

Generic top-level domains – the evolution of trademark protection

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In early 2012 the Internet Corporation for Assigned Names and Numbers (ICANN) received over 1,900 applications for unlimited generic top-level domains (gTLDs). Since then, over 325 new TLDs have launched with a total of 1,000 new TLDs anticipated. As opportunities increase for creative competitors, so do opportunities for creative infringers and counterfeiters. Also troubling in this new landscape is the fact that ICANN policies relating to geographic names, applications from communities and generic words – even when these are registered trademarks for certain goods or services – do not favour trademark holders. Some repercussions of these policies have included Amazon not being awarded the ‘amazon’ TLD for which it applied; the polo community defeating Ralph Lauren’s application for its ‘polo’ brand; and the well-known Coach brand failing in its legal rights objection to the third-party application for ‘coach’ as a generic term.

When the new gTLD application window officially closed, it became evident that many trademark holders had chosen to adopt an offensive strategy. Over one-third of the 1,930 applications were to operate a so-called ‘brand’ TLD, a condition of which is to hold a registered national trademark for the applied-for after the dot TLD string. The \$185,000 application fee and projected cost of \$3 million to run the TLD in accordance with ICANN specifications over the course of the required 10-year licence period did not

deter these ‘brand’ applicants. Speculation ensued as to whether these applications were merely defensive in nature or whether the holders intended to capitalise on the exclusive operation of a TLD which matched their registered marks by using it for marketing and secure transactions with distributors, suppliers and customers. Some brands see a significant advantage to being able to point to a single TLD as the exclusive source of authentic products and services sold under that trademark.

Special considerations involved in operating a ‘brand’ registry have resulted in the formation of a Brand Registry Group within ICANN which, in 2014, succeeded in obtaining important concessions to modify applicable registry obligations under the required ICANN registry operator contract, including:

- relief from the requirement to conduct a sunrise registration period;
- relief from the requirement to comply with ICANN’s Code of Conduct;
- agreement that the ‘brand’ need only use three trusted ICANN qualified registrars to issue domain names; and
- a two-year cooling-off period after expiration of the ‘brand’ before awarding the same string to a third party.

New gTLD objection process as enforcement measure

Under the existing gTLD objection system, trademark holders have two methods of preventing third parties from operating

TLDs using an after the dot string that may infringe their trademark rights: the legal rights objection and the string confusion objection. In the first round trademark holders opted for the legal rights objection. Of 68 objections filed with the World Intellectual Property Organisation, only four prevailed – one of which was due to a late-filed response. Del Monte Corporation (US) objected to the application by Del Monte in the European Union for the operation of ‘.delmonte’ and won that objection, although this battle is now being fought in the courts. In many cases involving registered trademarks where the TLD string could also be construed as generic, the objections of applicants with trademark claims failed, forcing holders to then participate in public or private auction processes. Examples include well-known brands such as Coach and The Limited. At the time of writing, the price of some TLDs that entered into string contention auctions exceeded \$4 million.

ICANN’s Trademark Clearinghouse

Early on, the International Trademark Association raised concerns about the potential for trademark infringement and increased counterfeiting which might result from an unlimited number of new TLDs. Over several years, numerous committees have been set up within ICANN to deal with these issues. The resulting suite of rights protection mechanisms (RPMs) adopted in the final gTLD Applicant Guidebook include:

- a centralised Trademark Clearinghouse (TMCH);
- a guaranteed priority sunrise registration period for trademark holders whose marks are validated in the TMCH supported by a use specimen;
- an IP claims notification process where the TMCH notifies the holder when a third party proceeds with registration of an identical name at the second level in a new TLD; and
- a streamlined procedure for freezing a new domain acquired in bad faith by a third party, called the Uniform Rapid Suspension (URS).

These mechanisms represent compromises between trademark holders’ desired protections and the ICANN

community’s concerns that freedom of speech and competition not be sacrificed in favour of protecting trademarks.

The TMCH began to record and validate trademark registrations in 2013. Fees range from \$150 for one year of protection to \$725 for five years. In general, without validation of the registration by the TMCH and submission of a specimen of use, the holder is not eligible to obtain the URL during the 60-day sunrise period.

Eligibility for entry into the TMCH requires that the mark be registered with a national or regional registration authority, validated through court proceedings or specifically protected by statute or treaty. Holders must agree to keep registration records current (eg, if a registration is cancelled, the holder must notify the TMCH). During the first 90 days of the general launch of any new gTLD, a third party seeking to register a term at the second level which exactly matches a TMCH validated record will be notified that there is a valid trademark of record and be asked to acknowledge this before proceeding to purchase the URL.

At the point of purchase by a third party, a trademark holder which has not taken advantage of the sunrise registration will receive a claims period IP claims notice from the TMCH informing it that the domain has been registered despite the third party being issued with the notice of valid record. The holder is responsible for tracking the Whois information to determine who holds the URL and following up on any content posted on the website. Beyond the 90-day general launch period, a third party seeking to register the identical URL will not receive notice of the valid trademark record, although the TMCH will send an IP claims notice to the holder as a value-added service that is not required by ICANN. Demand for TMCH services has been less than expected. At the time of writing, approximately 33,680 marks had been recorded with the TMCH.

At several points during the process of developing acceptable RPMs, trademark holders argued for a blocking mechanism structured like the blocking mechanism adopted for the ‘.XXX’ TLD, where a payment of between \$200 and \$300 is sufficient to block the name at the second level for 10 years.



The URS is not designed for proceedings with close questions of fact and URS examiners have denied claims where the facts did not clearly meet the heightened standard

Although this mechanism was not approved for the new gTLDs, during the application process, one applicant for over 300 new TLDs introduced a blocking mechanism at \$3,000 for five years which blocks the registered mark at the second level across all of the TLDs which it will eventually launch and operate. This Domain Protected Marks List was adopted by Donuts and the mechanism is currently the subject of a pending patent application.

One issue that has arisen in connection with assessing the efficacy of the TMCH is that of premium and reserved names. Registry operators claimed that they were used to being able to hold back offering certain names to the public in order to use those names as part of a marketing plan to launch the TLD. Accordingly, the new gTLD registry operator may reserve up to 100 names for its own purposes and is not required to put those names through sunrise. Further, since ICANN does not specify pricing or interfere with market forces when it comes to pricing domain names, many trademark holders have seen extremely high pricing associated with URLs that are identical to their trademark – up to tens of thousands of dollars.

One final limitation on TMCH priority is the issue of eligibility rules established by each TLD. While some TLDs are unrestricted as to who may apply, others have conditions for registration. Among these is ‘.paris’. Since the TLD is focused on establishing a true nexus with the city of Paris, only a registered mark with legal effect in France will suffice. Thus, it behoves trademark holders to understand the eligibility requirements for each TLD that may be of interest.

URS – faster and cheaper?

The URS system is intended to complement, not replace, ICANN’s existing domain name resolution system, the Uniform Domain Name Dispute Resolution Policy (UDRP). Implemented in 2013, it is designed to resolve clear-cut cases of cybersquatting more quickly and cheaply than the UDRP system. It is available only for domain name disputes involving new gTLDs and those pre-existing TLDs whose registries have chosen to implement it.

While the URS system uses the same general definition of ‘cybersquatting’ as the UDRP system, there are five main differences between the resolution procedures:

- The URS burden of proof is higher, requiring “clear and convincing evidence” and “no genuine issue of material fact” – as opposed to the UDRP’s “balance of probabilities”;
- A complainant must prove that it has a registration for the trademark it is asserting (or that ownership of the mark has been validated by a court, statute or treaty);
- A URS complaint is limited to 500 words;
- The URS process does not provide for the transfer of the domain name to a complainant (only suspension of the domain name for the remainder of its registration period); and
- The URS system provides for appeals, whereas UDRP decisions must be appealed to a court.

The defendant in a URS case has 14 days to answer the complaint. Upon receipt of a response to a complaint or the issuance of a

notice of default, the URS forum will select a single examiner to preside over the proceedings. The examiner's determination will be issued no more than five days after a response is received (or within five days of issuance of a notice of default, as the case may be). Thus, in most cases a determination will issue about three weeks after the complaint is filed.

If the examiner rules in favour of the complainant, the domain name is immediately suspended for the remainder of its registration

period and will resolve to an "informational web page... about the URS". The complainant may pay for the suspension to continue for a maximum of one additional year.

Either party has the right to appeal the examiner's decision in a URS proceeding. The appeal must be filed within 14 days of a final determination being issued and the responding party has an additional 14 days after the appeal to respond. The appellant bears the cost of all appeal fees.



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At the time of writing, 194 URS cases had been filed with the two forums that ICANN has approved for URS disputes. Of those, 162 had been decided, with 89% of cases resulting in suspension of the domain.

The first case decided under the URS system was *Facebook Inc v Radoslav* (Claim FA1308001515825 (NAF, September 27 2013). The registrant defaulted and in a short decision the examiner found that ‘facebook.pw’ was confusingly similar to

Facebook’s numerous international trademark registrations for FACEBOOK; the registrant had no rights in the ‘facebook’ name; and the domain name was being used in bad faith in order to attract internet users to a parking page. The examiner also found that the registrant had a history of registering illegitimate domain names, supporting a conclusion of bad-faith registration, and the domain name was suspended. Because of the URS system, Facebook was able to submit the complaint on September 11 and obtain a favourable decision by September 27.

The URS is not designed for proceedings with close questions of fact and URS examiners have denied claims where the facts did not clearly meet the heightened standard. An example can be found in the URS decisions surrounding ‘yoyo.email’, a company that claims to be setting up a certified email delivery service. Yoyo registered a large number of domains under the ‘.email’ gTLD. Many of these were the names of large companies, such as ‘BudLight.email’. Yoyo claimed that it would use the domains as a permitted fair use for an email directory and courier service. A number of companies which found their trademarks registered by Yoyo filed URS complaints, many ending in contradictory decisions. For more information regarding the URS procedure, please see the ICANN website at <http://newgtlds.icann.org/en/applicants/urs/procedure-01mar13-en.pdf>.

US Anti-cybersquatting Act

In addition to UDRP and URS actions, US law provides a civil remedy. The Anti-cybersquatting Consumer Protection Act prohibits the registration, use or trafficking in a domain name that, at the time of registration, is identical or confusingly similar to a trademark owner’s mark with the bad-faith intent to profit therefrom (15 USC §1125(d)(1)).

To determine whether the domain name registrant had the requisite bad-faith intent, the court may consider nine non-exclusive statutory factors, many of which focus on the registrant’s good faith (or lack thereof), as well as the extent to which the mark incorporated in the registrant’s domain name registration



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The public interest commitment dispute resolution process applies where a registry operator has specifically pledged to operate the registry in a certain manner by making public interest commitments that are filed with ICANN

is distinctive and/or famous. The act provides for a safe harbour which serves as an affirmative defence: bad faith cannot be found if the registrant believed and had reasonable grounds to believe that use of the domain name constituted fair use or was otherwise lawful. Courts have applied the safe harbour defence sparingly.

The act also provides an alternative basis for action when the trademark owner cannot obtain personal jurisdiction over the registrant, limited to certain cases where the registrant is located outside of the United States or cannot be located, despite due diligence. In such cases, the trademark owner can file suit against the domain name (a so-called *in rem* action) in any judicial district in which the domain name registrar or registry is located.

The remedy for a violation of the act is cancellation of the domain name registration or transfer of the domain name to the trademark owner. For cases based on personal jurisdiction (as opposed to *in rem* cases), the court may also award, at the plaintiff's election:

- the registrant's profits and any damages sustained by the trademark owner; or
- statutory damages of between \$1,000 and \$100,000 per domain name.

Deciding whether to proceed under the Anti-cybersquatting Consumer Protection Act as opposed to a UDRP or URS action involves several considerations. Although UDRP and URS actions may be faster, cheaper and more efficient than actions under the act, their remedies are limited. The sole remedy in a URS action is suspension of the

domain name, while the sole remedy in a UDRP action is cancellation or transfer of the domain name. Although UDRP actions also provide for damages or attorneys' fees, such judgments are rarely enforced successfully. Another limitation of URS and UDRP actions is that they may not be final. The decision of the panel in a UDRP action can be reviewed *de novo* in court by filing an action within 10 days. The URS action can be appealed to an appellate panel and can be followed or supplemented by a UDRP and civil action. Finally, URS actions are intended only for clear-cut cases and UDRP actions allow only limited written submissions and no discovery. Thus, actions under the act may be the better choice for cases that are complex or factually intensive, may require discovery or may not be clear cut.

New gTLD long shots

There are three additional methods for trademark holders to pursue protection of trademark rights and to oppose fraudulent and counterfeit activities in connection with their brands in the context of the new gTLDs. However, these mechanisms are more nebulous and their practical effect is questionable.

Trademark post-delegation dispute resolution procedure

The first is the trademark post-delegation dispute resolution procedure, which is designed to address trademark abuses by registry operators. If a holder believes that one or more of its registered or common law marks is being infringed by the registry

operator's manner of operation or use of the gTLD, it may file a complaint with one of the independent providers qualified by ICANN for this purpose.

At the time of writing, the procedure had yet to be tested and the standard of proof is extremely high, so trademark holders are cautioned not to expect too much from it.

Public interest commitment dispute resolution process

The public interest commitment dispute resolution process applies where a registry operator has specifically pledged to operate the registry in a certain manner by making public interest commitments that are filed with ICANN, pursuant to Specification 11. This process arose largely as a result of the Government Advisory Committee's advice with respect to safeguards that, in its consensus opinion, needed to be imposed on certain strings which pose a higher than normal risk to consumers. The procedure for filing a complaint, unlike the post-delegation dispute resolution procedure, does not entail adjudication by a third-party provider. Instead, the complainant files a grievance with ICANN itself and leaves the final determination to ICANN staff. The process can be found on the ICANN website at www.icann.org/resources/pages/picdrp-2014-01-09-en.

Participation in policy making for the next round

At the time of writing, plans for either opening a second round of gTLD applications or continuing the process for making such applications were uncertain. ICANN's first priority for 2015 is the orderly transition of responsibility for the Internet Assigned Numbers Authority contract from US Department of Commerce oversight to ICANN itself.

Another hurdle preventing the launch of a new set of applications is the required review of the existing round of applications. In connection with this review, trademark holders are encouraged to make their voices heard by ICANN on the topic of improved RPMs via membership in ICANN's IP Constituency (www.ipconstituency.org) and/or via public comment at www.icann.org/public-comments.

Brand strategy moving forward

Given the launch of hundreds of new TLDs that will exist in the domain name system and tens of thousands of associated new second-level domains, trademark owners must review their portfolios and make some difficult decisions about priorities in brand protection. Recording entire portfolios in the TMCH may be prohibitively expensive. On the other hand, depending on the brand and the likelihood of infringements and counterfeit goods or services, TMCH recording may be the most economical approach, given that IP claims notification is ongoing. Brands may also determine that launching their own 'brand' TLD is the best way to establish brand identity and authenticity in the new world of gTLDs. Brands which did not apply in 2012 may have a long wait to execute this particular strategy, since ICANN faces many barriers to opening the next round of gTLD applications. **WTR**

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