

## New Generic Top-Level Domains Will Bring New Threats to Trademark Owners

Trademark owners work diligently to protect the value of their brands, including how their brands appear and are used in Internet domain names. As part of that thoroughness in protecting their brand, trademark owners often register multiple domain names that incorporate their trademarks. Many trademark owners register common misspellings or derivations of their trademarks and even register the same second-level domain names (that is, everything to the left of the dot in a domain name) in multiple generic Top-Level Domains (gTLDs) (for example, .com, .net, .biz, and various country gTLDs). The reason for this vigilance is twofold: (1) to make sure that the trademark owners capture as much of their intended Internet audience and traffic as possible, and (2) to prevent others from using their brands for negative or critical purposes, including, but not limited to, diverting traffic away from the mark owners.



Just when the strategy and process seemed manageable and, at least for many, under control, the Internet Corporation for Assigned Names and Numbers (ICANN) approved its new gTLD program, which will greatly increase the number of available gTLDs and accompanying domain names. Even though ICANN believes this plan will bring about much-needed innovation, brand opportunity, choice, and change in the Internet, the new program will also bring new and significant threats to trademark owners.

Currently, 22 gTLDs are available, including the familiar .com, .net, .org, and .edu gTLDs. The new gTLD program means that Internet addresses will soon be able to end with an almost endless possibility of words in any language. The new program opens a whole new segment of marketing and visibility for brands, but it also creates innumerable new venues for trademark infringement and other unauthorized (and usually undesired) use of trademarks and trade names. For example, a company could apply for a gTLD that consists of the company's—or someone else's—

corporate name, brand, product name, or some key industry term, product category, or other desirable generic term, opening the possibility of new domain names ending in .ford or .shoes, for example.

Under its new program, ICANN will accept applications for new gTLDs from Jan. 12, 2012, through April 12, 2012. Approved applicants for a gTLD will be “registry operators” operating under a Registry Agreement between the applicant and ICANN. Registry operators will be responsible for the operation of the gTLD and the names registered in the gTLD. Unfortunately, however, applying for a branded gTLD (.coke, for example) will not be a viable option for most trademark owners for logistical and financial reasons. Eligibility criteria are strict, and the applicant must pay a \$185,000 application fee just to start the process. Applicants should expect additional costs as well, such as legal fees, registry provider fees, and a \$25,000 minimum annual ICANN registry fee for 10 years.

Because most trademark owners will not be registering their marks as gTLDs (especially when a mark holder's portfolio contains multiple marks), trademark owners should nevertheless stay informed of the status of the applications submitted by others in order to identify any possible threats to their marks posed by third-party applications. ICANN will post applications shortly after April 2012 and will allow a 60-day public comment window and Government Advisory Committee (GAC) advice period thereafter to allow others to respond to the proposed gTLD.

If a trademark holder discovers a troublesome application, ICANN offers various procedures the trademark owner can follow to protect its rights, including several grounds for objecting to the proposed gTLD, including the following:

- a “string confusion” objection, which is applicable when two entities apply for the same or similar gTLD;
- a “legal rights” objection (described more fully below);
- a limited “public interest” objection, which is applicable when the gTLD is contrary to generally accepted norms of morality and public order; and
- a “community” objection, which can be used when a significant portion of the community to which the gTLD may be explicitly or implicitly targeted opposes the gTLD.



The most pertinent objection for trademark owners seeking to block an application is the “legal rights” objection, which may be brought when an applied-for gTLD infringes the existing legal rights of the objector. For such an objection to prevail, the objector must hold rights in a trademark at the time of the gTLD application. The objector’s rights can arise through common law or through a federal registration. If the objection succeeds, ICANN will withdraw the gTLD application from the process. ICANN has indicated that the fee for filing an objection will be from \$1,000–\$5,000, but objectors should be prepared for additional adjudication and panelist fees.

ICANN has provided for objections pertaining to gTLDs on the basis of trademark rights, but applicants will also be required to ensure that second-level registrations (that is, everything to the left of the gTLD) are subject to ICANN’s Uniform Domain Name Dispute Resolution Policy, which is already in place to protect trademark owners against cybersquatters’ use of infringing second-level domain names. Each new gTLD that is approved and released carries a multitude of new opportunities for domain name squatters to take advantage of trademark holders’ rights to their marks. The traditional domain name dispute resolution process will remain available to trademark holders, and ICANN has announced various mechanisms that will provide additional protection through several phases of the new gTLD program, including the following:

- creating a Trademark Clearinghouse to serve as a repository for information pertinent to authenticating trademark rights across all new gTLDs;
- implementing a mandatory “sunrise” or intellectual property claims period, supported by the Trademark Clearinghouse, to allow eligible rights holders to register second-level domain names in new gTLDs before they are available to the general public;
- instituting a mandatory trademark claims service, supported by the Trademark Clearinghouse, employed for the first 60 days of a gTLD launch to provide notice to potential domain name registrants of existing trademark rights as well as notice to trademark owners if relevant corresponding domain names are registered;
- providing a Uniform Rapid Suspension system that will complement the Uniform Domain Name Dispute Resolution Policy process and provide a faster and less-expensive process for resolving clear-cut cases of infringement; and
- operating a Trademark Post Delegation Dispute Resolution Procedure, which is available to rights holders to bring complaints if they believe a registrant is actively engaging in infringing behavior.

According to ICANN, the Trademark Clearinghouse will be a central repository that will authenticate,

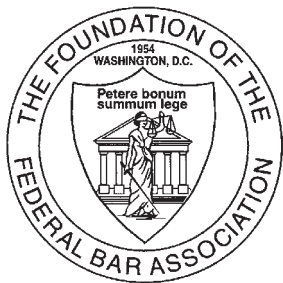
store, and disseminate information relating to the rights of trademark holders. ICANN will enter into contracts with several service providers and authorize them to serve as Trademark Clearinghouse service providers. These entities will accept, authenticate, validate, and facilitate the transmission of information relating to registered marks and will provide various related support services to new gTLD registries during the applicable sunrise periods and at other times when such information is required. The Trademark Clearinghouses will also be a useful tool for trademark owners who are seeking to protect their rights from others using the new gTLDs.

As further armor for trademark owners, new gTLD registry operators will be required to provide Trademark Claims services for at least 60 days after the new gTLD becomes generally available for marks that are registered in the Trademark Clearinghouse. This service should provide notice to prospective domain name registrants of the scope of a trademark holder’s rights. If, after receiving a notice of a trademark holder’s rights in a mark, a prospective domain name registrant proceeds with registration, the trademark holder will be informed of the registration. This Trademark Claims service is intended to put a prospective registrant on notice of potential infringing trademark use should the mark be used in connection with the goods and services covered by the mark owner’s registration. The service also puts the trademark holder on notice that another entity is using the mark in a domain name. This should provide trademark holders with an additional way to monitor potentially infringing uses of its mark. The burden of monitoring and enforcing, however, will still fall on the trademark owner. And, as in many trademark contexts, a lack of diligence can result in the trademark owner permanently forfeiting significant rights in its mark.

In addition, gTLD registries will be required to run sunrise periods for a minimum of 30 days during the prelaunch phase of a new gTLD, during which time a trademark owner may register a domain name that includes its trademark in the particular gTLD. This practice not only broadens the penetration of the applicant’s brand but also pre-empts others from registering the applicant’s trademark in a competing or conflicting domain name. If a trademark holder applies for a sunrise registration, the Trademark Clearinghouse will notify all holders of all identical trademarks that are registered in the clearinghouse. Registries must operate a Sunrise Dispute Resolution Policy that will allow challenges to prospective domain name registrants on four specific grounds:

- At the time the challenged domain name was registered, the registrant did not hold a trademark registration and the trademark had not been court-

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- validated or protected by statute or treaty.
- The domain name is not identical to the mark on which the registrant based its registration under the Sunrise Dispute Resolution Policy.
  - The trademark registration on which the registrant based its sunrise registration is not of national effect (or regional effect), and the trademark had not been court-validated or protected by statute or treaty.
  - The trademark registration on which the domain name registrant based its sunrise registration did not issue on or before the effective date of the gTLD Registry Agreement and was not applied for on or before ICANN announced the applications received.

ICANN hopes that these added mechanisms for protecting rights will significantly reduce the threat of domain name squatting. The proof, in practice, remains to be seen. While not every trademark owner will apply for a new gTLD because of the eligibility criteria and costs required, trademark owners must remain informed of the status of applications for new gTLDs. Trademark owners should review the submitted gTLD applications—or have someone review them on their behalf—at the close of the application window to see whether any merit an objection.

In addition, trademark owners must be diligent in following the sunrise and other registration phases open for approved gTLDs. Trademark owners can then determine whether action is needed to protect their rights by filing an objection, registering a second-level domain name containing one or more of their trademarks, or employing any of the other mechanisms that are available for protecting their rights. A failure to take any of these actions can have long-standing, and even disastrous, consequences for the trademark owner's portfolio. **TFL**

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