

ALERT

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ICANN'S NEW GENERIC TOP-LEVEL DOMAIN PROGRAM LAUNCHES: WHAT BRAND OWNERS NEED TO KNOW

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In June 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) authorized the launch of the new generic Top-Level Domain (gTLD) Program (New gTLD Program). Under the New gTLD Program, any legally established organization in the world can apply to create and operate a new Internet registry, which would result in an individualized domain name suffix such as “.phone,” “.detroit,” “.teenagers,” etc. (each a new gTLD). New gTLDs can even embody company names and registered trademarks. For example, if it were so inclined, Cozen O’Connor could apply to create and operate a new “.cozen” Internet registry, thus generating a unique platform for reaching clients.

As many trademark owners are aware, it is a relatively simple matter to register a domain name under the traditional .com or .net suffix (e.g., cozen.com). Indeed, a domain name registration of this type does not require a demonstration of brand ownership or genuine business activities, and can cost as little as ten dollars per year. A domain name owner has the option of posting content on the corresponding website, or can simply acquire the registration solely in order to prevent others from doing so. This practice is often referred to as “parking” a domain, as no meaningful content appears on the corresponding website.

In contrast, applying for a new gTLD is more complex, and much more expensive, than purchasing a domain name. An applicant for a new gTLD is not just acquiring a piece of intellectual property, but is also applying to create and operate a registry business in support of the Internet’s domain name system. As such, a successful applicant will be responsible for running a piece of the Internet’s infrastructure.

Details of the New gTLD Program

The application period for new gTLDs opened on January 12, 2012, and is scheduled to close on April 12, 2012. An applicant must pay an evaluation fee of \$185,000.00. The evaluation process, during which ICANN will scrutinize the applicant’s

corporate background, financial status, and technical capabilities, is expected to last from nine to 20 months.

Of particular interest to brand owners is the fact that the New gTLD Program does not allow an entity to proactively “block” its trademark from being included in a new gTLD suffix. For example, Cozen O’Connor cannot take steps to remove “.cozen” from the new gTLD Program, other than by submitting a bona fide application to create and operate a “.cozen” domain name registry. However, brand owners are afforded an opportunity to object to an applied-for new gTLD.

Protection for Brand Owners: Objecting to a New gTLD Application

Starting May 1, 2012, ICANN will post on its website the public portions of all completed new gTLD applications. At this time, it does not appear that any trademark monitoring vendors are offering watch services for new gTLDs. However, Cozen O’Connor attorneys can monitor new gTLD applications directly via ICANN’s website and can notify clients of suffixes which may be confusingly similar to a registered or unregistered trademark.

Trademark owners may object to new gTLD applications from May 1, 2012, until the objection period closes on December 1, 2012. Objections must be filed with, and will be administered by, the Arbitration and Mediation Center of the World (AMCW), which is a branch of the World Intellectual Property Organization (WIPO). After receiving a copy of the objection, the new gTLD applicant can attempt to reach a settlement with the objector, or can voluntarily withdraw the application. Alternatively, the applicant can file a response to the objection and thus enter the dispute resolution process. In the event that the latter course is chosen, the applicant must provide a point-by-point response to the claims made by the objector.

Objection proceedings will be governed by the WIPO Rules for New gTLD Dispute Resolution, and will be decided by an AMCW expert after all materials pertaining to the objection and the response have been submitted. Only one expert will be assigned to an objection, unless all parties agree that there should be three experts. Objection proceedings are expected to last approximately five months, as procedures for document production, in-person hearings, and the like will be strictly limited. In most cases, the AMCW will publish online the decisions rendered by its experts.

The cost to file an objection is \$2,000.00 for a single-expert panel and is due upon filing. The applicant's response fee is also \$2,000.00 and must be paid upon submission of the response. In addition to these AMCW filing fees, the base expert fee for a single objection to a single new gTLD application is \$8,000.00, to be split between the objector and the applicant. Additional payments may be required for more complex cases. Shortly after appointing an expert, the AMCW will estimate the total costs and will request advance payment, in full, from all parties. If an objector fails to pay these costs in advance, the AMCW will dismiss the objection, and no funds will be refunded to the objector. Likewise, if an applicant fails to pay these costs in advance, the AMCW will sustain the objection, and no funds will be refunded to the applicant.

Standards Governing the Determination of an Objection

In an objection based upon trademark rights, the AMCW expert must determine "whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark ... or 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 mark" The objector bears the burden of proof in each case, and the expert will consider the following non-exclusive factors in reaching a decision:

- Whether the applied-for gTLD is identical or similar — including in appearance, sound, or meaning — to the objector's mark.

- Whether the objector's acquisition and use of rights in the mark has been bona fide.
- Whether and to what extent there is recognition in the relevant sector of the public of the mark corresponding to the gTLD, as the mark of the objector, of the applicant, or of a third party.
- 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.
- Whether and to what extent the applicant has used, or has made demonstrable preparations to use, the mark 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 rights in the mark.
- Whether the applicant has intellectual property rights in the mark corresponding to the gTLD, and, if so, whether any acquisition of such rights, and use of the mark, has been bona fide, and whether the purported or likely use of the gTLD by the applicant is consistent with such acquisition or use.
- Whether and to what extent the applicant has been commonly known by the mark 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.
- 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.

To discuss any questions you may have regarding the opinion discussed in this Alert, or how it may apply to your particular circumstances, please contact Robin N. Brenner (rbrenner@cozen.com or 212-883-4979).