

IP Alert: What Trademark Owners Need to Know About the New Internet Generic Top-Level Domains (gTLDs)

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The Internet is undergoing a dramatic change that has significant implications for the use and protection of trademarks. June 13, 2012, marked "Reveal Day," when the international corporation that controls domain names, Internet Corporation for Assigned Names and Numbers (ICANN), published identifying information about applications for 1,930 new Generic Top-Level Domains (gTLDs).¹

Until now, web addresses have, for the most part, ended in such familiar gTLD extensions as .com, .net, and .org. There are currently 22 such extensions. There are also 280 country code Top-Level Domains (ccTLDs). In January 2012, ICANN launched a new program that allows public and private entities to establish gTLDs of their choosing using any letter and number combination (including non-ASCII characters used in foreign languages). Businesses can turn their own brand names into gTLDs, such as .microsoft, or form generic extensions based on product groups or geographic locations, such as .toys or .boston. The program significantly expands the Internet's Domain Name System (DNS) since there are now, theoretically, a virtually unlimited number of available gTLDs.

Unfortunately, this innovation comes at a high price: There is a serious potential for increased cybersquatting and other trademark-based concerns. Accordingly, brand owners in every industry need to understand the mechanisms available to protect their trademarks against infringement by the new gTLDs and, especially, by newly registered domain names within each of the new gTLDs. For the future, brand owners should also consider whether applying for their own ".brand" or some other gTLD makes sense for their business, whether for affirmative strategic commercial purposes or for defensive purposes. The window for the first round of new gTLD applications closed on May 30, but ICANN expects to open a second window for applications within the next couple of years.

Recent Events and Upcoming Deadlines

Many major brand owners applied for gTLDs in the first application round, including Apple, Amazon, Google, Microsoft, JP Morgan Chase, Macy's, and Wal-Mart. Current registrars, various associations, and even religious groups also participated. The June 13 posting identifying the proposed new gTLDs triggered a sixty-day public comment period (ending on August 12, 2012), during which time anyone can submit feedback on active gTLD applications through a forum on ICANN's website.² During this time period,



governments may issue an early warning objection to proposed gTLDs. For the next seven months, third parties will also be able to file formal objections to any application, using pre-established dispute resolution procedures, some of which are explained below.

Importantly, trademark owners will be able to file their marks with a centralized database, known as the Trademark Clearinghouse, to help protect them from infringement by new second-level domain names that are sought to be registered within the new gTLDs and from abusive conduct by gTLD operators. ICANN currently intends to open the Trademark Clearinghouse in October 2012.

Between July 2012 and January 2013, evaluation panels appointed by ICANN will conduct an initial review of the applications. A proposed gTLD that passes the initial evaluation and faces no formal objections could go into effect as early as 2013. ICANN has stated that in no given year will it allocate more than 1,000 new gTLDs.

Defensive Mechanisms to Protect Established Brands

ICANN's existing trademark dispute resolution mechanism, the Uniform Domain Name Dispute Resolution Policy (UDRP), will be available to trademark owners to challenge second-level domain names registered under any new gTLD. ICANN has developed several additional IP rights protection mechanisms to protect brand owners against proposed gTLDs and second-level domain names registered within new gTLDs that infringe trademarks.

Legal Rights Objections to Proposed gTLDs

ICANN will not notify individual brand owners if a proposed top-level domain name matches their trademark. Instead, it is ICANN's position that, by publishing the applications on its website, it has provided trademark holders the opportunity to review every new gTLD. Third parties can file a "Legal Rights Objection" against any proposed gTLD that infringes their registered or common law trademark.³ Objections must be filed with the World Intellectual Property Organization (WIPO), the provider contracted by ICANN to adjudicate legal rights objections.

Third-party objectors will be required to pay a filing fee of \$2,000 and a panel fee of \$8,000 for review by a single-expert panel, or a filing fee of \$3,000 and a panel fee of \$20,000 for review by a three-member panel. There will also be legal fees associated with preparing and prosecuting the objection. The legal rights objection filing period will last until approximately mid-January, 2013.

Trademark Post-Delegation Dispute Resolution Procedure (for gTLD-based and domain name-based disputes)

ICANN has also published a Post-Delegation Dispute Resolution Procedure for the filing of complaints by trademark owners against new gTLD operators (Trademark PDDRP). This procedure is not operational until after a registry operator begins selling domain names. It is intended to address situations of trademark abuse by a registry operator, both in the operation of the gTLD registry itself (e.g., a gTLD that is identical to a trademark and being held out by the operator as affiliated with the trademark owner), and at the second level (e.g., a pattern of bad faith by the operator in knowingly selling domain names that infringe a trademark). The trademark owner would need to show, by clear and convincing evidence, that the operator's conduct infringes the trademark owner's rights in the top-level or second-level domain name space. Updated rules for the Trademark PDDRP were announced on June 4, 2012.⁴

Trademark Clearinghouse (for gTLD-based and domain name-based disputes)

Brand owners will be able to register their marks with a Trademark Clearinghouse, an independent centralized database that will offer authentication and validation services for trademark information. ICANN will require new gTLD operators to use the Clearinghouse to support two programs designed to help protect trademark owners during the early stages of the launch of a new gTLD, a Trademark Claims Service and a Sunrise Registration Service. The Clearinghouse will also support the Trademark PDDRP, discussed above. Deloitte and IBM have contracted with ICANN to be the service providers for the Trademark Clearinghouse.

Trademark Claims Service

Under the Trademark Claims service, during at least the first 60 days of the general registration period for domain names in a new gTLD, the registry operator or the registrar will notify an applicant if its proposed domain name could impact the rights of a pre-existing trademark owner, based on information in the Trademark Clearinghouse. If the domain name is ultimately issued, the registrar will notify the trademark owner so that it can take action against the registrant if it so desires.

Sunrise Service

The Trademark Clearinghouse will also support the obligation of registry operators to provide trademark owners with a "Sunrise" period, during which they can register second-level domain names under the new gTLDs before applicants at-large may apply. Registry operators must provide the Sunrise period for at least thirty days during their pre-launch phase. Data in the Clearinghouse will be used to verify claims of trademark ownership by applicants for domain names during the Sunrise period. If someone other than the trademark owner, as verified by the Clearinghouse, applies for a domain name during the sunrise period, both parties will be notified, and the dispute will be handled according to a Sunrise Dispute Resolution Policy (SDRP). The Clearinghouse will maintain Sunrise eligibility requirements and hear challenges to Sunrise registrations.



Criteria for Inclusion in the Clearinghouse

Trademarks eligible for inclusion in the Clearinghouse include: (1) nationally or regionally registered word marks from all jurisdictions; (2) any word mark that has been validated through a judicial proceeding; (3) any word mark protected by a statute or treaty; and (4) other marks that constitute intellectual property.

Applicants to the Clearinghouse must submit a copy of the registration certificate for their mark or other proof of ownership rights in their mark and a sworn statement that the mark is currently in use and has not been supplied for an improper purpose. In order to remain in the Clearinghouse, each trademark holder will need to periodically renew its registration information. The fee for initial authentication and validation services by the Clearinghouse is expected to be less than \$150 per submission; however, complex applications that require additional services will be subject to a higher rate.

Uniform Rapid Suspension System

The Uniform Rapid Suspension System (URS) is to provide an expedited, inexpensive procedure for trademark owners to halt clearly infringing and potentially harmful domain name activity.

A URS complainant must assert and prove, by clear and convincing evidence, that a registered domain name is identical or confusingly similar to a word mark owned by the complainant. The URS is available for registered marks, marks that have been validated through court proceedings, and marks that are specifically protected by a statute or treaty.

The URS provider has yet to be contracted by ICANN. The proposal currently provides that the provider will charge fees to the complainant of about \$300, but the final amount is to be set by the provider. It is unclear how and when URS will be implemented. As of this writing, ICANN has encountered difficulty in locating a provider that can implement the program under the low fee structure set by ICANN.

Considerations in Applying for a gTLD

Although ICANN has not issued a timetable for additional gTLD application periods, and it is likely to be a couple of years before a new application round commences, brand owners interested in the program should consider the potential benefits and drawbacks of gTLD ownership.

Ownership of a gTLD provides certain benefits for businesses. gTLD operators have the authority to decide which entities or individuals should receive second-level domain name registrations under certain types of gTLDs, e.g., .brand, making them as inclusive or exclusive as they wish. By having full control over a gTLD, a business may gain better brand control, customer loyalty and trust, and a platform to demonstrate its command of emerging Internet technology. There are also defensive reasons for seeking to obtain a particular gTLD, i.e., to prevent others from doing so. For example, in the first round, Apple Inc. but not Apple

Records applied for .apple, and 13 different applicants (but not Apple Inc.) applied for .app.

That being said, the decision to apply for a gTLD calls for careful deliberation. Operating a gTLD entails significant responsibilities and requires a substantial investment. Unlike applicants for a second-level domain name, the owner of a gTLD will operate as a registry. The owner must therefore have the technical, legal, financial, and marketing capacity to support the Internet's domain name infrastructure and to satisfy ICANN's ongoing requirements for registry operators. Applicants will endure an evaluation process that will last for months to ensure that they meet these standards.

In addition, the application process is complex and expensive. The application form poses rigorous technical, financial, and operational questions. ICANN charged every applicant in the first round an application fee of \$185,000 for each proposed gTLD, including a \$5,000 nonrefundable deposit. ICANN will also assess registry fees of at least \$25,000 per year. In addition, owners will incur costs for operating the registry and for defending against any third-party infringement claims.

Conclusion

Given the changing Internet landscape, brand owners need to be prepared to defend their trademarks against potential infringers in the new gTLDs. At a minimum, they should review the published list of proposed new gTLDs and consider whether a comment or formal objection is warranted. They should also, in most cases, register their important trademarks with the Trademark Clearinghouse when it is activated. Once certain of the new gTLD registries are activated, they should be added to the gTLDs and ccTLDs that a brand owner is currently monitoring for possible claims against domain name registrants or registry operators via the UDRP, URS, or PDDRP processes. Finally, those brand owners (and entrepreneurs) who elected to sit out the first round of the new gTLD application process but are considering applying in the future should gauge the experiences of the first round applicants as they contemplate whether to participate in round two.

¹ See <http://newgtlds.icann.org/en/program-status/application-results>

² See <http://newgtlds.icann.org/en/program-status/application-comments>

³ According to ICANN's Applicant Guidebook, a formal objection may be filed on four possible grounds: (1) string confusion objection, i.e., two proposed gTLD strings are confusingly similar; (2) legal rights objection, i.e., a proposed GTLD string infringes the existing legal rights of the objector; (3) limited public interest objection, i.e., a proposed gTLD string conflicts with generally accepted norms recognized under international law; and (4) community objection, i.e., opposition from the community to which a proposed gTLD string is targeted. Here, we consider the functions of the legal rights objection only.



⁴ See <http://newgtlds.icann.org/en/applicants/agb>, Module 5

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