



New Domains Present Opportunities and New Risks for Trade-mark Owners

On the electronic frontier, the domain name space is opening up again. But this opportunity is also a worry for trade-mark owners who want to protect their brands online. They've invested significant resources in their brands and secured domain names that correspond to their trade-marks in prominent generic Top-Level Domain Name registries (gTLDs) such as .com and country-code Top-Level Domain Name registries (ccTLDs) such as .ca. For example, the owner of the BRAND trade-mark has likely secured second level domain name registrations for the domain names brand.com and brand.ca.¹

On June 20, 2011, ICANN, the Internet Corporation for Assigned Names and Numbers, the not-for-profit corporation that manages the domain name system, announced that it will accept applications for new gTLD registries. The owner of the BRAND trade-mark will be able to apply to operate the .brand domain name registry. While this is expected to dramatically increase the number of gTLDs, the significant application costs will likely be prohibitive for most trade-mark owners. The availability of new gTLD's won't affect the way the Internet operates but will likely have a significant effect on how people find information and how trade-mark owners manage their online presence.

The initiative raises two potential concerns for trade-mark owners: first, how do I secure a gTLD that reflects my trade-mark; and second, how do I prevent others from trying to capture my trade-mark as a gTLD or a second level domain within one of the new gTLDs?

PREVIOUS EXPANSIONS TO THE DOMAIN NAME SYSTEM

Eight gTLDs predate the formal establishment of ICANN — .com, .edu, .gov, .int, .mil, .net, .org, and .arpa. ICANN successfully carried out two previous rounds of applications for new gTLDs in 2000 (.aero, .biz, .coop, .info, .museum, .name, and .pro) and 2004 (.asia, .cat, .jobs, .mobi, .post, .tel, and .travel).

APPLYING FOR A NEW gTLD

On May 20, 2011, the final version of the Applicant Guidebook was released. It gives new gTLD applicants step-by-step instructions on the application procedure and tells them what to expect as their applications are evaluated. Applications will be accepted starting in **January 2012**. ICANN will charge an **application fee of \$185,000 USD**. ICANN will evaluate each application and successful applicants will need to comply with a variety of requirements before a new gTLD is approved. **The total costs of completing an application are expected to exceed \$1,000,000 USD**. CANON was the first trade-mark owner to announce its intention to secure a gTLD for its trade-mark, .canon.

¹ There are currently 22 such gTLDs and many of them have restrictions on who can register a domain name in the particular registry. Many of the ccTLDs require an applicant to have a connection with the country.



TRADE-MARK CONCERNS

The introduction of new gTLDs — as well as second-level domains in each of the new registries — poses a threat to the rights of trade-mark owners. Trade-mark owners cannot reserve gTLDs that correspond to their trade-marks and an applicant does not have to have trade-mark rights in the gTLD it applies for. A cybersquatter or rogue competitor could apply for a gTLD that reflects a trade-mark belonging to another business. Additionally, since many of these new gTLD registries will likely “sell” second level domains to the public, there is a real risk that second level domain name registrations might infringe a trade-mark owner’s legal rights.

ICANN has tried to address these potential issues for trade-mark owners in several ways. First, ICANN will be conducting background checks to ensure that applicants do not have any prior criminal record or history of cybersquatting behaviour to try and weed out applicants who are intentional infringers of intellectual property rights. The significant application fees may also act as a deterrent. In addition, dispute resolution procedures are available to trade-mark owners who want to object to new gTLD applications on the basis that the proposed gTLD: (a) is confusingly similar to an existing TLD or another gTLD application; or (b) infringes a trade-mark holder’s legal rights.

In assessing registrability, the test will be whether the applied-for gTLD takes unfair advantage of the distinctive character or the reputation of the objector’s registered or unregistered trade-mark, unjustifiably impairs the distinctive character or the reputation of the objector’s mark, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector’s trade-mark. It will look at factors such as:

- Whether the applied-for gTLD is identical or similar to the objector’s trade-mark, including in appearance, phonetic sound, or meaning.
- Whether the objector’s acquisition and use of rights in the mark has been *bona fide*.
- Does the public recognize the sign corresponding to the gTLD as the trade-mark of the objector, the applicant or a third party.
- The 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 was wilfully blind, and 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.
- How far has the applicant used, or prepared to use, the sign corresponding to

the gTLD in connection with a *bona fide* offering of goods or services or a good faith provision of information in a way that does not interfere with the legitimate exercise by the objector of its trade-mark rights.

- Whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether acquiring such rights has been done in good faith and whether the planned use is consistent with such acquisition.
- Whether and to what extent the applicant has been commonly 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 and in good faith.
- 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.

Applicants will need to describe how their registry will comply with policies and practices that minimize abusive registrations and other activities that affect the legal rights of others through the use of procedures such as the Uniform Domain Name Dispute Resolution Policy, Uniform Rapid Suspension System, and the Trademark Post Delegation Dispute Resolution Procedure.

New gTLD registries will be required to use a Trademark Clearinghouse to support pre-launch and initial launch period rights protection measures. The Clearinghouse will accept, authenticate, validate and share trade-mark related information. Trade-marks will qualify for inclusion in the Clearinghouse that have been or are: (i) nationally or regionally registered; (ii) court-validated; or (iii) specifically protected by a statute or treaty in effect at the time the mark is submitted to the Clearinghouse for inclusion. All trade-mark holders seeking to have their marks included in the Clearinghouse will be required to submit a sworn statement that the information provided is true and current and has not been supplied for an improper purpose. The trade-mark owner will also be obliged to keep the information current and periodically renew their data. Rights protection measures must include:

- A Trademark Claims service – new gTLD registry operators will need to notify potential registrants and rights holders of cases of possible infringement for trade-marks submitted and included in the Clearinghouse; and
- A Sunrise service – new gTLD registry operators will need to offer pre-launch registration services for a minimum 30 days during the pre-launch phase and notify trade-mark holders in the event that an applicant attempts to register a new gTLD matching their mark in the Clearinghouse.



Trade-mark owners will have to be diligent in asserting their rights in order to minimize the potential for infringement as the new gTLDs are introduced.

DOT XXX

On a related note, ICANN has already approved the introduction of the .xxx domain name registry which will be operated by ICM Registry and is intended to consolidate the websites of adult content providers (also referred to as the “sponsored community”). The .xxx domain name registry also presents concerns for trade-mark holders as there is a risk that trade-marks could be registered as second level .xxx domain names without the consent or knowledge of the trade-mark owners with the obvious consequence that valuable brands might be associated with undesirable content. ICM has taken steps to try and avoid the potential problems and allow the owners of registered trade-marks to protect their marks by blocking them during a pre-launch (or Sunrise) period - this 30 day Sunrise period is scheduled to begin in **early September, 2011**. The registrar fees associated with blocking a domain name are expected to be \$200 - \$300. In cases where an applicant from the sponsored community (i.e. a “member”) has rights in a mark that has been blocked by a non-member, the applicant will be given notice of the trade-mark owner’s claim but that claim will not prevent registration. In such a case, the non-member will be forced to launch domain name proceedings to resolve any issues.

CONCLUSION

The availability of new gTLDs and the introduction of the .xxx domain name registry are major changes to the domain name system which have the potential to adversely affect trade-mark rights. Trade-mark owners should review their portfolios and their online brand protection strategy to determine whether steps need to be taken to secure rights or combat possible infringements that could arise as a result of these expansions to the domain name space.

Please direct any questions or concerns relating to the introduction of the new gTLDs or the .xxx domain name registry, and their potential effects on your trade-mark rights, to Mark Edward Davis (mdavis@heenan.ca) or any member of our national practice group – all of whom would be happy to help guide you through the process and answer any questions you might have arising out of these recent developments.