

EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

The Canadian Real Estate Association v. Afilias Limited

Case No. LRO2013-0008

1. The Parties

The Complainant/Objector is The Canadian Real Estate Association of Ottawa, Ontario, Canada, represented internally (“Objector”).

The Applicant /Respondent is Afilias Limited of Dublin, Ireland, represented by Hogan Lovells (Paris) LLP, France.

2. The applied-for gTLD string

The applied-for gTLD string is <.mls>.

3. Procedural History

The Legal Rights Objection (“LRO”) 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 the Applicant 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 Sir Ian Barker as the Panel in this matter on June 14, 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 June 19, 2013, the Panel granted the application of the Objector to file submissions in reply to the Response on the subject of whether a certification trademark provided a sufficient status for an objection to

be made. A timely submission was filed by the Objector on June 25, 2013. A sur-reply was filed by the Applicant on July 3, 2013.

4. Factual Background

A. Objector

The Objector is a not-for-profit corporation, incorporated in 1954 under Part II of the Canadian Corporations Act. It has a membership of some 105,000 real estate workers, agents and salespersons working through 90 member real estate boards and provincial associations throughout Canada. Membership in the Objector is open to real estate boards and associations as well as to their members in good standing. All are bound by the Objector's bylaws, rules, code of ethics and principles of competition as well as by applicable federal and provincial laws.

The Objector is the owner of a registered Canadian certification mark for the letters MLS. Registration was affected on June 3, 1960 by the Applicant under a previous name. The registration document shows that the registered certification trademark is to be used for the listing, purchase and sale of real estate by the Objector's members. The Objector has used the mark in Canada as a certification mark since at least July 1954. It also owns a certification mark for MLS, registered on January 19, 1968, and for MLS MULTIPLE LISTING SERVICE, which was registered on July 15, 1977, although the filing date was July 7, 1966.

The Objector's certification mark is used by its members throughout Canada to advertise multiple listing services for real estate. Persons involved in the real estate industry are licensed by the Objector to use the mark when they list properties for purchase and sale. Cooperative selling systems are branded under the MLS mark. Before computers, these cooperative systems included the exchange of paper listings amongst members of the Objector. More recently, they have included postings of real estate listings on computerized MLS systems which can be accessed only by members of the Objector.

The Objector's rules require members to be responsible for the accuracy of information posted on any system using the certification trademark. Only members can enter information concerning properties on the system, or can access all the information entered by other realtors on that system. Many realtors display their MLS mark on their sales and marketing materials to show that they are real estate professionals who will act cooperatively with fellow members of the Objector in the service of a client's needs.

The Objector's certification trademark has been used for about 60 years. It appears on "for sale" signs, and on printed and electronic advertisements throughout Canada. The Objector educates its members in the correct use of the mark and has taken action to protect the mark by issuing "cease and desist" letters to potential infringers and by opposing trademark applications which the Objector considers objectionable.

B. Applicant

The Applicant, Afilias Limited ('the Applicant') is a company incorporated in the Republic of Ireland. It made a gTLD application to ICANN for the string <.mls>. Its application was originally posted on June 13, 2012.

The Applicant has some 10 years of experience in launching and operating TLDs such as <.mobi> and <.xxx>. As a back-end provider of registry services, it anticipates that the introduction of the proposed new gTLD will not create operational problems.

The initial purpose of the proposed gTLD is to create an Internet space which would become an easily-recognizable gathering place for property sellers and real estate agents which would enable them to gain access to online property listings. It aims to provide ease of access for persons searching for specific properties or types of properties. The Applicant claims that the expression "mls" is understood throughout the English-speaking world as an abbreviation for "multiple listing services". Internet users will come to know that all types of properties are easily discoverable under a <.mls> domain.

The Applicant calculates that this new gTLD will count 50,100 registrations after three years of management. It gives detailed reasons as to how its proposed gTLD should benefit registrants, Internet users and others, principally, by developing into a premium property listing site with easily accessible and searchable property listings.

The Applicant proposed in its application, a timetable for the roll-out of the gTLD. Initial registrations will be offered for periods of one to ten years, with a sunrise period during which trademark owners can secure their domain before availability to the general public.

The Applicant states that it will offer procedures for dispute resolution, abuse prevention tools and policies, measures to promote Whois accuracy and strategies to reduce phishing and pharming, plus a proposal for registry reserve names and premium names. According to the Applicant, it will use only ICANN-accredited registrars and institute policies for fair and equitable access and cost structures for the Internet community. It proposes to protect names with national and geographic significance by reserving the country and territory names at the second and other levels.

The Applicant proposes that its registry service will perform in the same manner as the service it is currently operating to support existing TLDs. It claims to support more ICANN-contracted TLDs than any other provider. Reporting is an important component of its supporting web-registry operations and registrars will have to meet technical reporting requirements.

The Applicant also offers access to a data warehouse. It claims that its decade of registry experience gives it the necessary experience to ensure that existing and new needs are addressed. It has grown from serving just a few names to serving 20 million domain names across 16 TLDs and 400 accredited registrars.

The application provides technical details as to the Applicant's operational capacity. It claims that these exceed ICANN requirements. The registry agreement for the new gTLD <.mls> plans to follow the ICANN standard domain lifecycle as currently implemented for <.org> and <.info>. The Applicant's proposed abuse prevention and litigation policy is not intended to take the place of the Uniform Domain Name Dispute Resolution Policy ("UDRP") or to be used as an alternate form of dispute resolution or mechanism. It does not seek to burden law-abiding registrants or domain users, rather its intent is to deter those who use domain names maliciously by engaging in illegal or fraudulent activities. Its anti-abuse policy is directed to activities such as phishing and pharming. It claims an extensive set of security protocols, policies and procedures to thwart compromise of its security.

The above is a brief summary of the major points in the application for the new gTLD <.mls>. The application is detailed and technical.

5. Jurisdictional Objection

The Objector made a number of grounds of objection to the application. The basic ground is that the proposed <.mls> gTLD infringes the Objector's legal rights which are recognized and enforceable under internationally-recognized principles of law, such as the Paris Convention for the Protection of Industrial Property ("the Paris Convention") and the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

In its response, the Applicant advanced several grounds as to why the Objection should be disallowed. It raised, first, a jurisdictional argument that, because the Objector does not own a trademark or service mark recognized as such under international standards and treaties, the Objector had no standing to file a LRO. In short, the Applicant claims that the Objector's certification mark in Canada for a term that is completely generic and descriptive in the real estate industry in English-speaking jurisdictions, cannot be used as the basis for an objection under the Procedure, as provided as an attachment to Module 3 of the GTLD Applicant Guide Book approved by ICANN on June 20, 2011 and updated on June 4, 2012 ("the Guide Book").

The Panel deals first with the jurisdictional objection. If this submission is upheld, the Objector has no standing and its objection must be disallowed for that reason.

If the Panel concludes that the Objector has jurisdiction to file an objection, then the Panel will consider the other issues raised in the Objection and Response. It is because this jurisdictional objection was raised by the Applicant in its Response that the Panel decided to allow the Objector to file submissions in reply dealing solely with that point.

6. Applicant's Submissions on Jurisdictional Question

The Applicant submits that the Objector does not have standing to object to the proposed gTLD. It quotes Section 3.2.2.2 of the Guide Book which provides "[a] rightsholder has standing to file a legal rights objection" and "[t]he source and documentation of the existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing."

In the Applicant's submission, certification marks are neither trademarks nor service marks. Canadian law provides an exception when it includes certification marks in its definition of "trademarks" of section 2 of the Canadian Trade Marks Act ("CTMA").

Because Canadian law does not govern the present proceedings, the status of certification marks needs to be internationally assessed. The Applicant quotes from a text, "The TRIPS Regime of Trademarks and Designs" published by Kluwer Law (pages 283 and 284) where the author, , opines "[c]ertification marks are not trademarks because they cannot distinguish goods or services that comply with the certified characteristics (which may relate either to technical qualities or to methods of manufacture of extraction of the goods, or both) from the other goods or services that also comply with the same characteristics (and are, therefore, also certified)." The signs that "can constitute trademarks (*i.e.* that assist consumers in selecting the specific goods and services they wish to buy) are those that can distinguish goods and services from other goods and services. In other words, only distinctive signs can constitute trademarks." The TRIPS agreement does not cover certification trademarks according to the author.

The Applicant cites the United States Patent and Trademark Office ("USPTO") Trademark Manual, Examining Procedure, section 1306 on certification trademarks:

"A certification mark 'is a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark....' In *Re Florida Commission 160 USPQ 495, 499* ...[t]here are two characteristics that differentiate certification marks from trademarks or service marks. First, the certification mark is not used by its owner and, second, a certification mark does not indicate commercial source or distinguish the goods or services from one person from those of another person."

In the European Union case of *DVB Project v. Palmerston Limited* case (R87-200 2010-2 August 16, 2011) it was stated that

"[i]f certification marks certify that the goods or services, on or for which they are used by the authorized operators meet the standards established, it follows that a certification mark, by nature and function, is not an individual trade mark because it does not serve to distinguish the goods and services."

7. Objector's Submissions on Jurisdictional Question

Relevant Canadian legislation on certification trademarks provide as follows:

“SECTION 169

What is a certification trade mark?

A certification trade mark is a sign used, or intended to be used, to distinguish goods or services:

- (a) dealt with or provided in the course of trade; and
- (b) certified by a person (owner of the certification trade mark), or by another person approved by that person, in relation to quality, accuracy or some other characteristic, including (in the case of goods) origin, material or mode of manufacture;

from other goods or services dealt with or provided in the course of trade but not so certified.

Note: The goods or services certified may be those of any person, including the owner of the certification trade mark or any person approved by the owner for the purpose of certifying goods or services.

SECTION 170

Application of Act

Subject to this Part, the provisions of this Act relating to trade marks (other than sections 8 and 26, paragraph 27(1)(b), sections 33, 34 and 41, sections 121 and 127, Part 9 – Removal of trade mark from Register for non-use and Part 17 – Defensive Trade Marks) apply to certification trademarks and so apply as if a reference to a trade mark included a reference to a certification trade mark.

SECTION 20

Rights given by registration of trade mark

1. If a trade mark is registered, the registered owner of the trade mark has, subject to this Part, the exclusive rights:
 - (a) to use the trade mark; and
 - (b) to authorize other persons to use the trade mark;

In relation to the goods and/or services in respect of which the trade mark is registered.

Note 1: For registered owner see section 6.

Note 2: For use see section 7.

Note 3: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.”

A certification mark is included in the definition section 2 of a “trademark”. This legislation relevantly gives for a certification mark the same rights as for ordinary trademarks.

The Objector obtained legal opinions from independent counsel in Australia and New Zealand. In those jurisdictions, certification marks are protected as trademarks in the same way as they are in Canada. The legislation in both these jurisdictions is to the same effect as the Canadian legislation, although somewhat differently expressed.

In a submitted opinion from independent counsel in London, it is stated that European Council certification marks are recognized as a form of trademark under Article 15 of the First Council Directive 89/104/EEC of

December 21, 1988 to approximate the laws of the member states relating to trademarks.

This opinion lists some 13 European countries where certification marks are recognized and have the normal protection of a trademark. By way of example, the opinion refers to the Trademarks Act 1994 of the United Kingdom of Great Britain and Northern Ireland, which treats a certification trademark in a similar manner (though with different wording) as in the Canadian, Australian and New Zealand legislation.

The author of this opinion states that the European Community Trademark Regulation did not originally provide for the registration of certification marks as Community Trademarks. However, on March 27 2013, the European Commission made a number of recommendations including the introduction of certification marks registration. A draft amendment of Article 74 has been proposed defining the certification mark as a European trademark which is described as:

“when the mark is applied for and is capable of distinguishing goods and services which are certified by the proprietor of the mark in respect of geographical origin, material, mode and manufacture of goods or performance of services, quality, accuracy, or other characteristic from goods and services which are not so certified.”

The Objector disputes the claim, contrary to the Applicant’s view, that, in the United States, registered certification marks are not protected. An independent United States counsel engaged by the Objector had given an opinion that a registered certification mark receives the same protection in the United States as a registered trademark.

The Objector produced evidence that suggests that certification marks are treated as trademarks or service marks in a number of other locations, including Brazil, Chile, China, India, Israel, Republic of Korea, South Africa, Switzerland and Taiwan Province of China as well as under certain Free Trade Agreements between the United States and some Latin American countries.

The Objector claims that there is nothing in TRIPS that prohibits the protection of certification marks and trademarks, which is consistent with the fact that certification marks are protected as trademarks in many countries.

Moreover, under the UDRP certification marks have been accepted as trademarks by a number of panelists appointed in domain name disputes.

According to the Objector, even if certification marks were held not to be the equivalent of a trademark, the only requirement for an LRO objector to have standing is that the objector be a “rightsholder”; there is no requirement that the objector be a trademark owner. The Guide Book states that the source of documentation of existing legal rights may include either registered or unregistered trademarks, but not necessarily so.

8. Applicant’s Response on Jurisdictional Questions

The Applicant contests the Objector’s claim to be a “rightsholder” for the purpose of achieving jurisdiction. The Applicant submits that the Objector completely disregards the provisions in the Guide Book which defines “mark” as trademark or service mark, for the purposes of a Legal Rights Objection. It refers to Section 3.5 which states “[e]ach Panel will use appropriate general principles (standards) to evaluate the merits of each objection”. In Section 3.5.2 it is stated “...a DRSP panel of experts presiding over a legal rights objection will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector’s registered or unregistered trademark or service mark (‘mark’)...”

The Applicant does not deny that a number of jurisdictions grant the same protection as normal trademarks enjoy to certification marks. It sought to correct the Objector’s statement in relation to the TRIPS agreement.

TRIPS does not refer to certification marks.

As for the position in the United States, the Applicant criticized the opinion from United States counsel obtained by the Objector, and says that he concentrated on what certification marks and trademarks have in common and not on whether certification marks are trademarks. According to the Applicant, the two are clearly distinguishable under United States law.

The Applicant does not consider the Objector's reliance on the UDRP helpful, because that policy is concerned with clear cases of cybersquatting as an inexpensive dispute resolution procedure, whereas the Applicant has applied for its gTLD in good faith, paying an application fee of USD 185,000. The UDRP is a different procedure and not relevant to the present circumstances.

9. Decision of Panel on Jurisdictional Challenge

Under Article 20(c) of the Procedure, the Objector bears the burden of proving that its Objection should be sustained "in accordance with the applicable standards". This requirement must therefore apply when the Panel considers whether the Objector has standing to lodge a LRO.

The basic question is whether a certification trademark such as the Objector's provides a sufficient basis on which to found a LRO.

Section 3.2.2.2 of the Guide Book reads:

"[a] rightsholder has standing to file a legal rights objection. The source and documentation of existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing."

Section 3.2.2 of the same document requires that objectors must satisfy standing requirements to have their objections considered. In the category of legal rights objections, the only persons stated as being entitled to be objectors are "rightsholders". The definition says "rightsholders", and Section 3.5.2 refers to the objector's registered or unregistered trademark as a "mark".

The submissions of the Parties establish the following:

- (a) There is a basic difference between a certification mark and a standard trademark. Each type of mark has a different function. A trademark or service mark is used by the owner of the mark for its goods or services whereas a certification mark is usually used by an entity other than the owner of the mark. A certification mark represents a certification regarding some characteristic that is common to the goods or services of many persons. Using the same mark for two contradictory purposes could result in confusion and uncertainty about the meaning of the mark and could invalidate the mark for either purpose. The excerpt from the TRIPS text book cited earlier makes the same point.
- (b) A number of jurisdictions worldwide, including Canada, have legislative provisions which provide that certification marks be given the same rights as ordinary trademarks as to infringement and enforcement.
- (c) The range of decisions by panelists under the UDRP show that certification trademarks have been accepted without question as providing a complainant in a domain name dispute with rights sufficient to defeat a domain name registration which is identical or confusingly similar to a certification trademark.

The Panel notes that unregistered trademarks are entitled to be considered as providing a basis for a LRO. Unregistered trademark rights can be difficult to establish, as is witnessed by the large number of cases under the UDRP where complainants have sought unsuccessfully to rely on unregistered trademarks or

service marks as the basis for a complaint under that process. It is all too easy to say, as does the Applicant, that the UDRP is “an inexpensive dispute resolution procedure.” It may be inexpensive, especially by comparison to court litigation, but cases under the UDRP can involve difficult legal and factual situations.

In the Panel's view, ownership of a certification trademark must confer the status of “rightsholder”. The meager guidance provided in the Guide Book does not state that any trademark or “mark” has to be of the more usual kind applicable to the goods and/or services of a particular owner. Many jurisdictions see the benefit of certification marks and extend trademark protection to those marks where the owner of the certification trademark licenses persons who may use the mark and who therefore use the mark as some sort of badge of acceptance of quality assurance. Such marks come within the broad expression “trademarks” although they may be trademarks of a more limited scope than the usual kind.

In the Panel's view, the expression “rightsholders” should not be read as restrictively as the Applicant seeks. The status accorded to certification marks in some jurisdictions shows that they give rise to ‘rights’. If ICANN policy had wished to exclude certification trademarks from the broad concept of “trademark”, then one might have expected it to have said so.

In connection with the “rightsholder” requirement, there is no justification for a restrictive reading of the words “mark” or “trademark”. A liberal approach is called for bearing in mind that the onus of proof rests with an objector who has quite substantive procedural and probative hurdles to overcome before an objection can succeed.

Accordingly, the Panel proceeds now to consider the other grounds of objection on the merits.

10. Parties' Contentions on Merits

A. Objector

The Objector's certification mark for MLS has been continuously and extensively used by members of the Objector for over half a century. It has a right to use the registered mark for listing real estate services in Canada; these are the same services which the Applicant proposes to use in the new gTLD.

The Objector has rules relating to the use of the MLS mark before certifying real estate professionals as entitled to use the mark. Its members are required to be responsible for the accuracy of the information they provide. Only licensed realtors can enter information and display the MLS mark on their sales and marketing material.

The MLS mark in Canada has become well-known. The Objector has detailed manuals and tool-kits to enable members to protect the intellectual property rights in the mark. The Objector monitors the Canadian trademark register for possible infringing applications. Its website, “www.realtor.ca”, prominently features a searchbox where the user can enter a number to view an image of a property listed by a realtor. The Objector operates the MLS home price index which measures home-pricing trends in various residential markets. The majority of its 105,000 members use websites to promote their services and many of these disclose the MLS mark. The Objector has plans to expand its use of the MLS mark on the Internet in the United States.

The Canadian Trade-marks Act (“CTMA”) implements Canada's treaty obligations under the Paris Convention which provides for the protection of collective marks belonging to associations which are the same as Canadian certification marks. Sections of the CTMA protect a registered certification mark from being diluted. Similar provisions are found in the Paris Convention and the United States Lanham Act.

The proposed use by the Applicant of the <.mls> gTLD by registrars and registrants would violate the exclusive rights of the Objector in Canada to use the MLS certification mark in relation to websites listing real estate for purchase in Canada. It would cause third parties to violate the Objector's rights. There would be a

likelihood of confusion between the <.mls> domain name and the Objector's MLS mark as to the source of sponsorship, affiliation and/or endorsement of the <.mls> gTLD. Internet users in Canada could mistakenly believe that the Objector or its members have authorized, endorsed or otherwise affiliated the administration of the MLS registry. The MLS certification mark would be diluted and its validity threatened since the proposed gTLD intends to make a generic use of the MLS mark in contravention of the basic requirement that a trademark should not be used in a descriptive or generic way. The Applicant would also take advantage of the significant goodwill associated with the Objector's mark. Any proposed <.mls> gTLD would function in Canada as a source identifier. The public would expect that any domain name with the MLS mark had emanated from the Objector or one of its members.

The Applicant must intend to operate the proposed <.mls> gTLD in Canada and to have Canadians as registrants. It already serves customers in Canada because it is the registry for other gTLDs such as <.info>, <.org>, <.mobi> and <.xxx>. Confusion must be presumed if the proposed gTLD is approved. The applied-for gTLD is identical in appearance and sound to the Objector's certification mark. The gTLD is proposed to be used for the very service for which the Objector's certification mark is currently registered and used throughout Canada.

The identical nature of the two marks will confuse Internet users, since the Applicant intends to market to real estate agents and brokers including the Objector's members. The gTLD does not contain geographic indicators that would exclude Canada, so that MLS domain names will not be distinguishable from the Objector's mark. Consequently, Internet users will believe that there is a connection between the Objector's certification trademark and the <.mls> gTLD.

Concurrent and uncontrolled use of the . <.mls> domain in Canada would risk "eviscerating the distinctiveness of the MLS ® mark". If the gTLD is allowed, the Objector will not be able to control the standard for MLS real estate services in Canada. Its mark is licensed to and solely used by the Objector's members in Canada. Internet users in Canada would tend to believe that "MLS" has become a generic term since it can be used by anybody offering any real estate service.

Real estate listing services using the <.mls> gTLD will not meet the professional standards for the use of the MLS mark in Canada approved by the Objector. Such tarnishment and dilution of goodwill in the Objector's mark is likely to be irreversible, particularly if the Applicant registers many domain names in the <.mls> gTLD in Canada. Since the Objector's certification mark is licensed only to the Objector's members, the Applicant's proposal could render the mark no longer capable of being distinctive of professional real estate services.

Its intended use of the <.mls> gTLD cannot be considered *bona fide* since it would infringe the Objector's rights in Canada and would interfere with the legitimate exercise by the Objector's members of their rights in the market including over the Internet to the exclusion of non-members.

The Applicant does not carry on business using MLS as a trademark or trade name. Nor does it make any claim to be commonly known by that term.

The Applicant's statements that the real estate business is a "large but fragmented industry" and that "MLS listings are limited and fragmented" is not true in Canada. If the gTLD is allocated to the Applicant, it will be misappropriating the Objector's mark and Canadian trademark laws will be circumvented and overridden by the ICANN policy.

Section 19 of the CTMA provides that the registration of a mark in respect of any wares or services, unless shown to be invalid, gives the owner exclusive right to its use throughout Canada in respect of those wares and services. Likewise, sections 7 and 20 of the same Act prohibit a third party from causing or being likely to cause confusion between its wares, services and business and those of the trademark owner. If the <.mls> gTLD is delegated to the Applicant, it will be given a right to cause confusion in Canada by using a domain name identical to the Objector's mark within the same class of services.

It is inconceivable that the Applicant was unaware of Objector's rights to the MLS certification mark in Canada when applying for the <.mls> gTLD. The Applicant has substantial business operations in Canada with offices in Vancouver and Toronto.

The rights protection measures proposed by the Applicant are inadequate. There are no conceivable mechanisms that could be employed to avoid violation of the Objector's rights.

Dispute resolution procedures focus on bad faith and intent of the registrant rather than the effect of the registration violating the trademark owner's rights. It would therefore be impossible to prove that any registrant had registered a domain name in bad faith since the registered name would be in line with the stated purpose of the gTLD. Many consumers would be unable to distinguish between legitimate and fraudulent websites, which would enable phishing and pharming to occur. No measures could safeguard against the significant costs which would be incurred by the Objector being required to monitor the <.mls> gTLD.

Moreover, the Applicant proposes proxy registrations, which raises concerns with respect to enforcement of the Objector's rights as well as protection of Internet users who would believe a website to be operated by a member of the Objector, who would then be required to obtain court orders to identify who is behind any particular proxy registration. Proxies would be more inclined to disrespect Canadian laws. The costs of enforcement for the Objector would be high.

The Applicant has stated that it will maintain records for six months: this may result in an effective six months' limitation period for the Objector's ability to enforce its rights against a particular registration. It is possible that an infringement might not be discovered within this six-month period.

Even if it were true that MLS is a purely descriptive expression, it remains a distinctive trademark in Canada. The Applicant cannot do by the "back-door" what it cannot do by the "front-door" by using a foreign-based corporation and the ICANNgTLD process to infringe a Canadian trademark.

B. Applicant

The Objector is using the present proceedings to seek to eliminate the Applicant and deny it the right to use as a gTLD a term that is inherently generic. It seeks monopoly of a term which, on its own, could not qualify as a trade or service mark anywhere in the world and which is susceptible to cancellation in Canada. The Objector wants to deny numerous entities across the globe use of this purely descriptive term.

The Applicant proposes to operate the <.mls> gTLD in an open and secure manner with appropriate safeguards. It has had extensive experience in operating established gTLDs in a neutral and geographically diverse environment. Its rights protection mechanisms fully comply with and even exceed those designed by ICANN. They do not include granting protection to a term that is internationally recognized as free for all to use and which is devoid of distinctiveness.

The operation of the proposed gTLD would in fact be a lot more likely to benefit registrants and Internet users as it will not be operated in a closed and exclusionary manner for the sole interests of the Objector's members. Its operation is more in line with ICANN's goal "to foster diversity and encourage competition". The Applicant takes seriously, misleading or malevolent behavior and has suspended numerous domains in the last two years on that ground.

The Applicant has no intention to interfere with the Objector which was not known to the Applicant at the time of the application for the <.mls> gTLD. The Applicant was aware then that many companies in the world use the term "MLS" in the real estate sector.

The term MLS is generic and descriptive and comes within Community Trademark Regulation (Council Regulation (EC) No.40/94 of December 20, 1993 ("CTMR")). Article 7(1)(d) of CTMR provides:

“trade marks which consist exclusively of signs or indications which have become customary in the current language or the *bona fide* of established practices of the trade ‘shall not be protected’.”

This provision was implemented in all member states of the European Union. Likewise, in the United States, section 15(4) of U.S.C. Section 1065 bars registration of an applied-for trademark which is a generic term for goods and services.

Likewise, the Paris Convention Article 6 Quinquies (B)(2) states that trademarks shall not be denied registration or invalidated except where they “have become customary in the current language or in the *bona fide* and established practices in the trade of the country where the protection is claimed.”

Dictionaries online define the acronym MLS in the context of real estate, as meaning “multiple listing services” – a marketing database set up by a group of real estate brokers, in order to provide structured data about properties for sale.

The reference “Acronyms, Initialisms, and Abbreviations Dictionary” (5th Edition) contains 16 entries for the letters MLS, one of which is multiple listing service (real estate). USPTO will allow trademark registration applications for the sign MLS, provided that the term MLS is disclaimed, stating:

“Applicant must disclaim descriptive wording MLS apart from the mark as shown because it is the acronym for the terms ‘multiple listing services’, a reference program unique to the applicant’s industry”.

The Applicant listed a number of US trademarks where the word MLS is combined with other words.

Even in non-English speaking countries such as Italy, the sign MLS is considered as completely descriptive and generic for services relating to real estate. The decision of a court in Milan, in *Ortolano Roberto D Telecom v. Proximm Spa* (February 17, 2010), has the court saying of MLS:

“[i]t can be concluded beyond doubt the concerned acronym has become (as it often happens in times of global communication) the generic name for real estate list sharing services based on an interchange between agents”.

The Applicant lists real estate companies in various countries which include “MLS” in their company names plus numerous references in the international press to MLS as an acronym and generic term in the real estate sector.

The Applicant submits that the Objector fails to substantiate how the Objector’s certification marks could be known outside a limited circle in Canada. The criteria for assessing a LRO include whether, and to what extent, there is recognition in the relevant sector of the public of the sign corresponding to the gTLD. The Objector is seeking to misuse the proceedings to gain monopoly over a unique resource based on rights in the generic term restricted and confined to Canada, which rights do not exist anywhere else.

The population of Canada which has heard about the Objector, must be minimal and a virtually non-existent portion of the Internet public. English is the primary language of the Internet and the official language of 54 countries. It is widely spoken in other countries where it is not an official language. Therefore, the assessment to be carried out cannot be confined to that proportion of the Canadian population which knows that MLS is a certification mark owned by the Objector. The Objector claims global recognition, even though it has not secured trademark rights in any jurisdiction outside of Canada. This must be because its trade or service mark cannot be registered if it is merely generic.

That the association of the term MLS by the Objector is limited and confined to Canada, is illustrated by the Objector’s portfolio of domain names, namely only one ccTLD registration, <mls.ca>. That domain name redirects to “www.realtor.ca”.

The domain name <mls.com> is not owned by the Objector, but by a competitor providing MLS services in the United States. <mls.com> was registered 20 years ago and enjoys greater traffic than <mls.ca>. There are many other domain names owned by other entities operating MLS services throughout the world, such as MLS.net, MLS.org, MLS.asia, MLS.mobi, MLS.info, MLS.biz, and MLS.jobs.

11. Discussion and Findings

The Panel considers each nonexclusive factor at Section 3.5.2, the Procedure, the WIPO Rules for New gTLD Dispute Resolution, and applicable substantive law. The key enquiry is whether the potential use of the applied-for gTLD by the Applicant does not:

- (i) take unfair advantage of the distinctive character or the reputation of the Objector's registered or unregistered certification trademark ("mark"), and/or
- (ii) unjustifiably impair the distinctive character or the reputation of the Objector's mark, and/or
- (iii) otherwise create an impermissible likelihood of confusion between the applied-for gTLD and the Objector's mark.

The Panel adopts with gratitude the following pertinent observations by the learned Panelist in *Right at Home v. Johnson Shareholdings Inc*, WIPO Case No. LRO2013-0030 on the wording of the above criteria.

"The use of the terms 'unfair', 'unjustifiably', and 'impermissible' as modifiers, respectively, of 'advantage', 'impairs', and 'likelihood of confusion' in Section 3.5.2 suggests that there must be something more than mere advantage gained, or mere impairment, or mere likelihood of confusion for an Objection to succeed under the Procedure. It seems rather, that there must be something untoward – even if not to the level of bad faith – in the conduct or motives of Respondent, or something intolerable in the state of affairs which would obtain if the Respondent were permitted to keep the String in dispute.

The foregoing concepts are not uniformly defined or understood in the international trademark community. Indeed, the word 'unfair' in the context of 'unfair competition' is a notoriously elusive concept. An excellent and colorful discussion of the quicksilver quality of that term may be found in McCarthy's treatise, wherein it is observed. The word 'unfair' is no more precise than many other legal terms whose purpose is to give discretion to a judge, such as 'reasonable' or 'adequate'. *J Thomas McCarthy, McCarthy on Trademarks and Unfair Competition 4th* (Thomson Reuters/West) section 1:8.

To aid interpretation of this general concept, the Procedure 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. These factors may be viewed collectively as analytical proxies for the more general concepts discussed above. The Panel underlines that as these eight factors are stated to be nonexclusive, it thereby leaves room for the interpretation of this general concept. It also bears noting that the relevant importance of each factor is not fixed in advance of the Panel's inquiry; rather, depending on the facts and circumstances of each case, some factors may prove more significant than others. Deciding a case under the LRO Procedure is not simply a matter of tallying the factors (e.g. 5-3) and declaring the winner on that basis."

As noted above, where the objection is based on trademark rights, the Panel is required to consider the eight non-exclusive factors. The Panel will consider these before applying the broader criteria above, in the light of the comments above. Most of the factors favor the Objector but the Panel considers that the overall assessment of the Objection does not depend on "counting the score" in these eight factors.

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

The Applicant for gTLD is identical, including in appearance, phonetic sound or meaning to the Objector's existing mark.

- ii. Whether the objector's acquisition and use of rights in the mark has been *bona fide*.

The Objector's acquisition and use of rights in the mark has been *bona fide*.

- 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 the objector, of the applicant or of a third party.

The evidence shows that members of the public in Canada would be likely to recognize a sign corresponding to the gTLD as pertaining to real estate persons but not necessarily to the Objector. On its part, there is no indication of market recognition of the Objector in relation to the term "MLS". Multiple other entities appear recognizable by the term at issue.

- iv. The applicant's intent in applying for the gTLD, including whether the applicant, at the time of application for the gTLD, had knowledge of the objector's mark, or could not have reasonably been unaware of that mark, and including whether the applicant 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.

Whilst there is no reason to question the *bona fides* of the Applicant, it is hard to accept that it had no knowledge of the use of the Objector's registered marks in Canada. One would in any event have expected it to have done due diligence in Canada by the simple expedient of searching the trademark register. It has offices in that country and it might expect numerous registrations from Canada for the new gTLD.

- v. Whether and to what extent the applicant 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 the objector of its mark rights.

The Applicant's use of the proposed gTLD is prospective. It does propose some safeguards against Internet abuse of trademarks but it is too soon to say how effective those safeguards will be.

- vi. Whether the applicant 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 the applicant is consistent with such acquisition or use.

The Applicant has no intellectual property rights in the sign corresponding to the gTLD. It claims that the term MLS is generic. The Panel agrees that the term MLS is generic. With that meaning, it would be unlikely to be approved for trademark registration without restriction in most jurisdictions.

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

There is nothing to show that this has occurred.

- viii. Whether the applicant's intended use of the gTLD would create a likelihood of confusion with the objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

Confusion would be likely in Canada, since the Objector's mark is used by real estate professionals when buying or selling real estate.

The above eight criteria should not be applied in formulaically, as counseled by the panel in the case cited above. This case has thrown up different circumstances that make more linear assessment not entirely appropriate.

The basic question here is whether the Applicant is entitled to register a new gTLD in respect of a generic term which happens to be the subject of a certification trademark in one English-speaking jurisdiction, namely Canada. The Panel is satisfied that the expression "MLS" is a generic term for "multiple listing services" and is used as such in English-speaking countries.

The Objector owns a certification mark for the term which could possibly be susceptible to deregistration on the grounds that it is a generic term. However, the Panel must accept that this is a valid certification trademark giving the Objector rights under Canadian trademark legislation. This certification mark provides some benefit for all of the many persons seeking to deal with real estate in Canada. Persons engaged in real estate agency or broking and who use the mark in their sales material may be relied on to comply with the Objector's conduct.

If the gTLD were allowed and the Objection disallowed, the Objector would still be able to pursue its trademark rights in the Canadian courts since a certification mark is by Canadian law deemed to have the same rights as an ordinary trade or service mark in respect of enforcement and infringement.

A certification mark holder can also take action under the less expensive procedures of the UDRP. The cases cited by the Objector show that panelists under the UDRP have had no compunction in acknowledging that certification marks give status to a complainant under that policy.

There seems to be no mechanism whereby this Panel could say that the gTLD should be allowed everywhere except Canada. Any condition to that effect just would not work with the Internet being a universal resource.

The Panel cannot see the justification for refusing to allow the Applicant to operate in every country because the Objector has a certification mark for a generic term in Canada. Had the Objector's certification been other than a generic term, its case might have been stronger but MLS it is a generic term used in English-speaking jurisdictions.

In the words of the panelist cited earlier, there is nothing untoward in the conduct of the Applicant or something intolerable in permitting the Applicant to keep the string in dispute. Whilst the Objector's certification mark may be tolerably well-known in Canada, it is not reasonable to forbid the universal use by its Applicant as a gTLD.

The Panel considers that the three key questions posed earlier must therefore be resolved in favor of the Applicant.

11. Decision

For the foregoing reasons, the Panel rejects the Objection.

[signed]

Sir Ian Barker
Sole Panel Expert
Date: July 16, 2013