

Protecting IP Rights in a New gTLD World

Diligence Is Still Required

By Elisa Cooper

The basic structure of Internet naming is soon likely to undergo its most significant change since its inception — and the implications are extensive.

The International Corporation for Assigned Names and Numbers (ICANN), the international body governing Internet naming and addressing practices, approved in June during its meeting in Singapore a plan that allows for a virtually unlimited number of new generic top-level domains (new gTLDs), including new non-English, character-set international domain names (IDNs). The first of the new registrations could show up as soon as early 2013.

ICANN expects to receive several hundred applications for these new gTLDs in the first round, scheduled for Jan. 12 through April 12, 2012. Additional application rounds are expected one year from the closing of the initial round, although many experts believe it will be more like two to five years until a subsequent round begins.

While the program has been criticized by many in the intellectual property (IP) community, ICANN has implemented a number of new policies for the protection of intellectual property rights. Although these policies may not be perfect, they offer new ways to address abusive domain registrations beyond

just the Uniform Dispute Resolution Policy (UDRP). This article focuses on those policies.

Companies concerned with protecting intellectual property rights have two ways to address the issue — to the right of the dot and to the left of the dot.

PROTECTING IP RIGHTS TO THE RIGHT OF THE DOT

Apply for a Branded gTLD

Under the new gTLD program, individual companies may apply for a branded gTLD, such as .ford, .wsj or .airbus. Aside from the obvious brand-protection benefits, a branded gTLD allows corporations to own their own “islands” on the Internet, allowing them to strengthen their brands online, and to better monitor and control their online channels while capitalizing on several security advantages.

For companies with trademarks that are the same as or similar to others, applying for a branded gTLD for defensive purposes might make sense. For example, if Delta Faucets were to apply and be granted a .delta gTLD in this first round, then Delta Airlines would be precluded from obtaining .delta in future rounds. And in the case where Delta Faucets and Delta Airlines submit applications for .delta in this first round, contention will likely be resolved by auction with the branded gTLD awarded to the highest bidder.

So why shouldn't all brand owners apply for branded gTLDs to protect their intellectual property rights?

One word — cost, the biggest down-

side associated with obtaining a branded gTLD for purely defensive purposes. With an application fee of \$185,000 and a minimum annual ICANN fee of \$25,000, becoming a gTLD registry comes at a considerable price. Even before winning a gTLD, applicants face the possibility of string contention and challenge fees (and the costs of responding). In the end, some observers estimate that just applying for a branded gTLD would cost \$400,000, plus another \$150,000 or more annually to operate it.

Object to Infringing gTLD Applications

Given the considerable costs associated with obtaining and operating a branded gTLD, then, applying for purely defensive reasons will make little sense unless there are obvious risks from others based on competing trademark rights or generic words.

Intellectual property owners can take some comfort in the fact that after the new gTLD applications have been submitted to ICANN (during the 90-day application window that runs from Jan. 12, 2012 to April 12, 2012), those applications will be posted publicly and are subject to legal rights objections for about seven months.

According to the new gTLD program guidelines, rights holders have “standing to file a Legal Rights Objection.” Objections based on legal rights will be evaluated using World Intellectual Property Organization (WIPO) Rules for New gTLD Dispute Resolution, with the following non-exclusive fac-

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tors considered:

1. Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to the objector's existing mark.
2. Whether the objector's acquisition and use of rights in the mark have been bona fide.
3. 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.
4. 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.
5. 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.
6. 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.
7. Whether and to what extent the applicant has been com-

monly 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.

8. 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.
 - *gTLD Applicant Guidebook*, May 30, 2011.

Leverage the Post-Delegation Dispute Resolution Procedure At the Top Level

But even after the gTLD has been awarded, if the gTLD string (to the right of the dot) is identical or confusingly similar to the complainant's mark, and the registry is: a) taking unfair advantage of the distinctive character or the reputation of the complainant's mark, b) impairing the distinctive character or the reputation of the complainant's mark, or c) creating a likelihood of confusion with the complainant's mark, then rights holders have the ability to file a complaint.

The burden of proof is on the complainant, and the complaint itself can be no longer than 5,000 words and 20 pages (excluding attachments).

Possible remedies may include requiring the registry to implement measures to protect against allowing future infringing registrations, or the suspension of accepting new domain name registrations until violations are cured.

However, only extraordinary circumstances will cause termination of the registry agreement.

PROTECTING IP RIGHTS TO THE LEFT OF THE DOT

Due to the high cost of submitting an application to ICANN for a new gTLD, the vast majority of IP issues are expected to occur to the left of the dot, as hundreds of new gTLDs are made available to the public for regis-

tration. These new gTLDs will provide registrants — including cybersquatters — with wide-open namespaces and virtually every possible registration, an irresistible temptation for cybersquatters.

Instead of monitoring for infringement in today's 22 gTLD extensions and 250+ ccTLD (country-code top-level domain) extensions, companies will be forced to police potentially double the number of namespaces, if not more. Though not as expensive as applying for a new gTLD, registering in every new gTLD will quickly become cost-prohibitive. To address these issues, ICANN has adopted the Trademark Clearinghouse, trademark claims, sunrise registration and dispute policies, the URS (uniform rapid suspension), and the Post-Delegation Dispute Resolution Procedure (PDDRP) as measures to provide IP owners some relief.

Register with the Trademark Clearinghouse

The Trademark Clearinghouse will serve as a central repository of authenticated trademark information. The information contained with the Trademark Clearinghouse will be used primarily to support pre-launch trademark claims and sunrise registrations and dispute resolution policies.

The standards for inclusion in the Trademark Clearinghouse are as follows:

- Nationally or regionally registered word marks from all jurisdictions.
- Any word mark that has been validated through a court of law or other judicial proceeding.
- Any word mark protected by a statute or treaty in effect at the time the mark is submitted to the Clearinghouse for inclusion.
- Other marks that constitute intellectual property.
- Protections afforded to trademark registrations do not extend to applications for registrations, marks within any opposition

period, or registered marks that were the subject of successful invalidation, cancellation or rectification proceedings.

— *gTLD Applicant Guidebook*, May 30, 2011.

Make Use of Trademark Claims

In the case where a domain is submitted for registration in a new gTLD and is an identical match to an authenticated trademark within the Trademark Clearinghouse, the Trademark Claims Service will provide notification to the prospective registrant and confirm that:

1. the prospective registrant has received notification that the mark(s) is included in the Trademark Clearinghouse;
2. the prospective registrant has received and understood the notice; and
3. to the best of the prospective registrant's knowledge, the registration and use of the requested domain name will not infringe on the rights that are the subject of the notice. If the domain in question is registered, then the rights owner will be promptly notified.

Be Aware of Sunrise Registrations and Sunrise Dispute Resolution Policies

Assuming that eligibility requirements are met, sunrise registrations will also be made available to all trademark holders in the Trademark Clearinghouse. Sunrise registration periods provide rights holders with priority registration periods, affording them the ability to register domains before they become generally available to the public.

Also, notices will be provided to all trademark holders in the Clearinghouse if someone is seeking a sunrise registration. This notice will be provided to holders of marks in the Clearinghouse that are an identical match to the name registered during the sunrise period. Conflicts that arise may be subject to a sunrise dispute resolution policy (SDRP).

According to the rules set forth by ICANN, SRDPs must allow challenges based on at least the following four grounds:

1. at time the challenged domain name was registered, the registrant did not hold a trademark registration of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty;
2. the domain name is not identical to the mark on which the registrant based its Sunrise registration;
3. the trademark registration on which the registrant based its sunrise registration is not of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; or
4. the trademark registration on which the domain name registrant based its Sunrise registration did not issue on or before the effective date of the registry agreement and was not applied for on or before ICANN announced the applications received.

Employ the Uniform Rapid Suspension System

All new gTLDs will be subject to the Uniform Rapid Suspension (URS) system. The URS system is designed to provide a cost-effective, expedited process to address issues of trademark infringement and abuse. Form complaints are filed electronically and are designed to be as simple and formulaic as possible. The complainant may submit no more than 500 words of explanatory free-form text; fees are expected to be in the range of \$300 per proceeding.

The URS has also adopted a limited "loser pays" model. Complaints listing 26 or more disputed domain names will be subject to a response fee refundable to the prevailing party.

Note that domains are suspended only for the remainder of their registration terms, or for an additional year at current market registration rates. Af-

ter suspension ends, however, domains become available for registration and are likely to be registered again, resulting in a never-ending cycle of watching and suspending.

Use the PDDRP at the Second Level

The PDDRP will provide rights holders the ability to file complaints against registries that have acted in bad faith with the intent to profit from the systematic registration of infringing domains at the second level (to the left of the dot).

According to ICANN, an example of infringement is when a registry operator has a pattern or practice of actively and systematically encouraging registrants to register domain names and to take unfair advantage of the trademark to the extent and degree that bad faith is apparent. Another example of infringement is a registry operator with a pattern or practice of acting as the registrant or beneficial user of infringing registrations to monetize and profit in bad faith.

For infringement occurring at the second level, possible remedies may include requiring the registry to implement measures to protect against allowing future infringing registrations, or suspension of accepting new domain name registrations until violations are cured.

CONCLUSION

The rapid expansion of new gTLDs will have an impact on rights holders worldwide. Given the significant risks and opportunities ahead, each brand owner will need to carefully assess that impact and begin developing a strategy.

With so many new enforcement options available, understanding all of them will take time — but given that the application period is scheduled to open on Jan. 12, the time to begin crafting strategy is now.