

Intellectual Property Law

A SPECIAL REPORT

Registering marks as top-level domain names

ICANN will soon allow some trademark owners to file applications, but the process is complex.

BY ROBERT B.G. (RED) HOROWITZ

The Internet Corp. for Assigned Names and Numbers (ICANN) plans to issue generic top-level domain names (gTLDs) beyond the current 21 top-level domain names (TLDs) such as .com and .net. For the first time, trademark owners may use their marks as gTLDs, for example, .nike. The application process is complex and trademark owners have no guarantee that they will secure gTLDs for their marks. Trademark law strategy, however, can provide advantages during the application process.

Through an arrangement with the U.S. Department of Commerce's National Telecommunication and Information Administration, ICANN sets and coordinates global policies for TLDs. It wants to allow all kinds of gTLDs, including trademarks.

The proposed gTLD application appears in the complex Draft Applicant Guidebook (3d Rev. Oct. 2, 2009), available at www.icann.org/en/topics/new-gtld-program.-htm. ICANN will establish an application submission period, expected to begin next year. Applications must be submitted to ICANN electronically, with a wire transfer payment of \$185,000. "Established" corporations, organizations or institutions "in good standing" may apply, but not individuals and sole proprietorships.

The application asks 50 questions about the applicant and its financial, technical and operational capability to support the gTLD. Upon the submission period's closing, ICANN will check an application to insure completeness.

Next is the "Initial Evaluation" (IE) phase, during which ICANN will determine whether the gTLD string presents security or stability problems in the domain-name system, including problems caused by similarity to existing TLDs or reserved names; and whether financial, technical and operational means that ICANN deems necessary exist.

The similarity standard is whether the gTLD so nearly visually resembles another TLD or applied-for name that it is likely to deceive or confuse if it were accepted, based upon the perception of an average, reasonable Internet user. Probable, not possible, likelihood of confusion is required; a mere association that the gTLD brings to mind another TLD is insufficient.

The financial information generally must be audited or certified financial statements to demonstrate capability to operate a gTLD registry and maintain the registry in the long run. ICANN expects the initial evaluation phase to be completed within five months, assuming that approximately 400 applications are filed; a longer period is expected if more applications are filed.

OBJECTION PERIOD

Assuming the application passes the initial evaluation, an objection period is next. Objections must be filed with dispute-resolution service providers, not with ICANN. The objection period will last for a short two weeks after ICANN publishes its initial evaluation results. Any third party may file an objection during this period. The gTLD applicant will be able to respond.

Four grounds of objection are available: namely, that the gTLD creates string confusion—i.e., is confusingly similar to another TLD or gTLD name applied for; that it infringes upon legal rights; that it is contrary to morality and public order; and that the community to which the gTLD is targeted has substantial opposition to its registration. Standing requirements also are provided for. A string-confusion objector must be an existing TLD operator or gTLD applicant. A rights holder may assert only legal rights. Anyone may pose a morality and public-order objection, and only an "established institution" may file a community-based objection. An "independent objector"—to be selected by ICANN—will be able to assert claims on behalf of the public's morality, public order and community-based objections.

In some cases, more than one qualified applicant may seek the same or a similar gTLD, which ICANN refers to as "string contention." If not settled, such cases generally will be resolved through an auction unless the applicant is "community-based" and elects an evaluation through a "community priority." If competing applications exist for string sets, all will have to pass ICANN's initial evaluation and dispute resolution before ICANN's string-contention resolution process begins.

Assuming an application passes the initial evaluation, dispute-resolution and string-contention phases, it next faces a series of "concluding steps," including the execution of a registry agreement with ICANN and technical testing, within a time frame yet to be set. Upon completion, the gTLD will be ready for use.

To accommodate owners of global marks seeking to prevent spurious registration of gTLDs that infringe upon their rights, ICANN will implement an "IP Clearinghouse": a repository for trademark rights, including unregistered marks, globally protected marks, trade names and family names. It is designed to be the central entity with which all new gTLD registries, and possibly registrars, interact for a mechanism for protecting rights in a variety of marks and names. A globally protected marks list, consisting of trademarks that are globally protected, is intended to block registration of gTLDs or second-level domain names that match a mark on it. The list in present form is available only for marks registered in all five worldwide regions designated by ICANN.

ESTABLISHING TRADEMARK RIGHTS

Trademark strategies can help position a trademark owner with competing gTLD applicants and ICANN. Essentially, a company should create trademark rights for domain-name registry services to thwart competing applicants from registering and using the same or confusingly similar gTLDs and to put pressure on ICANN not to register them.

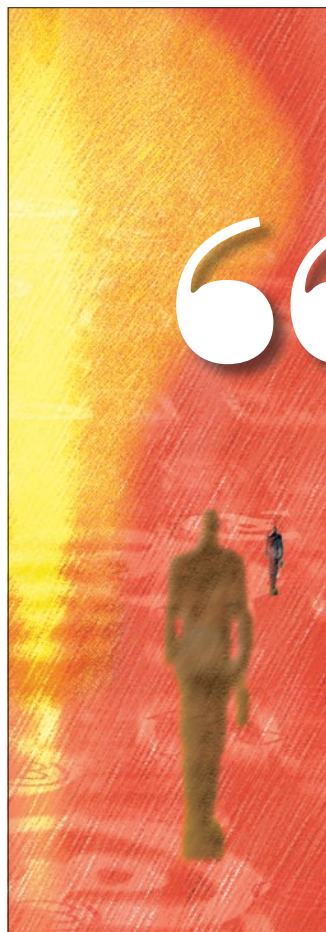
Under 15 U.S.C. 1051(b), a trademark registration application may be filed based upon a bona fide intention to use. Upon filing, an inchoate nationwide priority right arises for the mark as applied to the goods or services in the application. After an application completes prosecution and opposition phases, the U.S. Patent and Trademark Office (PTO) generally will register the mark after receiving evidence of its actual use. Actual use of a gTLD is now possible without involving ICANN and its root servers, through others such as name.space. Upon registration on the Principal Register, the nationwide priority right is fixed. The process can be completed within 12 to 18 months.

Notably, if a company files its trademark application before ICANN registers a competing gTLD and that gTLD is used, superior trademark rights will be gained against the competing gTLD applicant upon subsequent registration of the mark.

A similar approach is available for foreign rights. The Madrid Protocol provides a means to protect trademarks abroad without the expense of separate national applications. One may, based upon its U.S. application, file a Madrid Protocol application to obtain an international registration (IR). The IR can protect the mark in many countries. If a Madrid Protocol application is filed within six months

of the U.S. filing, it receives the U.S. filing date.

IRs issue within four to five months. Upon issuance, a trademark owner has rights to assert in those countries designated in the IR. Although a U.S. owner cannot assert an IR in the United States, it can assert one in countries the IR covers. Major-market countries that are IR-worthy are Germany, the United Kingdom, France, Japan, Australia and China. If an IR must be enforced, then the country's laws most favorable against the competing gTLD can be utilized.



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A suit against ICANN could be based on contributory infringement. In *Inwood Labs. Inc. v. Ives Labs. Inc.*, 456 U.S. 844 (1982), one of the standards for contributory infringement is "continued to supply a product to a party with knowledge that the buyer is engaging in trademark infringement." If a mark owner notifies ICANN of its registration, it can argue that, by granting a competing gTLD, ICANN supplied the infringing product knowing the competing applicant would infringe.

If sued, ICANN could try relying on 15 U.S.C. 1114(2)(D)(i) and (ii), which essentially give a safe harbor from infringement claims for the refusal to register, removal from the register, transfer, temporary disablement or permanent cancellation of a domain name. The statute, however, does not expressly mention granting a domain name. Moreover,

subsection iii allows monetary damages if bad-faith intent to profit from a domain-name registration is proven. Bad faith is arguable if ICANN were put on actual notice of the U.S. registration before it granted a competing gTLD. At the least, a trademark owner would have a good chip to use with ICANN if its mark is domestically registered for a gTLD and it faces a competing gTLD applicant.

Trademark strategies thus may create advantages for trademark owners against competing gTLDs and ICANN in the gTLD application process.

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Infringement threats in foreign markets can be quite significant and could result in the withdrawal of a competing gTLD application. Alternatively, the IR can result in a bargaining chip for settlement with the competing applicant.

Although ICANN has U.S. government affiliation, it does not enjoy sovereign immunity from infringing trademarks. Under 15 U.S.C. 1114(1), the U.S. government, including all of its agencies, can be sued for infringement. Were ICANN sued abroad and it asserted sovereign immunity, foreign courts would have little incentive to disagree with our law.