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URS versus UDRP proceedings – choosing the right forum

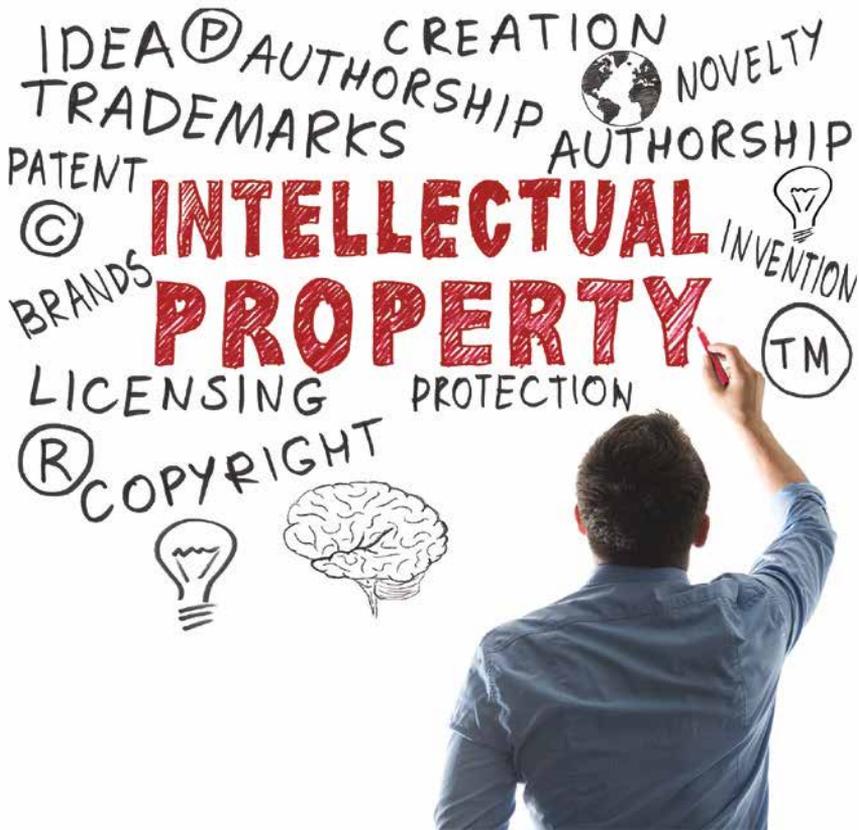
Lewis Roca Rothgerber Christie LLP

Anne Aikman-Scalese, Michael J McCue and Aaron D Johnson

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Authors

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In 2013 the Internet Corporation for Assigned Names and Numbers (ICANN) contracted with third-party service providers to adjudicate ‘clear and convincing’ cases of domain name abuse through the newly established Uniform Rapid Suspension (URS) programme. Experiences with this new rights protection mechanism established for and applicable to all new generic top-level domains (gTLDs) have been mixed.

Recent developments

In 2015 the cases that shed particular light on the burden of proof associated with URS proceedings were Skechers USA’s struggle to freeze the ‘skx.science’ domain name and Prudential’s inability to shut down the third-party registration for ‘rocksolid.financial’ based on its ROCK SOLID trademark.

Skechers

The *Skechers* URS proceedings (initiated by Skechers based on its registered mark for SKX) were filed twice. The first filing in March 2015 resulted in a ruling against the trademark owner, despite the fact that the respondent defaulted. In a URS proceeding, the examiner must make findings of fact notwithstanding any default. In the initial complaint, with respect to the requirement that the complainant demonstrate that the respondent “has no legitimate right or interest to the domain name”, the examiner stated: “The Complainant did not submit one single argument to demonstrate why he considers

that the Registrant does not have legitimate right or interest to the domain name.”

However, in a second proceeding filed one month later regarding the same registration, a different examiner found for Skechers on the basis that there was no evidence that the registrant held a legitimate interest or was licensed by Skechers. The examiner then stated that, in the absence of a response being filed by the registrant, Skechers had made out a *prima facie* case that the registrant had no rights or legitimate interests in the domain name.

In a similar demonstration of inconsistency, the first examiner found that there was “a total absence of arguments from the Complainant as to why the domain name was registered and is being used in bad faith”. The examiner said that it was not enough for the complainant merely to allege the reasons set out in the section of URS procedure dealing with bad faith; rather, it needed to show that one or more of these listed bad-faith circumstances were met.

By contrast, the second examiner held that since the SKX trademark had been submitted to and verified by the Trademark Clearinghouse (TMCH), the respondent must have received a warning from the TMCH, and that: “Despite this warning, Respondent chose to continue with the registration of the skx.science domain name, thereby creating a likelihood of confusion with Complainant’s SKX mark as to the source, sponsorship, affiliation, or endorsement of Respondent’s website.”



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The most interesting aspects of the two conflicting *skx.science* determinations are:

- the differing interpretations of the ‘clear and convincing evidence’ standard; and
- the second examiner’s ruling that bad faith may be implied as a result of an assumption (not accompanied by any proof) that the respondent “must have received” a TMCH warning.

Prudential

Another 2015 URS decision of note was Prudential’s complaint against the ‘rocksolid.financial’ domain name registration. The examiner rested her decision against Prudential on the fact that the term ‘rock solid’ is merely descriptive and that: “there is a consensus view that a respondent has a right to register and use a domain name to attract Internet traffic based on the appeal of a commonly used descriptive phrase, even where the domain name is confusingly similar to the

registered mark of the complainant, unless the domain name is used in bad faith with the intent to profit from the goodwill of a trademark belonging to someone else.” This finding was made despite the fact that Prudential’s registered ROCK SOLID trademark was for financial services and the gTLD at issue was ‘.financial’.

Controversies

In two of the three determinations mentioned above, the absence of content at the third-party URL figured greatly in the determinations. Given such inconsistent rulings and varying standards, trademark owners are wary of the new URS remedy. Many continue to enforce via Uniform Domain Name Dispute Resolution Policy (UDRP) proceedings – not only because there is no requirement for a finding in connection with default judgment, but also because only the UDRP proceeding results in transfer of the domain name. In addition, new World Intellectual Property Organisation rules



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concerning the locking of disputed domain names have made it easier to catch infringers.

Another controversy surrounding the URS in 2015 has been its addition to registry agreements for certain legacy gTLDs such as '.pro' and '.travel' when renewing contracts with ICANN. Many have argued that ICANN should refrain from adding URS provisions to these contract renewals, since there has never been a policy development process mandating the use of URS by legacy gTLDs. Others within the community – most notably the Intellectual Property Constituency and the International Trademark Association – have supported the voluntary adoption of URS by legacy gTLDs. At the time of writing, the ICANN board had approved the addition of the URS provisions to the '.pro', '.travel' and '.cat' renewal agreements. Further, a formal request for reconsideration had been filed jointly by the ICANN Business Constituency and the ICANN Non-commercial Stakeholders

Group, alleging that a policy development process was a necessary prerequisite to adding the URS provisions to the agreements.

A summary of requirements (as compared to the UDRP) and analysis of the short history of the URS follows, along with a brief comparison to the Anti-cybersquatting Act as an option for US practitioners.

URS – faster and cheaper?

The URS system is designed to resolve clear-cut cases of cybersquatting more quickly and cheaply than the UDRP system. It is available only for disputes involving new gTLDs and those legacy gTLDs that have chosen to implement it.

While the URS system uses the same general definition of 'cybersquatting' as the UDRP system, there are six main differences between the two procedures:

- The URS burden of proof is higher, requiring 'clear and convincing evidence' and 'no genuine issue of material fact' – as opposed to the UDRP's 'balance of probabilities';
- A complainant must prove that it has a registration for the trademark it is asserting (or that ownership of the mark has been validated by a court, statute or treaty);
- A URS complaint is limited to 500 words;
- The URS process does not provide for transfer of the domain name to a complainant – only suspension of the domain name for the remainder of its registration period;
- The URS system provides for appeals, whereas UDRP decisions must be appealed to a court; and
- In a URS proceeding, the examiner must make findings even in cases of default.

The defendant in a URS case has 14 days to answer. On receipt of a response to a complaint or issuance of a notice of default, the URS forum will select a single examiner. The examiner's determination will be issued no more than five days after a response is received (or within five days of issuance of a notice of default). Thus, in most cases a determination will issue about three weeks after the complaint is filed.

If the examiner rules in favour of the complainant, the domain name is immediately suspended for the remainder of its registration period and will resolve to an

“informational web page... about the URS”. The complainant may pay for suspension to continue for up to one additional year.

Either party has may appeal the examiner’s decision in a URS proceeding. The appeal must be filed within 14 days of a final determination and the responding party has an additional 14 days to respond. The appellant bears the cost of all appeal fees.

At the time of writing, a total of 427 URS cases had been filed with the two forums approved by ICANN for URS disputes. Of those, 383 had been decided, with nearly 93% of cases resulting in suspension of the domain name.

The first case decided under the URS system was *Facebook Inc v Radoslav* (FA1308001515825, NAF, September 27 2013). The registrant defaulted and the examiner found that:

- ‘facebok.pw’ was confusingly similar to Facebook’s numerous international trademark registrations for FACEBOOK;
- the registrant had no rights in the ‘facebook’ name; and
- the domain name was being used in bad faith in order to attract internet users to a parking page.

The examiner also found that the registrant had a history of registering illegitimate domain names, which supported a conclusion of bad faith. Facebook submitted the complaint on September 11 2013 and obtained a favourable decision by September 27.

Yoyo.email

The URS is not designed for proceedings with close questions of fact. As noted above, examiners have denied claims where the facts did not clearly meet the heightened standard. An example can be found in URS decisions surrounding Yoyo.email, a company that claimed to be setting up a certified email delivery service. Yoyo registered a large number of domains under the ‘.email’ new gTLD. Many of these domains were the names of major brands, such as ‘BudLight.email’. Yoyo claimed that it would use the domains as a permitted fair use for “an email directory and courier service”. A number of companies which found their trademarks registered by Yoyo filed URS complaints.

In *Stuart Weitzman IP LLC v Yoyo.email* (FA1404001554808, NAF May 10 2014),

which concerned the domain name ‘StuartWeitzman.email’, the examiner did not believe that Yoyo’s proposed use was in good faith, holding that:

- if Yoyo’s intent was to sell email services to Stuart Weitzman, the use was in bad faith because it had registered the domain primarily for the purpose of selling it to the trademark owner; and
- if Yoyo’s intent was to sell email services to the general public, the use was in bad faith because it would create a likelihood of confusion.

Yoyo appealed and a three-examiner panel reversed. The panel noted that Yoyo stated that the email service would be free and there was no evidence that Yoyo would monetise the service. Thus, the panel held that there was a question of fact regarding legitimate fair use and the clear and convincing standard had not been met.

However, the opposite conclusion was reached on appeal in *Lockheed Martin Corporation v Yoyo.email* (FA1406001563665, NAF June 27 2014), concerning ‘Lockheed.email’ and ‘LockheedMartin.email’. In that proceeding, the initial complaint was granted and suspension ordered. The examiner held that Yoyo itself had stated that it intended to monetise the proposed service, even if it claimed that the email services would be offered free to Lockheed. Therefore, the examiner held that the use was not a *bona fide* offering of goods and services and was thus in bad faith. Yoyo once again appealed, but this time the three-examiner panel was not as sympathetic to its arguments. The panel held that Yoyo’s use was not fair use because it had registered the domain names only in order to offer them back to Lockheed. The appeals panel held that Lockheed had demonstrated all three elements of a URS complaint by clear and convincing evidence.

Yoyo in fact registered over 4,000 email domains, of which approximately 50 had been either transferred via UDRP proceedings or suspended via the URS at the time of writing. Most complainants chose the UDRP remedy (see www.udrpsearch.com for more details).

For those trademark owners with strong cases of cybersquatting – including clear ownership of a registration for the mark

and clear and convincing evidence that the cybersquatter has registered and is using the domain in bad faith – the URS standard provides a quick, inexpensive way to suspend the domain. However, for trademark owners seeking transfer of the domain, a UDRP proceeding is necessary.

Anti-cybersquatting Consumer Protection Act

In addition to UDRP and URS proceedings, US law provides a civil remedy. The Anti-cybersquatting Consumer Protection Act prohibits registration of, use of or trafficking in a domain name that at the time of registration is identical or confusingly similar to a trademark owner's mark, with the bad-faith intent to profit therefrom (15 USC §1125(d)(1)).

To determine whether the domain name registrant had the requisite bad-faith intent, the court may consider nine non-exclusive statutory factors, many of which focus on the registrant's good faith (or lack thereof), as well as the extent to which the mark incorporated in the registrant's domain name registration is distinctive or famous. The act provides for a safe harbour which serves as an affirmative defence: bad faith cannot be found if the registrant believed (with reasonable grounds) that use of the domain name constituted fair use or was otherwise lawful. Courts have applied the safe harbour defence sparingly.

The act also provides an alternative basis for action if the trademark owner cannot obtain personal jurisdiction over the registrant, limited to certain cases where the registrant is located outside the United States or cannot be located despite due diligence. In such cases the trademark owner can file suit against the domain name (a so-called *in rem* action) in any judicial district in which the domain name registrar or registry is located.

The remedy for violation of the act is cancellation of the domain name registration or transfer of the domain name to the trademark owner. For cases based on personal jurisdiction (as opposed to *in rem* cases), the court may also award, at the plaintiff's election:

- the registrant's profits and any damages sustained by the trademark owner; or
- statutory damages of between \$1,000 and \$100,000 per domain name.

Deciding whether to proceed under the Anti-cybersquatting Consumer Protection Act as opposed to a UDRP or URS proceeding involves several considerations. Although UDRP and URS proceedings may be faster, cheaper and more efficient than actions under the act, their remedies are limited. The sole remedy in a URS proceeding is suspension of the domain name for the remaining period of the registration, while the sole remedy in a UDRP proceeding is cancellation or transfer of the domain name. Although UDRP proceedings also provide for damages or attorneys' fees, such judgments are rarely enforced successfully. Another limitation of URS and UDRP proceedings is that they may not be final. The decision of the panel in a UDRP proceeding can be reviewed *de novo* in court by filing an action within 10 days. The URS proceeding can be appealed to an appellate panel and can be followed or supplemented by a UDRP and civil action. Finally, URS proceedings are intended only for clear-cut cases and UDRP proceedings allow only limited written submissions and no discovery. Thus, actions under the Anti-cybersquatting Consumer Protection Act may be the better choice for cases that are complex or factually intensive, may require discovery or may not be clear cut.

URS utility – numbers that suggest success

Despite conflicting results and shifting standards of proof, at the time of writing over 92% of URS complaints that reached a decision resulted in suspension of the third-party domain. In view of this success rate and the combined attributes of low filing cost and rapid freezing of the domain, the IP community is entitled to view the URS rights protection mechanism as a victory for trademark owners worldwide. **WTR**

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