

## **ADMINISTRATIVE PANEL DECISION**

Kasem Aoufe v. Asatur Shamamyan  
Case No. D2018-1305

### **1. The Parties**

The Complainant is Kasem Aoufe of Tempe, Arizona, United States of America (“United States”), represented by Wright Law Group, PLLC, United States.

The Respondent is Asatur Shamamyan of North Hollywood, California, United States.

### **2. The Domain Name and Registrar**

The disputed domain name <skyhighsmokeshop.com> is registered with GoDaddy.com, LLC (the “Registrar”).

### **3. Procedural History**

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on June 12, 2018. Subsequently on June 12, 2018, the Center transmitted, by email, to the Registrar a request for registrar verification in connection with the disputed domain name. Later on June 12, 2018, the Registrar transmitted, by email, its verification response to the Center confirming that the Respondent is listed as the registrant and providing the contact details. The Complaint, pursuant to a request from the Center dated June 19, 2018 to correct certain formal deficiencies in the Complaint, filed an amended Complaint on June 20, 2018. Hereinafter, all references to the Complaint will refer to the amended Complaint, unless the specific context necessitates otherwise.

The Center verified that the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the “Policy”), the Rules for Uniform Domain Name Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

In accordance with the Rules, paragraphs 2 and 4, on June 20, 2018, the Center formally notified the Respondent of the Complaint and that the proceedings commenced that day. In accordance with the Rules, paragraph 5, the Center set the due date for Response to July 10, 2018. On July 10, 2018, the Respondent timely filed its Response with the Center.

The Center appointed Peter L. Michaelson as the sole panelist in this matter on July 27, 2018. 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 Center to ensure compliance with the Rules, paragraph 7.

#### **4. Factual Background**

As reflected in the registration record for the disputed domain name in the public Whois database (a copy of that record has been provided by the Registrar as part of its verification message to the Center), the disputed domain name was originally registered on July 3, 2009. Subsequently, during 2018, the Respondent apparently acquired it and became the registrant of the disputed domain name. The registration is set to expire on July 13, 2019.

#### **A. The Complainant's SKY HIGH marks (collectively the "SKY HIGH Marks")**

As indicated in the Complaint, the Complainant owns two United States trademark registrations for the term "SKY HIGH". The Complainant has provided, in Annex 3 to the Complaint, copies of the registration certificates for these registrations, the pertinent details of which are:

1. SKY HIGH (block letters)

United States Registration No. 4,751,784

Registered: June 9, 2015; Filed: October 18, 2014

This mark is registered for use in connection with: "Retail shops featuring smoking articles" in international class 35. This registration indicates that, in conjunction with these goods, first use of the mark and first use in commerce commenced on April 30, 2009.

2. SKY HIGH (block letters)

United States Registration No. 4,619,680

Registered: October 14, 2014; Filed: August 21, 2013

This mark is registered for use in connection with: "Vaporizing pens, namely, smokeless cigarette vaporizer pipe" in international class 34. This registration indicates that, in conjunction with these goods, first use of the mark and first use in commerce commenced on April 30, 2009.

#### **B. The Parties and their activities**

Both parties operate what are commonly known as either a "head shop" or "smoke shop". Each party, through its corresponding establishment, advertises and offers for sale, to its respective customers and potential customers, cannabis-related paraphernalia and services which are quite similar to and directly compete with those offered by the other party. The Complainant operates through an actual physical store located in Tempe, Arizona as well as via e-commerce conducted through its website; while the Respondent, based in the Los Angeles, California metropolitan area, offers its goods solely via e-commerce effected through its website at <skyhighsmokeshop.com>.

The Complainant contends, in paragraph 12(C) of the Complaint, that, for a long time, it was the prior registrant of the disputed domain name, but, through an inadvertent book-keeping error at its end, the registration lapsed. The Respondent then registered the name during 2018 and started using it later as the address of its website. The Complainant states that its counsel attempted to contact the Respondent to re-acquire the name but the Respondent failed to reply.

From August 1, 2017 through July 9, 2018 and as indicated in the Respondent's profit and loss statement provided in Annex 3 to the Response, the Respondent incurred thousands of dollars in inventory,

warehousing, and marketing expenses in conjunction with implementing its e-commerce business, including its website.

The Respondent filed a United States trademark application for the words “SKY HIGH SMOKE SHOP” on December 12, 2017 for use in conjunction with, in international class 34: “Retail store services featuring tobacco accessories, pipe accessories, torch lighters, vaporizers, vaporizer accessories, rolling papers, tobacco pipes, glass tobacco pipes, tobacco water pipes, room deodorizers, tobacco pipe cleaning accessories, rolling accessories, pipe storage bags and cases, and tobacco grinders; On-line retail store services featuring tobacco accessories, pipe accessories, torch lighters, vaporizers, vaporizer accessories, rolling papers, tobacco pipes, glass tobacco pipes, tobacco water pipes, room deodorizers, tobacco pipe cleaning accessories, rolling accessories, pipe storage bags and cases, and tobacco grinders”; and, in international class 35: “Advertising and marketing services provided by means of indirect methods of marketing communications, namely, social media, search engine marketing, inquiry marketing, Internet marketing, mobile marketing, blogging and other forms of passive, sharable or viral communications channels”. In the application, the Respondent claimed, in conjunction with all the services it enumerated across both classes, a date of first use and first use in commerce of September 7, 2017. This application is currently pending though registration has been refused through a non-final office action mailed June 19, 2018. Through that action, and based on evidence which the Examining Attorney discovered from the Respondent’s website, the Examiner refused registration of the mark on the basis that the Respondent does not and cannot have a *bona fide* intent to lawfully use the mark in commerce as the specific services listed by the Respondent in its application are related to drug paraphernalia which are illegal under the Federal Controlled Substances Act 21 U.S.C. §§ 801-971 (“Federal CSA”). As of August 2, 2018, the Respondent has not responded to the office action though it has until December 19, 2018 to timely do so.

The Respondent states that it purchased the disputed domain name from “GoDaddy Auctions”, a domain name auction service associated with the Registrar, to intentionally acquire an “aged domain name which did not contain any cannabis related terms” so to ensure approval with the Respondent’s merchant processor. Furthermore, the Respondent denies that it was ever contacted by the Complainant’s counsel. See, Response at Section III(C).

## **5. Parties’ Contentions**

### **A. Complainant**

#### **(i) Identical or Confusingly Similar**

The Complainant contends that the disputed domain name is confusingly similar to its mark SKY HIGH.

Specifically, the disputed domain name “incorporates the most relevant portions of Complainant’s registered trademarks and Respondent uses the websites associated with the disputed domain names to advertise competing and substantially identical goods and services to the same smoke shop customers and potential customers that are serviced by Complainant.”

Hence, the Complainant believes that it has satisfied the confusing similarity/identity requirement in paragraph 4(a)(i) of the Policy.

#### **(ii) Rights or Legitimate Interests**

The Complainant contends that, for either of two reasons, the Respondent has no rights or legitimate interests in the disputed domain name pursuant to paragraphs 4(a)(ii) and 4(c) of the Policy.

The Respondent is not commonly known by the domain name and has acquired no trademark or service mark rights in that domain name.

Further, the Respondent is not making any legitimate noncommercial or fair use of the name, without intent for commercial gain to misleadingly divert consumers or to tarnish the Complainant's mark.

(iii) Registered and Used in Bad Faith

The Complainant also contends that, for either of two reasons, the Respondent has registered and is using the disputed domain name in bad faith in violation of paragraph 4(a)(iii) of the Policy.

Specifically, the Respondent registered the name primarily to disrupt the Complainant's business by using the disputed domain name, beginning shortly after it received the name, as an address of the Respondent's website through which the Respondent offers goods and services that directly compete with those offered by the Complainant under its mark SKY HIGH.

Further, the Respondent intentionally uses the name to attract for commercial gain, Internet users to the its web site, by creating a likelihood of confusion with the Complainant's mark as to the source, sponsorship, affiliation or endorsement of the Respondent's site and its goods and services – when, in actuality, no such relationship, affiliation or endorsement exists between the parties.

**B. Respondent**

(i) Identical or Confusingly Similar

Contrary to the Complainant's position, the Respondent asserts that the disputed domain name is neither identical nor confusingly similar to the Complainant's mark SKY HIGH. The Respondent predicates its view on the Examining Attorney's statement in the June 19, 2018 office action, for the Respondent's pending trademark application for its own mark "SKY HIGH SMOKE SHOP", that she "has found no conflicting marks that would bar registration under Trademark Act Section 2(d)", presumably including the Complainant's existing registrations.

Further, the Respondent disagrees with the Complainant's view that the Respondent uses its website to advertise competing and substantially identical goods and services to the same smoke shop customers and potential customers that are serviced by the Complainant. In that regard, the Complainant's trademark is solely registered for use with a retail location selling smoking articles. This retail store is located in Tempe, AZ, while the Respondent's online store is based out of Los Angeles. As such, the Respondent contends that it cannot directly compete with the Complainant and/or target its existing and potential customers.

(ii) Rights or Legitimate Interests

The Respondent contends that it has rights or legitimate interests in the disputed domain name because it used or made demonstrable preparations to use the name prior to its having received notification of the present dispute.

Specifically, the Respondent filed its United States trademark application on December 12, 2017 which preceded by some six months the date, June 20, 2018, when it was notified of the present dispute. Further, the Respondent has provided, in Annex 3 to the Response, a profit and loss statement for its business for the period August 1, 2017 through July 9, 2018. As indicated on that statement, the Respondent accumulated, during that period, thousands of dollars in expenses on inventory, warehousing, and marketing and which it incurred in implementing its e-commerce company, including its website.

(iii) Registered and Used in Bad Faith

The Respondent takes issue with the Complainant's view that it registered and used the disputed domain name in bad faith and particularly to disrupt the Complainant's business. Specifically, the Respondent's intent in acquiring the name at auction was to obtain an "aged domain" which did not contain any cannabis-related terms and thus would not cause any concerns with the Respondent's merchant processor.

Prior to both registering the name and then launching its website reachable through the name, the Respondent undertook what it then believed to be proper measures to avoid infringing any trademarks including the Complainant's SKY HIGH Marks. The Respondent points to the Examining Attorney's statement that she found "no conflicting marks that would bar registration under Trademark Act Section 2(d)" as apparently confirming the sufficiency of those measures.

(iv) Reverse Domain Name Hijacking

The Respondent, pursuant to Rule 15(e), requests the Panel to find that the Complainant brought the Complaint in bad faith and thus abused the administrative process by having committed reverse domain name hijacking. The Respondent appears to base its request on the Complainant's statement that its counsel attempted to contact the Respondent to re-acquire the disputed domain name, when, in fact, no such attempt was ever made.

## 6. Discussion and Findings

### A. Identical or Confusingly Similar

The Panel finds that the disputed domain name is confusingly similar to the Complainant's mark SKY HIGH.

From a simple comparison of the disputed domain name to the Complainant's mark SKY HIGH, no doubt exists that the disputed domain name is confusingly similar to it. The disputed domain name consists of the mark in its entirety appended by the common words "smoke shop" to which the generic Top-Level Domain ("gTLD") ".com" has been appended, with the addition of the gTLD being irrelevant in this case in assessing confusing similarity or identity under paragraph 4(a)(i) of the Policy and thus ignored.

It is now very well-established in UDRP precedent, including numerous decisions previously rendered by this Panel, that a minor variation, such as addition of other terms (whether descriptive, geographical, pejorative, meaningless, or otherwise), to a mark, where the mark is recognizable within the disputed domain name, is usually insufficient in and of itself, when used in forming a domain name that results from modifying the mark, to confer requisite and sufficient distinctiveness to that name to avoid user confusion. Here, the Respondent's addition of the common words "smoke shop" clearly resulted in such a minor variation. See section 1.8 of WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition ("WIPO Overview 3.0"). Also, see, e.g., *Accor, SoLuxury HMC v. Registration Private, Domains By Proxy, LLC / I S, ICS Inc.*, WIPO Case No. D2018-1104; *Calvin Klein Trademark Trust and Calvin Klein Inc. v. Abeer Ayoub*, WIPO Case No. D2018-0387; and *SAP SE v. Lakshmi Reddy Bhumireddy and P. Hareesh*, WIPO Case No. D2017-0396.

Therefore, the Panel finds that the disputed domain name is confusingly similar to the Complainant's mark SKY HIGH. Hence, the Complainant has satisfied its burden under paragraph 4(a)(i) of the Policy.

### B. Rights or Legitimate Interests

The Panel finds that the Complainant has not demonstrated to the Panel's satisfaction the Respondent's lack of rights or legitimate interests in the disputed domain name.

Under paragraph 4(c)(i) of the Policy, a respondent-registrant has rights and legitimate interests in a domain name if:

"before any notice to you [respondent-registrant] of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a *bona fide* offering of goods or services".

Under this provision, use or demonstrable preparations for use of the name must occur in connection with a *bona fide* offering of goods or services.

The Complainant has not raised the issue of whether the Respondent's use of the disputed domain name in connection with its website offering cannabis-related paraphernalia is itself illegal under the Federal CSA and thus incapable of being *bona fide* for purposes of provision 4(c)(i) of the Policy. In contrast, the Examining Attorney based her refusal to federally register the Respondent's trademark on the Federal CSA and particularly because the Respondent can never have a *bona fide* intent to lawfully use its mark in commerce in connection with cannabis-related drug paraphernalia as such paraphernalia is illegal under the CSA. Registration of such applications is a question of solely federal law.

The Panel takes judicial notice of the fact that various states in the United States have recently enacted laws to legalize recreational use of cannabis and regulate its dispensing; in other states, efforts are currently underway to do so; and in certain remaining states in the country, such efforts have not succeeded and consequently cannabis use and its paraphernalia still remain illegal under the laws of those states. The interplay and boundaries between, on the one side, the Federal CSA, which prohibits, on a federal level, cannabis and related drug paraphernalia and, on the other, various potentially conflicting cannabis-related state laws which, do not, is currently evolving though in a state of considerable flux with much uncertainty. In view of this rapidly developing yet amorphous legal landscape, well-defined answers as to whether and to what extent these permissive state laws are pre-empted by the CSA under the US Constitution are unknown. As the Respondent presumably ships its goods to customers and offers its services to customers and potential customers in different states throughout the United States, its activities are likely impacted by differing and potentially conflicting laws of the states where its customers and potential customers are located. Depending on the degree of pre-emption, the Respondent's activities in some states may be legal and thus *bona fide* of purposes of paragraph 4(c)(i) of the Policy, while not necessarily so in others.

Consequently, to significantly simplify this decision, the Panel will completely refrain from considering, *sua sponte*, and thus totally ignore the impact, if any of the Federal CSA in assessing whatever impact, if any, the Federal CSA might have on the parties' actions and particularly whether the Respondent's use of the disputed domain name is *bona fide* or not for purposes of qualifying under paragraph 4(c)(i), when viewed in light of the Federal CSA and applicable state laws.

Hence, under the facts of record, the Panel views the Respondent's offerings, through its website resolvable by the disputed domain name, to sell cannabis-related paraphernalia as being *bona fide* for purposes of this Decision.

What the record clearly indicates is that the Respondent commenced its preparations to use a name corresponding to the disputed domain name prior to its receiving notice of this dispute, and thus its actions satisfy paragraph 4(c)(i) of the Policy.

Specifically, in its federal trademark application filed on December 12, 2017, the Respondent claims a first use in commerce date of September 7, 2017 for the words "SKY HIGH SMOKE SHOP", which constitutes (ignoring the inter-word spaces) the entire second level domain (SLD) of the disputed domain name. The Panel infers, from no evidence in the record to the contrary, that, through its website, the Respondent currently offers through its website the same services it listed in its trademark application, thus claiming it began using the SLD in conjunction with offering these services as of September 7, 2017. Shortly before and apparently continuing after it started so using this SLD and particularly during the period of August 1, 2017 through July 9, 2018, the Respondent incurred considerable expenses in establishing and starting its online business under the SLD. During 2018, the Respondent acquired the disputed domain name and started using it later as the address of its website through which it conducts its online business. Assuming *arguendo* that the Complainant's counsel actually contacted the Respondent, though the record is completely devoid of a copy of any communication which that counsel purportedly sent or any concrete proof corroborating the transmission or receipt of such a communication, the earliest date such communication could have occurred and hence the earliest date the Respondent would have been on notice of the present dispute could only have been the date on which the Respondent acquired the domain name during 2018. By

that time, the Respondent had already started using the SLD some nine months earlier in conjunction with offering its services. It is more likely, given the failure of proof, that the Respondent was first notified of this dispute when it received, from the Center, notification of this proceeding. If the latter is true, then the Respondent's use of the SLD commenced even earlier, some ten months prior to its first receiving notice of this dispute.

In either case, the Respondent has persuaded the Panel that its use or demonstrable preparations to use a name, here the SLD, corresponding to the disputed domain name, in conjunction with its *bona fide* service offerings preceded the earliest date on which it was notified of the present dispute.

Consequently, the Respondent possesses Rights and Legitimate Interests in the disputed domain name pursuant to paragraph 4(c)(i) of the Policy.

### **C. Registered and Used in Bad Faith**

In light of the Panel's finding that the Respondent has rights and legitimate interests in the disputed domain name, the Panel's view on the issue of bad faith registration and use is now moot. Accordingly, the Panel declines to so opine on that issue.

### **D. Reverse Domain Name Hijacking**

The Respondent has requested the Panel to find that the Complainant has committed Reverse Domain Name Hijacking. Yet, it submitted nothing more than its bald request and certainly no support. As the Panel finds no evidence whatsoever in the record – as meager as the factual record is – that the Complainant, in filing its Complaint, intentionally did so expressly for the purpose of abusing this administrative process, the Panel declines to make such a finding. While the Respondent is apparently irritated by the Complainant having asserted its trademark rights against the Respondent and seeking transfer of the disputed domain name, absent a finding of any abuse, the Complainant had every right to do so and proceed as it did, even though ultimately it did not prevail.

## **7. Decision**

For the foregoing reasons, the Complaint is denied.

**Peter L. Michaelson**

Sole Panelist

Date: August 10, 2018