

World Trademark Review Daily

Domain name transfer denied despite “little doubt” as to registrant’s bad faith International - Hogan Lovells

Cybersquatting

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In *Starwood Hotels & Resorts Worldwide Inc v Unister GmbH* (Case D2011-0781, July 25 2011), a [World Intellectual Property Organisation](#) (WIPO) panel has denied transfer of a series of seven domain names incorporating a single-letter trademark and another domain name incorporating a descriptive portion of another of the complainant's trademarks.

The complainant was [Starwood Hotels & Resorts Worldwide Inc](#) and two of its subsidiaries, The Sheraton LLC and [Sheraton International Inc](#). An owner, operator and franchisor of almost 1,000 hotels and resorts in 100 countries, Starwood registered numerous trademarks between 1988 and 2008 in the United States and other jurisdictions in connection with its services and related goods, including W, W HOTELS and FOUR POINTS. Starwood submitted that it had used the first two of these marks since 1988 and was promoting all of its marks through its internet presence, notably by registering domain names such as ‘wnewyork.com’, ‘wistanbul.com.tr’ and ‘fourpoints.com’.

Starwood stumbled upon eight domain names registered in May and July 2009, seven of which incorporated its W mark, followed by geographical or generic words, such as ‘w-istanbul.com’, while one reproduced part of the FOUR POINTS mark, ‘points-gatineau-ottawa.com’. All the domain names were pointing (and still are) to websites allowing internet users to “check rates and availability” of over 220,000 hotels, including those of Starwood, and displaying links to Starwood's competitors.

The respondent, Daniel Kirchhof of [Unister GmbH](#), had registered approximately 70,000 domain names. A previous UDRP case against him highlighted the respondent's clear penchant for luxury hotels and resorts, and [culminated in the unprecedented transfer of 1,519 domain names to Inter-Continental Hotels](#).

Starwood filed a complaint with WIPO on May 4 2011. To be successful in a [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) procedure, a complainant must provide evidence that:

- the domain name is identical, or confusingly similar, to a trademark or service mark in which the complainant has rights;
- the respondent has no rights or legitimate interests in respect of the domain name; and
- the domain name has been registered and is being used in bad faith.

The first limb proved to be the most trying and ultimately led to the dismissal of the complaint. Starwood asserted that the reproduction of its renowned W mark in seven domain names, followed by geographic and descriptive terms mimicking and describing the locations of several of its hotel locations, “adds to, rather than diminishes, the likelihood of confusion”. Furthermore, in relation to its FOUR POINTS mark, Starwood contended that one of the disputed domain names incorporated a prominent portion thereof, namely ‘points’, which was confusingly similar to its trademark, thus giving rise to a false sense of sponsorship or origin.

In an unexpected departure from the usual form, the single-member panel provided an exhaustive account of its reasoning justifying the rejection of Starwood's assertions in relation to the first limb.

Concerning the W mark, the panel referred to a number of previous decisions to infer that, while single-letter marks were not *prima facie* registrable, there was no general principle denying all such marks any distinctive nature. It was thus left to Starwood to prove the strength of its mark, either by adducing evidence in relation to the mark itself or in connection with its use. The panel further added that such evidence of distinctiveness acquired through use was to be drawn from the circumstances and context of use, such as the graphic or textual representation, as well as services to which the trademark is applied. However, it was emphasised that the confusing similarity test under the UDRP consists of an objective comparison between the domain name and the mark in question. Thus, any element that cannot be reproduced by a domain name is to be excluded from the assessment of the trademark's strength and the confusing similarity test. This signifies that only predominant textual elements can be taken into account.

Remarking that the recognition of the mark in a domain name, and therefore the strength of such a mark, is a crucial factor in the confusing similarity test set out under Paragraph 1.2 of the [WIPO Panel Views on Selected UDRP Questions, Second Edition](#), the panel proceeded to examine the potential confusing similarity in the case at hand.

In respect of the inherent distinctiveness of the single-letter trademark W, the panel found, unsurprisingly,

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that the mark was particularly weak as it had "common use, pre-existing and separate to its association with [Starwood]". In addition, Starwood had not supplied any extensive evidence of its close connection with its activities, use of the mark on its website not being sufficient to establish that such an association was widely recognised. Because the domain names were comprised of geographical words, and not merely the W mark, the capacity to recognise the mark was marginal, as it was not a sufficiently predominant feature of the domain names.

With reference to the possible circumstances or context that may confer a distinctive nature on the mark, the panel held that the graphic representations were immaterial for the reasons already provided above, and that the mark was thus reduced to a mere letter of the alphabet. Additional factors which could give rise to confusion were not found to be present, as the geographical words and hyphens did not succeed in creating any special connection to Starwood.

Laying emphasis on the fact that the UDRP similarity test between a trademark and domain name excludes other use factors in traditional trademark infringement actions, the panel decided that the disputed domain names were not confusingly similar to Starwood's mark.

Concerning Starwood's second mark, the panel briefly pointed out that the portion of trademark reproduced was descriptive and did not, *per se*, adduce evidence of confusing similarity.

However, given the respondent's evident bad faith and lack of rights and legitimate interests, the panel stated that the denial of transfer did not reflect its approval of the respondent's behaviour, but rather could be attributed to the burden of proof incumbent upon Starwood, which had failed on that level.

This decision illustrates the risks run by holders of single-letter trademarks, as these are rarely inherently distinctive on their own. However, this does not suggest that it is impossible to succeed in proving the distinctiveness acquired through extensive use of such a mark, but implies that a complainant must evidence widespread and longstanding recognition of the association between its activity and the mark. Demonstrating that the complainant itself is convinced of such a connection does not suffice.

Furthermore, this decision highlights that, while it is true that the addition of descriptive or geographical words does not obviate confusion, it is necessary to prove that confusion is likely to occur in the first place. Strength of the mark must thus be established prior to any allegations pertaining to the relevance of other words in a domain name. Starwood appeared to rely heavily on the fact that such an addition "adds to, rather than diminishes, the likelihood of confusion", without having produced any substantial evidence of the existence of any possible confusion.

This decision is a rare example of a panel finding against a complainant based on lack of confusing similarity, while at the same time asserting that there was "little doubt" that the respondent lacked rights and legitimate interests, and had registered and was using the domain name in bad faith. Such a finding is rare because it could be said to be inherently contradictory: if there was no confusing similarity between the domain name and Starwood's trademarks, then the respondent would not have registered the domain names in the first place with the aim of taking advantage of Starwood's rights.

It is often said that the first limb of the UDRP is simply a threshold test to ensure that a complainant has the standing to bring a UDRP complaint and, faced with such overwhelming evidence of bad faith, many panels would simply have ruled that confusing similarity existed as a matter of course, without any in-depth analysis, in order to come to a just conclusion. In this instance, the panel chose to embark upon a detailed reflection in relation to the first limb of the UDRP, and this led to a rather unfortunate outcome for Starwood. A different panel may have ordered a transfer of some, if not all, of the domain names at issue. Starwood was unlucky, especially as the UDRP allows no possibility for appeal.

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