

.Com and .Net, Make Room for .Trademark: What Trademark Holders Should Know About the New gTLD Program

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If you are a business owner, you have probably invested a great deal of time and money into building the goodwill of your business and into associating that goodwill with a business name, logo, or other trademark. You want your customers to know that when they see your trademark on a flyer, commercial, letter, or email, they are receiving a message from *your* business. Imagine the nightmare of learning that someone else has registered a domain name using *your* trademark and has been using the website at that domain to sell competing goods or services to customers who think they are buying from your business. It is equally terrifying to learn that someone else has registered your trademark in a domain to lure your potential customers to a website that publicizes disparaging remarks about your business. You can only imagine the number of potential customers who have entered your trademark as a search term in Google or as a website address only to land at that other website, not yours. Lost sales and damage to your reputation may increase through the drawn-out and expensive process of trying to dispossess that other person or business of the domain name that was wrongly registered. That process is made all the more difficult when the cybersquatter¹¹ is not within the personal jurisdiction of the United States.



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Visit www.Cabelas.com, www.Cabelas.net, and www.Cabelas.org, and you will find yourself at the same website, not three separate websites. Each domain name points to one website, owned and operated by Cabela's Inc., with the Cabela's[®] trademark prominently displayed in the upper left-hand corner. Obviously, Cabela's has no interest in operating a separate website at each of the separate website addresses, and yet it separately registered each of these domain names. Undoubtedly, Cabela's registered these

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domain names to prevent someone else from registering them, a preventative measure to combat cybersquatting and trademark infringement.

This tactic of registering multiple websites at [trademark].com, .net, and .org, among others, is commonly used by businesses that own valuable trademarks rights, and it has been used successfully in a world where the number of available top-level domain (TLD) names has been rather limited. However, as the World Wide Web stands to welcome potentially hundreds or thousands of new generic top-level domains (gTLDs) in 2010, trademark holders will likely find that registering www.TheirTrademark.com, .net, and .org will no longer be sufficient when www.TheirTrademark.anything and .everything are possible.

History of TLDs, Their Control, and the New gTLD Program

As of the writing of this article, the Internet's addressing system has been limited to a rather small number of TLDs. TLDs are the two or more letters that follow the last dot in a website address and come in two types: gTLDs, such as .com and .net, and country-code top-level domains (ccTLDs), such as .uk and .cn.² At this time, while there are over 250 ccTLDs, there are only 21 gTLDs.³

The Internet Corporation for Assigned Names and Numbers (ICANN) has been responsible for managing the Internet's addressing system for more than ten years. It coordinates the allocation and assignment of, among other things, domain names, and it has overseen the growth of the number of gTLDs from the eight that pre-date ICANN's formation (.com, .edu, .gov, .int, .mil, .net, .org, and .arpa), through two rounds of gTLD expansions, to the twenty-one gTLDs that existed at the end of 2009.⁴

For years, ICANN has been developing a new policy that will allow significantly more gTLDs to be introduced.⁵ The final step in the adoption and implementation of the New gTLD Program will be the completion of an Applicant Guidebook to provide detailed information about the rules, requirements, and process for acquiring new gTLDs.⁶ Version 3 of the Guidebook was released in October 2009.⁷ The final Guidebook is expected to be released at the end of 2009, with applications for new gTLDs to be accepted in 2010.⁸

The New gTLD Program is meant to allow for a greater degree of innovation and choice for those who register domain names and utilize the Internet.⁹ It will allow for new gTLDs to be created, gTLDs that are not limited to only a few characters or to only ASCII characters.¹⁰ For the first time, Internationalized Domain Names (IDNs), domain names including local language characters or letter equivalents, will be available as TLDs.¹¹ Accordingly, trademark holders could possibly acquire new gTLDs consisting of their trademarks.

Acquiring a new gTLD will not be simple and will certainly be much more complicated than registering a second-level domain name using an established gTLD. A second-level domain name is the portion of a website address (*i.e.*, domain name) that precedes the top-level domain, *e.g.*, the "Cabelas" in www.Cabelas.com. Acquiring a new second-level domain name with an established gTLD like .com or .net, is usually as simple as filing out a short form and paying a relatively-small annual or semi-annual fee to a registrar such as GoDaddy.com. The registrar takes the information from the would-be domain name registrant, checks to confirm that the domain name is available, and then registers the new domain name with

the registry operator associated with the appropriate gTLD (e.g., if seeking to register a domain name in the .com gTLD, the registrar would register the new domain name with VeriSign, Inc., the Registry Operator for the .com gTLD¹²). The registry operator would then add the new domain name to the registry database. In this process, there is little that is required by the would-be registrant of the second-level domain name, and the process is completed almost immediately upon the registry operator's receipt of a registration request.

Acquiring a new gTLD, on the other hand, will require the prospective owner to complete a complex application to prove the applicant is ready, willing, and capable of operating a registry business as the registry operator for the new gTLD; payment of fees in the neighborhood of \$185,000; and signing a contract with ICANN governing the operation of the gTLD, provided the applicant has successfully survived the application process, including an objection period. The application process is expected to take several months from beginning to end.

Surely, there are trademark holders who have the resources and willingness to secure their trademarks as new gTLDs, either to be able to utilize www.____. [trademark] as their own or to simply prevent a third party or competitor from acquiring that gTLD.¹³ However, given the complexity and expense of the application process and the ongoing, contractual commitments accompanying the acquisition of a new gTLD, many trademark holders will find it unfeasible to acquire new gTLDs for their trademarks. These trademark holders need to be aware of the rights protection mechanisms that the New gTLD Program is expected to provide as means for preventing or combating cybersquatting and trademark infringement.

The rights protection mechanisms (RPMs¹⁴) that the New gTLD Program is expected to provide are aimed at furthering certain principles of the program, including that “[s]trings [i.e., the sequence of characters that make up a gTLD] must not be confusingly similar to an existing top-level domain . . .” and that “strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.”¹⁵ To carry out these principles, the New gTLD Program is expected to provide (1) that ICANN will engage in

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string review, looking for string similarity, during an Initial Evaluation of all new gTLD applications; (2) for formal objections of pending gTLD applications, resolved by a dispute resolution process; and (3) for a Trademark Post-Delegation Dispute Resolution Policy (PDDRP) to which the registry operators of new gTLDs will be subject. These three mechanisms are tools to prevent a registry operator from acquiring a new gTLD that infringes upon the trademark rights (or other rights) of another or otherwise operating a gTLD in a manner that systematically infringes or cybersquats upon another's trademark rights.¹⁶ Trademark holders would be well advised to be cognizant of these mechanisms and to position themselves to utilize them to prevent or combat trademark infringers and cybersquatters.

Initial Evaluation of New gTLD Application by ICANN

The first RPM that will come into play as part of the New gTLD Program is the string review during the Initial Evaluation stage of the application consideration process. After applications for new gTLDs are received and the application period closes, an Initial Evaluation stage begins during which ICANN will, among other things, evaluate whether each of the applied-for gTLD strings is so similar to other already-established gTLDs or applied-for gTLDs that it would cause confusion.¹⁷ String confusion will be found where an applied-for gTLD string “so nearly resembles another visually that it is likely to deceive or cause confusion.”¹⁸ It would have to be probable, not merely possible, “that confusion will arise in the mind of the average, reasonable Internet user.”¹⁹

Because this string review is initiated and conducted by ICANN at the start of the application review process, without prompting, and at no extra cost to either the applicant or a third-party, it essentially provides the quickest mechanism

by which trademark holders are potentially protected, the end result being that the application for the new gTLD is not approved and the gTLD is not put into operation. However, because the comparison is limited to only established and concurrently-applied-for gTLD strings, for a trademark holder to be “saved” by this mechanism, the trademark holder would need to have already acquired or have concurrently applied for a gTLD consisting of its trademark. Further, as the string review is limited to visual comparison, the string review mechanism will likely do little to protect a trademark holder against a third party applying for a confusingly-similar *sound-ing* gTLD (e.g., .Costco compared with .KostKo). Nonetheless, the string review mechanism does mean that trademark holders that do take the time and incur the expense to acquire gTLDs for their trademarks will have this one quick and free shot at stopping third parties from acquiring gTLDs that are confusingly similar in appearance to the trademark holder's marks.

Formal Objection and Dispute Resolution Process

After the Initial Evaluation stage in the application review process, ICANN will post, on its website, a list of complete applications for gTLDs being considered. This list, once posted, will be publicly available and its posting will initiate an Objection Filing / Dispute Resolution period. During this period formal objections may be filed, but are limited to only four grounds: (1) string confusion, (2) legal rights, (3) morality and public order, and (4) community objections.²⁰ Of these, trademark holders will be most interested in the first and second grounds.

In filing a formal objection on the grounds of string confusion, the objector alleges that the applied-for gTLD string is confusingly similar to either an existing TLD or to a concurrently-applied-for gTLD (i.e., an applied-for gTLD being

considered in the same round of applications as the objected-to gTLD).²¹ To have standing to bring such a formal objection, the objector must be an existing TLD registry operator or concurrent gTLD applicant.²² Unlike the string review during the Initial Evaluation, however, the consideration of whether there is string confusion sufficient to prevent the grant of the new gTLD will take into consideration more than just visual similarity. Accordingly, this mechanism will be available to those trademark holders who have acquired or who are seeking to acquire a gTLD of their trademark and who want to prevent a third party from registering a confusingly-similar gTLD string where the similarity is due to more than obvious visual similarity.

A formal objection on the grounds of a legal rights objection amounts to a contention that the applied-for gTLD string would infringe the objector's existing legal rights.²³ To have standing to file a legal rights objection, the objector must be a rightsholder, and the objector must provide documentation of the source and existence of the legal rights at issue.²⁴ Notably, these objections can be based on either a registered or unregistered trademark.²⁵

During evaluation of a legal rights objection, the appropriate dispute resolution service provider panel will 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 service mark . . . , or unjustifiably impairs the distinctive character or reputation of the objector's mark, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the object's mark . . .²⁶

This determination will take into consideration, among other things, the similarity of the applied-for gTLD to the objector's trademark; whether the objector's acquisition and use of its trademark has been bona fide; whether the applied-for gTLD is recognized in the relevant sector of the public as the objector's mark, the applicant's mark, or a third-party's mark; the applicant's intent in applying for the gTLD; whether and to what extent the applicant has used or plans to use the gTLD in connection with a bona fide purpose; and whether the applicant's intended use of the applied-for

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gTLD would create a likelihood of confusion with the objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

With either the string confusion or legal rights objections, the formal objection and dispute resolution process should be a useful tool for trademark holders due to its many benefits. First, the process is designed to be rather quick, just a matter of weeks.²⁷ Second, all filings, including the response from the gTLD applicant, are to be in English and the response is to provide the applicant's contact information.²⁸ This can be quite helpful when dealing with a potential cybersquatter or trademark infringer in a foreign jurisdiction. Third, because it takes place before the gTLD is awarded, it should allow trademark holders to prevent cybersquatting and trademark infringement before any damage is done. Fourth, though the cost for the associated dispute resolution process will likely be in the range of several thousand dollars (likely between \$3,000 and \$56,000 for most objections²⁹), the cost is still significantly-lower than applying for and operating a new gTLD. However, the window during which formal objections can be filed will probably be rather narrow, perhaps as little as two weeks between the posting of the Initial Evaluation results and the close of the objection filing period. Thus, trademark holders will need to be on their toes to take advantage of the formal objection and dispute resolution mechanism.

Trademark Post-Delegation Dispute Resolution Policy (PDDRP)

The PDDRP mechanism is to be used to protect trademark rights against an entity that has already successfully gone through the new gTLD application process and been awarded the gTLD. At the conclusion of that process, the operator of the new gTLD will be required to enter into a contract with ICANN, with one of the terms being that the registry operator is required "to comply with and implement decisions made according to the Trademark Post-Delegation Dispute

Resolution Policy."³⁰ As part of the PDDRP, trademark holders will be able to take action against a gTLD registry operator that has operated in bad faith, "with the intent to profit from the systemic registration of infringing domain names (or systemic cybersquatting) or who have otherwise set out to use the gTLD for an improper purpose."³¹ The PDDRP will not apply to a gTLD registry operator who just happens to have infringing domain names registered in its gTLD.

The PDDRP mechanism may be used to combat trademark infringement or cybersquatting at either the top level or the second level. Infringement at the top level would be an infringement due to the gTLD (the top-level domain) itself (e.g., www.domain.infringingstring), while infringement at the second level would be an infringement due to a domain registered within the gTLD, but not the gTLD itself (e.g., www.infringingstring.gtd). With a top-level infringement, the alleged infringer is the registry operator; with a second-level infringement, the alleged infringer is a domain registrant, not the registry operator. As such, the PDDRP mechanism treats the two situations differently.

To succeed with a PDDRP complaint regarding a top-level infringement, the trademark holder (i.e., the complainant) will likely need to prove by clear and convincing evidence . . .

that the registry operator's affirmative conduct in its operation or use of its gTLD, that is identical or confusingly similar to the complainant's mark, causes or materially contributes to the gTLD: (a) taking unfair advantage of the distinctive character or the reputation of the complainant's mark, or (b) unjustifiably impairing the distinctive character or the reputation of the complainant's mark, or (c) creating an impermissible likelihood of confusion with the complainant's mark.³²

Given the high burden of proof and the requirement that the registry operator be operating in bad faith, trademark holders will probably find it difficult to win on such PDDRP complaints. However, for trademark holders who missed the narrow window of opportunity to assert a formal legal rights objection during the application stage, the PDDRP mechanism could be their best option.

For success with a PDDRP complaint regarding a second-level infringement, the trademark holder will likely be required to prove by clear and convincing evidence

(a) that there is a substantial ongoing pattern or practice of specific bad faith intent by the registry operator to profit from the sale of trademark infringing domain names; and (b) of the registry operator's bad faith intent to profit from the systematic registration of domain names within the gTLD, that are identical or confusingly similar to the complainant's mark, which: (i) takes unfair advantage of the distinctive character or the reputation of the complainant's mark, or (ii) unjustifiably impairs the distinctive character or the reputation of the complainant's mark, or (iii) creates an impermissible likelihood of confusion with the complainant's mark.³³

As with the first-level infringement situation, the burden of proof to succeed with a second-level infringement PDDRP complaint is high. However, because the complaint will necessarily be based on the registry operator's actions during operation of the gTLD, it is not a complaint that could practically be brought during the application stage through a formal objection. Thus, the second-level PDDRP complaint is likely a trademark holder's best and only mechanism (under the New gTLD Program) to combat a systematic cybersquatting or trademark infringing registry operator.

With either the top level or second level PDDRP situation, a complaint may be brought by any trademark holder, whether the trademark is registered or unregistered,³⁴ and the process is meant to be relatively quick, on the order of weeks. Even so, success for the trademark holder will not result in a transfer of the infringing domain name.³⁵ Instead, remedies available range from monetary sanctions equaling the complainant's financial harm to suspension of the registry operator's ability to accept new domain name registrations until violations are

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cured.³⁶ In any regard, this mechanism provides a good tool for trademark holders to combat ongoing cybersquatting or infringement by registry operators.

Conclusion

The three RPMs described above are the most likely to be available to help trademark holders prevent or stop another from confusing customers with the new gTLD registrations. Even so, the surest way for a trademark holder like Wal-Mart, Cabelas, or Coca-Cola to prevent a third party from acquiring new gTLDs consisting of strings confusingly-similar to its trademark is to be the first to register .walmart, .cabelas, or .cola, as the case may be. This will obviously prevent someone else from sending mass emails to potential customers from www.coupons.walmart or www.hunting.cabelas or www.coca.cola and operating websites at those domains. However, registering the gTLD before a third party can do so will be a complicated and highly expensive process, which will likely be impractical for most trademark holders.

Most trademark holders will likely find that the best and most practical option for guarding their trademarks in the face of the New gTLD Program will be to monitor the application process and be ready to file any necessary formal string confusion or legal rights objections within the narrow objections period, which opens once ICANN posts the list of applied-for gTLDs.³⁷ Once that window has closed, however, the PDDRP is available for clear cases of cybersquatting or trademark infringement due to bad faith actions of the new gTLD registry operator.

In any regard, the explosion of new TLD options is almost assuredly going to occur in 2010, and trademark holders should no longer rely solely upon registering www.[trademark].com, .net,

and .org to prevent cybersquatting and trademark infringement. Cyberspace is changing and trademark holders' tactics must change too.

About the Author

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Endnotes

¹ Cybersquatting, generally speaking, is the registration and use of a domain name with the bad faith intent to profit from the goodwill of another's trademark. One example would be the registration and use of Walmart.com (with two l's) for a merchandise retail website, selling goods to those who are confused and think the site is associated with Wal-Mart Stores, Inc. (Wal-Mart has been smart enough to register walmart.com itself.)

² Country-code top-level domains are limited to two letters. See Root Zone Database, Internet Assigned Numbers Authority, <http://www.iana.org/domains/root/db/#> (last visited Dec. 16, 2009).

³ ICANN, Draft Applicant Guidebook, Version 3, Preamble (Oct. 2, 2009), available at <http://www.icann.com/en/topics/new-gtlds/draft-rfp-clean-04oct09-en.pdf>.

⁴ ICANN, New gTLDs – Frequently Asked Questions (last revised Oct. 24, 2008), <http://www.icann.org/en/topics/new-gtlds/strategy-faq.htm>.

⁵ Letter from Rod Beckstrom, CEO and President of ICANN, to All Prospective Applicants for New gTLDs 1, available at <http://www.icann.com/en/topics/new-gtlds/draft-rfp-clean-04oct09-en.pdf> (last visited Dec. 6, 2009).

⁶ *Id.*

⁷ *Id.*; Draft Applicant Guidebook, note 2.

⁸ ICANN, In Focus, Applicant Guidebook, <http://>

www.icann.com/en/topics/new-gtlds/dag-en.htm (last visited Dec. 16, 2009).

⁹ New gTLDs – Frequently Asked Questions, note 3.

¹⁰ *Id.* ASCII characters, generally speaking, are those characters that would be found on the computer keyboard used in English-speaking countries. They include the characters of the English alphabet, punctuation, and other common symbols (e.g. [\$/\]). They do *not* include frequently-used symbols in non-English languages, such as those of the Cyrillic alphabet, Chinese characters, and Japanese kanji and hiragana.

¹¹ *Id.*

¹² See ICANN, .com Registry Agreement (Mar. 1, 2006), available at <http://www.icann.org/en/tlds/agreements/com/>.

¹³ Likewise, there will probably be trademark holders who will invest in acquiring new gTLDs of the generic names of their products or services, thereby preventing a competitor from doing so. The thought of .cola or .soda comes to mind. Were the Coca-Cola Company to acquire these gTLDs, it could secure www.coca.col and www.dietcoke.soda while likely preventing www.pepsi.col from coming into existence.

¹⁴ As of the writing of this article, the rights protection mechanisms (RPMs) of the New gTLD Program have not yet been finalized, so only the mechanisms seeming to have the best chance of approval and finalization will be discussed. As used in this article, RPMs refer to any mechanism, policy, or procedure within the New gTLD Program that is designed to protect the rights of trademark holders. The final New gTLD Program may define RPMs more narrowly.

¹⁵ ICANN, Generic Names Supporting Organization, Final Report – Introduction of New Generic Top-Level Domains (Aug. 8, 2007), available at <http://gnso.icann.org/issues/new-gtlds/pdp-dec05-fr-part-08aug07.htm>.

¹⁶ There has also been a great deal of discussion about two other rights protection mechanisms: a Uniform Rapid Suspension (URS) proceeding to provide an expedited procedure for addressing clear cases of trademark infringement and a Trademark Clearinghouse to facilitate “Trademark

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Watch” and “Sunrise Period” services. These two mechanisms would be tools particularly aimed at preventing third parties from registering cybersquatting or infringing second-level domains in gTLD registries. These mechanisms would be in addition to the already-available Uniform Domain-Name Dispute-Resolution Policy (UDRP). At this time, it appears that the New gTLD Program will encourage, but may not require, that gTLD registry operators utilize the URS proceeding and Trademark Clearinghouse mechanisms if and when such mechanisms are put into place.

¹⁷ Draft Applicant Guidebook, note 2 at 2-2.

¹⁸ *Id.* at 2-5.

¹⁹ *Id.* Further, “[m]ere association, in the sense that the string brings another string to mind, is insufficient to find a likelihood of confusion.” *Id.*

²⁰ *Id.* at 3-1–3-2.

²¹ *Id.* at 3-1. Importantly, formal objections grounded on string confusion must be filed with the International Centre for Dispute Resolution, the institution that has been authorized to act as the dispute resolution service provider for this category of objections. *Id.* at 3-4.

²² *Id.* at 3-2.

²³ *Id.* at 3-1. Formal legal rights objections must be filed with the Arbitration and Mediation Center of the World Intellectual Property Organization. *Id.* at 3-4.

²⁴ *Id.* at 3-3.

²⁵ *Id.*

²⁶ *Id.* at 3-14.

²⁷ See *id.* at 3-9 (noting that responses to formal objections are to be filed within thirty calendar days of receipt of a notice from the dispute resolution service provider that ICANN has published a list of formal objections).

²⁸ *Id.* at 3-8–3-9.

²⁹ *Id.* at 1-32.

³⁰ *Id.* at 5-10.

³¹ ICANN, Proposed Trademark Post-Delegation Dispute Resolution Procedure (Trademark PDDRP) (Oct. 4, 2009), available at <http://www.icann.org/en/topics/new-gtlds/draft-trademark-pddrp-04oct09-en.pdf>.

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.* (explaining that because only the registry operator, and not the registrant or registrar of the infringing domain name, is a party to the dispute resolution proceeding, transfer of the domain name should not be available because transfer of the domain would affect non-parties).

³⁶ *Id.*

³⁷ Though this option is available to holders of registered as well as unregistered trademarks, trademark holders of *registered* marks will likely find it easier to succeed on a formal objection, and so holders of unregistered marks would be well advised to formally register their trademarks.