-standing brand compels the conclusion that Objector too has used 'DIRECT' only generically and not as a brand. That is not surprising, as Objector cannot claim any exclusive rights to that generic term."

The Panel concludes that the String is similar to the DIRECTV mark inasmuch as it differs by only one letter, and is similar to the other DIRECT-formative marks of Objector. The Panel is well aware of the fact that Objector's main mark is a contraction of the terms DIRECT and TV, with the T serving a dual role. Even so,

the String and the marks are similar. It bears noting that *confusing* similarity is not required under this factor.

As respects the “survey evidence” alluded to by Respondent under this head, the Panel will address it later in this opinion.

The Panel finds that this factor weighs in favor of Objector.

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

There is no serious dispute that Objector’s acquisition and use of rights in its various DIRECT-formative marks is *bona fide*. Accordingly, the Panel finds that this factor favors 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 Respondent or of a third party.

According to Respondent:

“Objector failed to show that the public recognizes ‘DIRECT’ as its mark. Indeed, the facts show that ‘Direct’ is not associated with Objector. Dr. Maronick’s survey shows that less than 6% of persons responding to his survey made any connection between .direct and Objector. Maronick Decl., para. 7 (Attachment 2 hereto). As Dr. Maronick states: ‘In this survey, respondents were asked ‘If you were to see a domain name ending with ‘.direct’ would you associate it with any particular company or organization?’ Those who said yes were asked ‘what company or organization?’ Less than 6% of respondents (11 persons out of 216 responding) mentioned DirecTV as that company. Most respondents (159 out of 216) did not name any company at all.’ *Id.* That result is far less than the 15-20% minimum that would be needed to show any association or confusion. See Thomas McCarthy, 6 McCarthy on Trademarks and Unfair Competition § 32:188 (4th ed.).

That result is not surprising. Thousands of trademark registrations use the word ‘direct.’ Most of those use other words or symbols with ‘direct’ – again because no one entity can have exclusive rights to such a generic word. Thus, a search of live trademark applications and registrations at the U.S. Patent and Trademark Office alone revealed over 3,000 results incorporating ‘direct’ in a mark, See Declaration of Paralegal Karen Agee, annexing results of trademark searches (Attachment 3 hereto).”

The Panel is not convinced that the Maronick survey supports Respondent’s case here. First, the context of the survey is not provided. That is to say, the precise circumstances under which the survey was conducted are not laid out by Respondent or its expert, Dr. Maronick. Rather, a bare summary of the methodology and the salient findings is provided. As such, the Panel finds the survey to be of little probative value.

The Panel also questions certain aspects of the methodology, at least as far as it understands it. For instance, it is arguable that survey respondents who do not know the major players in the transmission of entertainment via satellite should not even be counted in the survey.

Further, the Panel notes, assuming the validity of the survey (and the Respondent’s clarifications as to survey responses in its Rejoinder), that nine out of 46 survey respondents who did associate the hypothetical domain name <television.direct> with a particular company identified Objector. This outcome, albeit with a very small sample, confirms that more than 19% of the survey participants who identified some company identified Objector.

Respondent asserted in its Rejoinder that, while not bearing on the main point of the conclusions it makes from its survey, some members of the public associate the <.direct> gTLD with DISH. As respects third-party uses, the Panel accepts that numerous parties have made use of the term “direct” as part of their trademark or service mark. These facts and assertions, however, are of little moment here. In the Panel’s

opinion, the essential fact in this proceeding is that Respondent, a purveyor of satellite television services, is seeking to use the word “direct,” which is the dominant part of the family of marks owned and used by its chief competitor in the satellite television business, Objector.

The Panel finds that this factor weighs in favor of Objector.

iv. Respondent’s intent in applying for the gTLD, including whether Respondent, 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 Respondent 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.

This factor, in the Panel’s view, is of paramount importance in this case. There is no doubt that Respondent is well aware of Objector and its DIRECTV and other DIRECT-formative marks. Objector is Respondent’s main competitor, and vice-versa, in the major market of satellite television services in the United States.

Respondent has never used the term “direct” as a trademark or service mark, and with good reason. If it tried to do so, it would likely be enjoined by a court of law at Objector’s behest. Respondent’s claim that it has applied for the <.direct> string because it provides services (in the generic sense) *directly* to consumers is viewed by the Panel as a contrivance.

Rather, the Panel concludes, based on the record before it, that Respondent has applied for the String as part of an ongoing battle for market share, at Objector’s expense.

Respondent essentially admits as much in its application, wherein it states that it applied for the String to “unify the full breadth of products and services offered by Applicant and its affiliated entities under one brand umbrella.” The String, therefore, would serve as the “one brand umbrella” under which the “full breadth” of Respondent’s products and services would be unified. The Panel finds this admission in the application as far more reliable than the statements, quoted above, by Respondent’s vice president, who disavows Respondent’s brand-centered motivation in applying for the String.

In contrast to applying for a gTLD string on the basis of its generic or dictionary meaning, which LRO panels regard as permissible in many circumstances (see *Express, LLC v. Sea Sunset, LLC*, WIPO Case No. LRO2013-0022), this Panel finds that Respondent’s likely intention was to target the trademark of a direct competitor.

The Panel concludes that this factor favors Objector.

v. Whether and to what extent Respondent 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.

The discussion under factor 4 applies with equal force here. The Panel concludes that this factor favors Objector.

vi. Whether Respondent 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 Respondent is consistent with such acquisition or use.

Respondent has no marks or other intellectual property rights that correspond to the word “direct.” The Panel finds that this factor favors Objector.

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

The Panel finds that Respondent has not been commonly known by the word “direct.” By contrast, Objector has long been associated with the word “direct” (albeit with the term “TV” or a geographical or other descriptive indicator) in the entertainment sector. The Panel finds that this factor favors Objector.

viii. Whether Respondent’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.

As noted above, Respondent stated in its application that it intended to use the String to “unify the full breadth of products and services offered by Applicant and its affiliated entities under one brand umbrella.” Notwithstanding Respondent’s subsequent, and unconvincing, efforts to disavow this stated motive, the Panel believes that consumer confusion would be likely if this application were allowed to stand. It appears very likely, based on Respondent’s survey alone, that some Internet users seeking Objector’s satellite television services would be confused to land at a website accessible at, for example, the domain name <television.direct>.

The parties are in direct competition for the satellite television market, and the dominant word in Objector’s family of marks is the word “direct.” Under these circumstances, the Panel concludes that consumer confusion would be the likely result if Respondent were allowed to keep and use the <.direct> string.

The Panel concludes that this factor favors Objector.

7. Decision

For the foregoing reasons, the Objection is upheld.

[signed]

Robert A. Badgley
Presiding Panel Expert

[signed]

Mark Partridge
Panel Expert

[signed]

Maxim Waldbaum
Panel Expert
Date: July 29, 2013