

World Trademark Review *Daily*

US supplemental registrations insufficient to establish trademark rights in UDRP proceedings **Cybersquatting**
United States - Hogan Lovells International LLP

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A recent case under the Uniform Domain Name Dispute Resolution Policy (UDRP) has confirmed that trademark registrations on the Supplemental Register of the US Patent and Trade Mark Office (USPTO) are insufficient to establish trademark rights for the purpose of recovering a domain name in UDRP proceedings.

The complainant was Tarheel Take-Out LLC, of Chapel Hill, North Carolina (United States), who had started using TARHEELTAKEOUT.COM in late 1999 in relation to its software for restaurant delivery services. The respondent was Versimedia Inc, a private company from Wilton, Connecticut (United States).

The domain name 'takeout.com' had been registered in 1999 and was acquired by the respondent in April 2004. The domain name was being used by the respondent to redirect to a site unrelated to restaurant delivery services.

In 2008 the respondent was approached by the complainant with an offer to purchase the domain name. Although the respondent claimed it had plans to develop the domain name in the future, it also stated that it might consider selling it for seven figures.

Whilst it did not proceed to purchase the domain name, in 2010 the complainant began using TAKEOUT.COM in relation to online restaurant delivery services and, that same year, filed two trademark applications for TAKEOUT.COM with the USPTO. However, both of these trademark applications were ultimately refused by the USPTO on the grounds that TAKEOUT.COM was merely descriptive and "possibly generic". In 2011 the complainant was able to register TAKEOUT.COM on the Supplemental Register of the USPTO.

Based on its registration on the Supplemental Register, the complainant filed a complaint on August 21 2012 before the World Intellectual Property Organisation to recover the domain name.

To be successful in a complaint under the UDRP, a complainant must evidence all of the following:

- 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 of the UDRP's three-prong test serves essentially as a low-threshold, standing requirement, which is generally satisfied by demonstrating that the complainant has trademark rights in any jurisdiction.

In the United States, trademarks are usually registered on the Principal Register. However, certain marks that do not satisfy the registration requirements of the Principal Register can be registered on the Supplemental Register. The Supplemental Register is a subsidiary register for non-distinctive marks that are *capable* of acquiring distinctiveness (or, as known in the United States, 'secondary meaning'), but do not *actually serve* such a function, as regulated by 15 USC § 1091, *Lanham Act*. Registration on the Supplemental Register does not confer any additional rights on the owner of the registration beyond those provided by common law (if any). For example, descriptive terms, surnames and geographical terms are all terms that could potentially acquire distinctiveness. Therefore, a trademark registered on the Supplemental Register does not confer on its registrant the same rights or benefits granted by a trademark registered on the Principal Register (eg, it would not provide evidence of trademark rights in a court proceeding without additional evidence of distinctiveness).

In the present case, the complainant based its claim on a trademark registered on the Supplemental Register of the USPTO. However, as the panel pointed out, a supplemental registration by itself, without proof of acquired distinctiveness (or common law rights in a name), is insufficient to establish trademark rights for the purpose of the UDRP. The only evidence provided by the complainant of the use of TAKEOUT.COM consisted of the domain name 'tarheeltakeout.com'. Unsurprisingly, the panel ruled that the term 'takeout' was merely descriptive of the services provided.

Furthermore, the evidence submitted by the complainant weakened its claims. For instance, whilst in the complaint, the complainant asserted that it had first used TAKEOUT.COM in 1999, it claimed in the trademark application that it had first used TAKEOUT.COM in 2010 - that is, six years after the respondent

World Trademark Review *Daily*

had acquired the domain name. In addition, in its trademark application, the complainant had disclaimed the term 'takeout'.

The panel held that the complainant had failed to prove rights in TAKEOUT.COM and, therefore, the complaint was denied without needing to assess whether the second and third requirements of the UDRP were met (although, given all the surrounding facts and circumstances, in particular the respondent's plausible assertion that it was unaware of the complainant when it registered the domain name, in all likelihood the complaint would have failed on these points too).

Interestingly, the complainant had clearly foreseen the outcome as it had attempted to withdraw the complaint early in the proceedings. However, this was not enough to prevent a finding of reverse domain name hijacking from the panel, as it held that "*to have put the respondent to the not insignificant cost of having to mount a defence to a baseless claim should be discouraged*".

Whilst confirming a well-established principle under the UDRP, this decision also highlights the risks of using the UDRP inappropriately. Although it is faster and cheaper than court proceedings, the UDRP is not a loose one-size-fits-all alternative to court proceedings, and complaints filed under the UDRP are reviewed with a fine-tooth comb. This decision shows that, to make an informed decision on whether to file a complaint under the UDRP, complainants first need to ensure that they are familiar with the UDRP and its associated principles and precedents.

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