

ARNOLD & PORTER (UK) LLP

ADVISORY

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TOP LEVEL DOMAIN NAMES: ROUND THREE—TRADEMARK SUPERNOVAS

As detailed in two earlier advisories, “A New Dawn For Top Level Domain Names”¹ and “Top Level Domain Names: Round Two—Sun Rising”², The Internet Corporation for Assigned Names and Numbers (ICANN) has proposed to expand generic Top Level Domain Names (gTLDs) from the 21 that currently exist (e.g., .com, .biz, .net, and .org) to potentially thousands more. The consultation process ICANN is running to elicit public input is now entering its third stage. As before, it has attracted considerable comment and recently has invited more feedback.

ICANN and the Intellectual Property Constituency (IPC) formed the Implementation Recommendation Team (IRT) to propose recommendations on trademark protection concerns in the planned introduction of new gTLDs. The IRT is made up of 18 people experienced in trademark protection on the internet and has representatives from the Registry and Registrar communities, law firms, and brand owners. The IRT issued its preliminary report for public comment at the end of April 2009. An initial consultation process produced a Final Draft Report, published on May 29, 2009. Comments to that report are due by June 29, 2009. In the interim, the IRT is submitting the Final Draft Report to the ICANN Board on June 21, 2009.

This Advisory sets out the features of the report, which in summary are:

- Creation of an IP Clearinghouse;
- Creation of a globally protected marks list;
- A Uniform Rapid Suspension system (URS);
- Post delegation dispute resolution mechanisms at the Top Level;
- Whois (a tool allowing Internet users to search for particular internet domain names) requirements for new TLDs; and
- Use of algorithm in string confusion review during initial evaluation.

THE IP CLEARINGHOUSE

The IRT recommends the creation of an IP Clearinghouse to support new gTLD Registries. It is intended to act as:

- (a) the central entity through which all new gTLD Registries, and possibly Registrars, interact in relation to the globally protected marks list and the pre-launch IP claims service; and

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+44 (0)20 7786 6100

Brussels
+32 (0)2 290 7800

Denver
+1 303.863.1000

Los Angeles
+1 213.243.4000

New York
+1 212.715.1000

Northern Virginia
+1 703.720.7000

San Francisco
+1 415.356.3000

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¹ http://www.arnoldporter.com/resources/documents/CA_ANewDawnForTopLevelDomainNames_120108%5B1%5D.pdf

² http://www.arnoldporter.com/resources/documents/CA_TopLevelDomainNamesRoundTwo-SunRising_031709.pdf

- (b) an information repository performing specific information collection and data validation services.

Trademark owners should submit the details of any registered trademarks or unregistered rights to the IP Clearinghouse. The IP Clearinghouse will provide the following services:

- The validation of trademark rights on an annual basis, which can be used by new gTLD Registries for pre-launch rights protection mechanisms such as sunrise schemes;
- A globally protected marks list of trademarks satisfying the strict requirements that has the effect of limiting third-party applications for:
 - (a) top-level domains that match or are confusingly similar to trademarks on the list; and
 - (b) second-level domains that match trademarks on the list.
- A pre-launch IP claims service that will notify new gTLD applicants and trademark owners that a current validated right exists when the identical term is applied for at the second level.

The IP Clearinghouse will be operated by a neutral, outsourced service provider under a renewable multi-year contract with ICANN. The new draft specifies a lengthy set of requirements the entity must satisfy. The IP Clearinghouse will provide its services to gTLD registries and registrars at no charge. Trademark owners will pay a reasonable fee to place and maintain their records in the database.

THE GLOBALLY PROTECTED MARKS LIST—TRADEMARK SUPERNOVAS

The IRT has recommended the creation of a globally protected marks (GPM) list to protect globally protected marks at the top and second levels. The criteria for inclusion on the GPM list is the ownership by the trademark owner of a number of trademark registrations of national effect that have issued in a number of countries across the five ICANN regions (North America, Europe, Africa, Asia/Australia/Pacific, and Latin America/Caribbean). The number of trademark registrations has still to be determined. A previous version of the IRT suggested that 200 registrations would suffice. It is yet to be seen whether this number will be revised upwards or downwards.

- All trademark registrations must have been issued on or before the date that the GPM applications are first accepted and must be based on trademark registration applications filed on or before November 1, 2008.
- The second level domain name for the GPM's principle online presence must be identical to the GPM.

Registration of a GPM will prevent the successful application of an identical gTLD *unless* the gTLD applicant requests a reconsideration of the initial evaluation and demonstrates that there is not sufficient similarity between the two names. It is difficult to see on what basis such an evaluation could succeed if the match is identical. A GPM designation will not, however, have precedential value in any dispute or resolution proceeding.

SECOND-LEVEL RIGHTS PROTECTION MECHANISMS

The IRT recognises that trademark owners face a much larger threat at the second level than at the first level. It recommends a two-pronged approach at this level, one for GPMs and one for nationally registered trademarks:

- With respect to GPMs, any new gTLD registry must implement a mechanism that initially blocks the registration of second level domain names that are an identical match to the GPM. To overcome the block, the applicant must show that it has a right or legitimate interest in the initially blocked name.
- For non-GPMs, any new gTLD registry must provide a pre-launch IP claims service. Under that service, each new gTLD registry must provide notices to both:
 - (a) potential registrants of domain names that identically match trademarks contained within the IP Clearinghouse; and
 - (b) owners of trademarks contained within the IP Clearinghouse of the registration of domain names that identically match its trademark.
- Except for GPMs, registrants shall not be prevented from registering domain names matching marks contained within the IP Clearinghouse, provided that each registrant receiving a notice through the IP claims service:
 - (a) affirmatively opts into the registration of the domain name after receiving notice;

- (b) represents and warrants that it has a right or legitimate interest in that domain name;
- (c) represents and warrants that it will not use the domain name in bad faith;
- (d) acknowledges that the registration or use of the domain name in bad faith may result in suspension; and
- (e) represents and warrants that the registrant contact information is valid and accurate.

DRAFT UNIFORM RAPID SYSTEM (URS)

The IRT also recommends the implementation of a new dispute resolution procedure intended to supplement the Uniform Domain Name Resolution Procedure (UDRP). The URS intends to provide a faster, lower cost way to stop the operation of an abusive site where there is no genuine contestable issue as to the infringement and abuse that is taking place. The UDRP, by contrast, is designed to transfer an abusive domain name to the brand owner. Either process can be used to thwart infringement.

The URS would be mandatory in all registry agreements for new gTLDs. It will be administered by a third-party provider. Complaints can be filed on behalf of multiple, related companies. They should set out the basis for the complaint, details of the trademarks relied upon, and that the complaint is filed in good faith. Once the complaint is filed and validated as complete, the URS service provider must send a notice to the gTLD registry operator within 24 hours. The gTLD registry freezes the domain name. Within 24 hours of the freeze, the URS service provides notice to the registrant and the registrar of record. The registrant has 14 calendar days from the date of notice of the complaint to file an Answer.

Interestingly, a registrant must pay a fee to file an answer where the answer concerns 26 or more domain names. This is intended to strike a balance between requiring a registrant to pay to defend its rights and to prevent gaming.

After the answer is filed, an Examiner considers three basic issues, similar to the standards for a UDRP decision but requiring a higher burden of proof. The Examiner determines whether there is clear and convincing evidence of the following factors:

- The domain name is identical or confusingly similar to the Complainant's valid trademark registration issued

by a jurisdiction that conducts substantive examination of trademark applications before registration;

- The domain name registrant lacks any right or legitimate interest in the domain name; and
- The domain name has been registered and used in bad faith.

Unlike the UDRP, the losing party may appeal to the UDRP, a URS ombudsman, or a court of appropriate jurisdiction, depending on the result.

If the Complainant is successful, the name is frozen but not transferred as is the case in the UDRP.

POST-DELEGATION DISPUTE MECHANISM

This section concerns the ability to control Registry Operators in the handling of disputes over their activities.

In particular, the IRT recommends that Registry Operators be required to submit to mandatory administrative proceedings if the Registry Operator:

- operates the TLD in a way that is likely to cause confusion with the Complainant's mark;
- is in breach of specific rights protection mechanisms contained in the Registry Operator's agreement that is likely to cause confusion with the Complainant's mark; or
- exhibits a bad faith intent to profit from the systematic registration of domain name registrations, which are identical or confusingly similar to Complainant's name.

The enforcement tools available include sanctions and suspension, group liability, and termination of the Registry Operator's contract where there have been three separate and distinct incidents within any 18-month period.

WHOIS REQUIREMENTS FOR NEW GTLDS

The IRT considers the provision of Whois information essential for the cost effective protection of consumers and intellectual property owners. For this reason, the IRT recommends that registries provide Whois information, with the full contact details of the Registrant.

CONCLUSION

The IRT Report proposes a number of measures designed to protect trademark owners as and when the new gTLDs are rolled out, which is expected to occur in

Spring 2010. The difficulties faced by the IRT in creating a set of recommendations with this object in mind are immense. As the IRT themselves comment, in trying to be fair to everyone, they may end up pleasing no one. It remains to be seen whether ICANN will take up their recommendations either in part or in whole.

We hope that you have found this client advisory useful. If you have additional questions, please contact your Arnold & Porter attorney or:

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