

International Centre for Dispute Resolution
New gTLD String Confusion Panel

Re: 50 504 00276 13

COMMERCIAL CONNECT LLC, OBJECTOR

and

WAL-MART STORES, INC., APPLICANT

String: <一号店>

EXPERT DETERMINATION

The parties

The Objector is Commercial Connect LLC located at 1418 South 3rd Street, Louisville, Kentucky, United States of America 40208 and is represented by Jeffrey S. Smith, President.

The Applicant is Wal-Mart Stores, Inc. located at 702 Southwest 8th Street, Bentonville, Arkansas 72716 United States of America, represented by Steven M. Levy, Esq. with the Shanghai office of the law firm Kaye Scholer.

The New gTLD String Objected To

The new gTLD string applied for and objected to:

when written in simplified Chinese characters is: 一号店;

when written in Mandarin using pinyin Romanized phonetic letters is: “yī hào diàn” or “yihao dian;”

when translated into English is: “numberonestore.”

The various versions of the new gTLD string shall be collectively referred to as (the “Applied-for gTLD”).

Prevailing Party

The Applicant has prevailed and the Objection is dismissed.

The New gTLD String Confusion Process

Module 3 of the ICANN gTLD Applicant Guidebook (the “Guidebook”) contains Objection Procedures and the New gTLD Dispute Resolution Procedure (the “Procedure”).

Article 1(b) of the Procedure states that “The new gTLD program includes a dispute resolution procedure [“DRP”], pursuant to which disputes between a person or entity who applies for a new gTLD and a person or entity who objects to that gTLD are resolved in accordance with the Procedure.”

As expressed in the Guidebook and the Procedure, there are four (4) grounds to object to the registration of new gTLDs. One of these express grounds is String Confusion, as described in DRP Article 2(e)(i): “(i) ‘String

Confusion Objection’ refers to the objection that the string comprising the potential gTLD is confusingly similar to an existing top-level domain or another string applied for in the same round of applications.”

Section 1.1.2.10 of the Guidebook entitled “String Contention” offers the following definition: “String Contention” refers to the scenario in which there is more than one qualified application for the identical gTLD string or for similar gTLD strings. In the Guidebook, “similar” means strings so similar that they create a probability of user confusion if more than one of the strings is delegated into the root zone.

Section 2.2 of the Guidebook, “Initial Evaluation” is defined as: “whether the applied-for gTLD string is so similar to other strings that it would create a probability of user confusion.”

In Section 2.2.1.1 of the Guidebook, “String Similarity” is defined as: “This review involves a preliminary comparison of each applied-for gTLD string against existing gTLDs, Reserved Names and other applied-for strings. The objective of this review is to prevent user confusion and loss of confidence in the DNS (domain name system) resulting from delegation of many similar strings.”

Article 3(a) states that “String Confusion Objections shall be administered by the International Centre for Dispute Resolution [“ICDR”].

Procedural History of this Case

The Objection was filed with the ICDR on March 14, 2013 pursuant to the Procedure.

In accordance with Article 9 of the Procedure, the ICDR completed its review of the Objection and determined that the Objection complies with the requirements of the Procedure and the International Centre for Dispute Resolution Rules for New gTLD Dispute Resolution for String Confusion Objections (the “ICDR Rules”).

In accordance with Article 11(a) of the Procedure, the ICDR formally notified the Applicant of the Objection, and the proceedings commenced. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was timely filed with the ICDR.

The ICDR appointed Richard W. Page as the Sole Panel Expert (the “Expert”) in this matter on July 10, 2013. The Expert finds that he was properly appointed. The Expert has submitted his Expert’s Oath and Conflicts Check, as required by the ICDR to ensure compliance with Article 13(c) of the ICDR Rules.

Basis for Objector’s Standing to Object based on String Confusion

Objector was established in 2000 for the specific purpose of bringing the <.shop> gTLD to the Internet. Objector is the only remaining gTLD applicant to have made it completely through the approval process and is still considered active but has not received delegation for the <.shop> gTLD. Objector asserts that it has standing to object to the Applied-for gTLD pursuant to Module 3, Section 3.2.2 of the Guidebook on the grounds of String Confusion.

For the purposes of this Objection, the Expert finds that Objector as a pending applicant for the <.shop> gTLD has standing to assert its String Confusion Objection.

Factual Background

In the 2000 round, ICANN established various Considerations and Criteria for Assessing gTLD proposals which, unless specifically disputed in the Guidebook, are still valid in the round of gTLD applications. Objector has remained active in the round of gTLD applications. From 2004 to the present, Objector (with others) has been active in obtaining supporters for its <.shop> business plan which is to provide a safe and secure e-commerce experience which meets and exceeds that which is offered currently. To date there are in excess of 15,000 members which represent over \$650 trillion in annual revenues that support Objector’s application for <.shop>.

Parties' Contentions

Objector

Objector contends that the Applied-for gTLD, so nearly resembles the <.shop> gTLD that it is probable that confusion will arise in the mind of the average, reasonable Internet User because the <.numberonestore> gTLD application is similar either visually, aurally or in meaning.

Objector contends that Module 4 of the Guidebook affirms Objector's view that all similar strings, including visual, aural and same meaning similarity, should be in the same contention set. Module 4 states what is considered confusing and what should be grouped together as contention sets to be determined in this case by the dispute resolution teams. Objector provides a list of terms which have similar meaning to <.shop>, including boutique, market, mart, office, store and supermarket.

Objector asserts that at ICANN's board meeting in November 2000, the board commented that they liked Objector's application but felt that it was too soon for an e-commerce domain as the 2000 round was considered a proof of concept round. ICANN invited Objector to re-submit its application for <.shop>. Objector further asserts that ICANN stated that it would give consideration to Objector's application in a preferential manner.

In 2004, ICANN opened another round of gTLD applications, but made the requirement so strict by concentrating on sponsored domains that Objector was unable to apply for <.shop>. Because of this Objector was instrumental in helping to establish eCWR in 2004 which is an e-commerce Trade Union that helps to open communication channels and educate potential new e-commerce merchants. In addition, Objector wanted to use eCWR as a tool to develop a strict set of policies and standards for safe and secure e-commerce transactions.

On June 4, 2012, the final version of the Guidebook was released.

In Section 2.2.1.1 of the Guidebook "Review Performed" is defined as: "The String Similarity Panel's task is to identify **visual** string similarities that would create a probability of a user confusing..."

"For the initial evaluation, the proposed position is to keep the similarity assessment restricted to visual similarity only, especially in view of the complexities involved with assessing for example aural similarity, which can be invoked in the subsequent string similarity objection process. Final decision on similarity will be made by a panel, as string similarity algorithm outcomes are only indicative, not authoritative. Community discussions have made it clear that human assessment is a necessity."

Objector contends that Module 4 of the Guidebook affirms that all similar strings including visually, aurally and same meaning should be in the same contention set.

Objector concludes that the Applied-for gTLD so nearly resembles the <.shop> gTLD applied for by Objector that it is probable that confusion will arise in the mind of the average, reasonable Internet user because of similar visual, aural, and meaning similarity.

By making this objection, Objector did not waive any other objections or recourse which may be legally available. Objector expressly retained all other objections and all other avenues of recourse including, but not limited to, the avenues prescribed by ICANN or the avenues which may be found in pursuing legal remedy in a court of competent jurisdiction.

Applicant

Standard: The Objection is grounded in Guidebook ¶3.2.1, which provides that a formal String Confusion Objection may be filed on the ground that "[t]he applied-for gTLD string is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of application." Guidebook ¶3.5.1 goes into further detail and states:

String confusion exists where a string so nearly resembles another that it is likely to deceive or cause confusion. For a likelihood of confusion to exist, it must be *probable, not merely possible* that confusion will arise in the mind of the average, reasonable Internet user. *Mere association*, in the sense that the string brings another string to mind, is *insufficient* to find a likelihood of confusion. [Emphasis added.]

There is no presumption of a likelihood of confusion, including between the respective string of the Objector and the Applicant, under established tenets of likelihood of confusion. The failure of ICANN's string similarity panel to place these strings into contention supports this assertion.

In light of the different languages in which Applicant's Applied-for gTLD and Objector's <.shop> gTLDs appear, the fact that they have different appearances, sounds and meanings, and in light of the sophistication of modern Internet users Applicant asserts that Objector has failed to present evidence or arguments which support the high standard required by the Guidebook. As such, this Objection must be denied.

Doctrine of Foreign Equivalents: When comparing words in two different and distinct languages one may be tempted to apply this trademark law doctrine in which the words are first translated into the same language before they are considered for genericness or likelihood of confusion. In this case, the English translation of Applicant's Applied-for gTLD is "numberonestore." However, the doctrine of foreign equivalents is not an absolute rule – especially when used for the purposes of determining the likelihood of confusion between two terms. The threshold question that must be answered is whether an ordinary person will even translate the term. The doctrine should be applied only when it is likely that the ordinary... purchaser would stop and translate [the word] into its English equivalent. Courts have held that such translation is unlikely when a term is encountered in an environment associated with the relevant culture of that language.

The doctrine has been applied with acknowledgement to the principle of proportionality - *i.e.*, will a substantial number of people be confused or merely a small number? In the United States, courts have held that the Lanham Act and the common law require that a significant portion of the relevant consuming public be deceived.

In the present dispute, Applicant's Applied-for gTLD will be viewed exclusively by those who use some variation of the Chinese written language. Such users will not first be translating this term into English before proceeding on to their intended website. In fact, the second-level domain in the Applied-for gTLD will also be in the Chinese language as will the resulting website to which the URLs resolve. It will be a Chinese-language immersive experience for users and the Applied-for gTLD will only be encountered by users in an environment associated with such language. In contrast, Objector's <.shop> gTLD will be encountered almost exclusively by Internet users who speak English or, in a limited number of cases, other western languages which use the standard Roman alphabet, nearly all second-level domains and websites will be in the English language, and it will be an immersive experience mostly in English. Even if there is some hybridization between English and other languages, it is highly unlikely that the <.shop> gTLD will be used by Chinese speakers due to the preference for TLDs written with Chinese characters and focused on Chinese culture. Finally while there are some Internet users who are bi-lingual (in Mandarin or another Chinese dialect and English), this represents only a small fraction of the public and, in any case, the language-immersive nature of each of these gTLD experiences will eliminate any possibility of confusion even for such users.

Sight, Sound and Meaning Tests: Even assuming, *arguendo*, that Objector's <.shop> gTLD may be compared to the English translation of Applicant's Applied-for gTLD as "numberonestore," there is no probability or even likelihood of confusion. When comparing two terms, the issue of confusing similarity is analyzed by examining the visual impression (or sight), aural (or sound) and meaning of terms being compared. In considering this test, it is instructive to examine currently co-existing domains. Applicant supplies examples of domain names which differ by only one word, are owned by different companies (many, competitors in the very same industry) and yet which have peacefully co-existed for many years.

In the present dispute, the terms "shop" and "numberonestore" can similarly and peacefully co-exist. The terms are not confusingly similar under the sight, sound and meaning test because (i) they look very different since they consist of one word versus three words (or, in the case of the Chinese script, characters which have no visual

similarity to <.shop> whatsoever); (ii) the terms sound very different due to the appearance of multiple and different words in Applicant's Applied-for gTLD (and the fact that it is pronounced – using pinyin - “yī hào diàn” or “yihao dian”); and (iii) the meaning of “numberonestore” can only be a laudatory noun, whereas the word “shop” can be either a verb or a noun and is far more simple as it is not modified by any other words.

Internet users have become more sophisticated and discerning since the early days of Internet domain names and now look, not only to domains themselves but also to the content of their websites. Internet users have become quite capable of discerning between domains which share some components but are not confusingly similar.

Applicant's Applied-for gTLD is sufficiently different from Objector's <.shop> gTLD under the sight, sound and meaning test and the two can peacefully co-exist. There simply is no probability of confusion.

Registered Trademark: The Applied-for gTLD in Chinese characters and in pinyin is used as the name of an online retail business in China which is directed at the Chinese consumer and operates entirely within the Chinese language. The trade name is the subject to Chinese Trademark Registration No. 6648367 which is owned by a company called Niu Hai Information Technology (Shanghai) Co., Ltd. (“Niu Hai Shanghai”). Applicant is a shareholder in Niu Hai Holdings Ltd. (“Niu Hai Holdings”) which is, in turn, the parent of Niu Hai Shanghai. Further Applicant, as part owner of Niu Hai Holdings, is authorized to use the trademark for purposes which include the operation of the Applied-for gTLD.

As a registered trademark “yihao dian” was deemed to be non-generic and sufficiently distinctive to act as a source identifying mark by the Chinese trademark office. Had the term been deemed generic or descriptive it would not have been granted such protection. This fact clearly shows that the Applied-for gTLD is different from and not like to be confused with the <.shop> gTLD which is quite literally a generic term. The authoritative determination of the above-listed trademark offices should be given great weight in this Objection and no probability or even likelihood of confusion should be found by this Expert.

Sophistication of Internet Users: Even assuming, *arguendo*, that Objector's <.shop> gTLD may be accessed by a small fraction of the same Chinese-language users of Applicant's Applied-for gTLD, there is no probability of confusion due to the sophistication of such users and the conditions under which their visits to the Applied-for gTLD websites will be made. As noted above, visiting websites in the Applied-for gTLD will be a Chinese-language immersive experience which differentiates it from the mostly English-language immersive experience users will encounter should Objector ultimately be the operator of the <.shop> gTLD. Courts and UDRP cases have recognized that Internet users have generally become more sophisticated in how they view domain names and websites.

Chinese Market Deserves gTLD: If this Objection is granted, it may set a dangerous precedent resulting in permanent denial of a dedicated, Chinese-language gTLD. In the future, every time a Chinese-language gTLD is pitted against an English-language gTLD which shares any characteristic, the Chinese contender would be at a loss. This would create serious discrimination in the gTLD space against Chinese-speaking peoples and would, thus, violate ICANN's stated aims to “foster diversity, encourage competition, and enhance the utility of the DNS.” See, Guidebook Preamble.

Reversal of Roles. Applicant asks the Expert to consider a hypothetical reverse scenario in which Applicant asserted the Applied-for gTLD in a string similarity objection against the <.shop> gTLD of Objector. Would the Expert force these two domains into a contention set and risk the possibility that only the Applied-for gTLD survives to delegation? This would lead to the truly bizarre result that the Applied-for gTLD becomes the new gTLD while the <.shop> gTLD is forever banished from the DNS, thus depriving Internet users who speak English and other languages of a highly valuable Internet resource. If such a hypothetical result is untenable, then, for purpose of string similarity, it must be untenable in both directions. The only conclusion that can be drawn from this hypothetical is that both the Applied-for gTLD and the <.shop> gTLD must peacefully co-exist in the new DNS.

Discussion and Findings

The Expert now proceeds to compare the Applied-for gTLD with the pending application of Objector for <.shop> gTLD using each of the three types of similarity: visual, aural and meaning.

The visual similarity of the Applied-for String and the Objector's potential <.shop> string was not sufficient to raise any concerns when the ICANN algorithm was applied. The algorithm analysis is not determinative, but can be considered by the Expert.

Furthermore, the Chinese character string when written in Chinese characters has no visual similarity to the English word "store." When the Chinese character string is written with pinyin Romanized phonetic letters as "yī hào diàn" or as "yihao dian," the only coincidence of letters with the English word "shop" is the letter "o." Therefore, there is insufficient visual similarity between the Applied-for gTLD and the <.shop> gTLD.

To test aural similarity the Expert first uses the pinyin "yī hào diàn." The tonal quality of the Mandarin pronunciation is lacking in English. The Expert next uses the pinyin "yihao dian" without tonal quality. The only coincidence is the letter "o" which is the equivalent of a long "o" in English. The string <.shop> has a short "o" sound. The Expert finds that there is insufficient aural similarity between the Applied-for gTLD and the <.shop> gTLD to cause confusion.

To test meaning similarity, the Expert uses the translation of the Applied-for gTLD into English as "numberonestore." The only coincidence of meaning is the use of the word "store" in the Applied-for gTLD and "shop." Each of these means: "a business establishment where usually diversified goods are kept for retail sale..." Any similarity in meaning is diminished by the fact that the word "store" in the English translation of the Applied-for gTLD has distinguishing modifiers. The Expert finds that there is insufficient meaning similarity between "numberonestore" and "shop" to cause confusion.

The Expert has applied the Doctrine of Foreign Equivalents test only in the analysis of meaning similarity, because he feels the test is inapplicable regarding visual and aural similarity. If, however, the Expert were to utilize the "numberonestore" translation, he would find insufficient similarity visually or aurally to uphold this Objection.

Determination

The Expert finds that, under the definition of "String Confusion Objection" set forth in DRP Article 2(e)(i), the Applied-for gTLD is not confusingly similar to the <.shop> gTLD. Therefore, the String Confusion Objection is hereby denied.



Richard W. Fao
Sole Panel Expert
Date: August 14, 2013