

The Exponential Speed of Innovation: Is IP Driving Your Business?



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Navigating the New World of Domain Names:
Unlimited TLDs Create Opportunities and Risks



Panelists

- Andy Baum, Partner, Trademark, Copyright & Advertising Practice
- Susan Crane, Group Vice President, Legal Intellectual Property, Wyndham Worldwide Corporation
- Sarah Deutsch, Vice President & Associate General Counsel, Verizon Communications
- Laura Ganoza, Senior Counsel, Business Litigation & Dispute Resolution Practice
- Heather Greenberg, Associate General Counsel, The Topps Company, Inc.

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Discussion Outline

- Introduction
- Application details, procedure and restrictions
- Grounds and standing to object to gTLD applications
- Procedure for handling applications for similar gTLDs
- Rights protection mechanisms for TM owners
- Panel discussion

Introduction

- On June 20, 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) Board of Directors approved a plan that will allow established organizations to register for and operate generic top-level domains (gTLDs)
 - .anything
 - .Brand

Historical Perspective

- ICANN's main purposes are to:
 - maintain the stability of the Internet;
 - support competition and consumer choice;
 - lower costs;
 - promote innovation; and
 - encourage diversity.

- Consistent with these purposes, one of ICANN's major goals is, and always has been, the creation of new gTLDs.
 - In 2000, ICANN began introducing new gTLDs on a limited basis, issuing seven "proof-of-concept" gTLDs: .aero, .biz, .coop, .info, .museum, .name, and .pro.
 - In 2004, ICANN released six more gTLDs: .asia, .cat, .jobs, .mobi, .tel, and .travel

Purpose of New gTLD Program

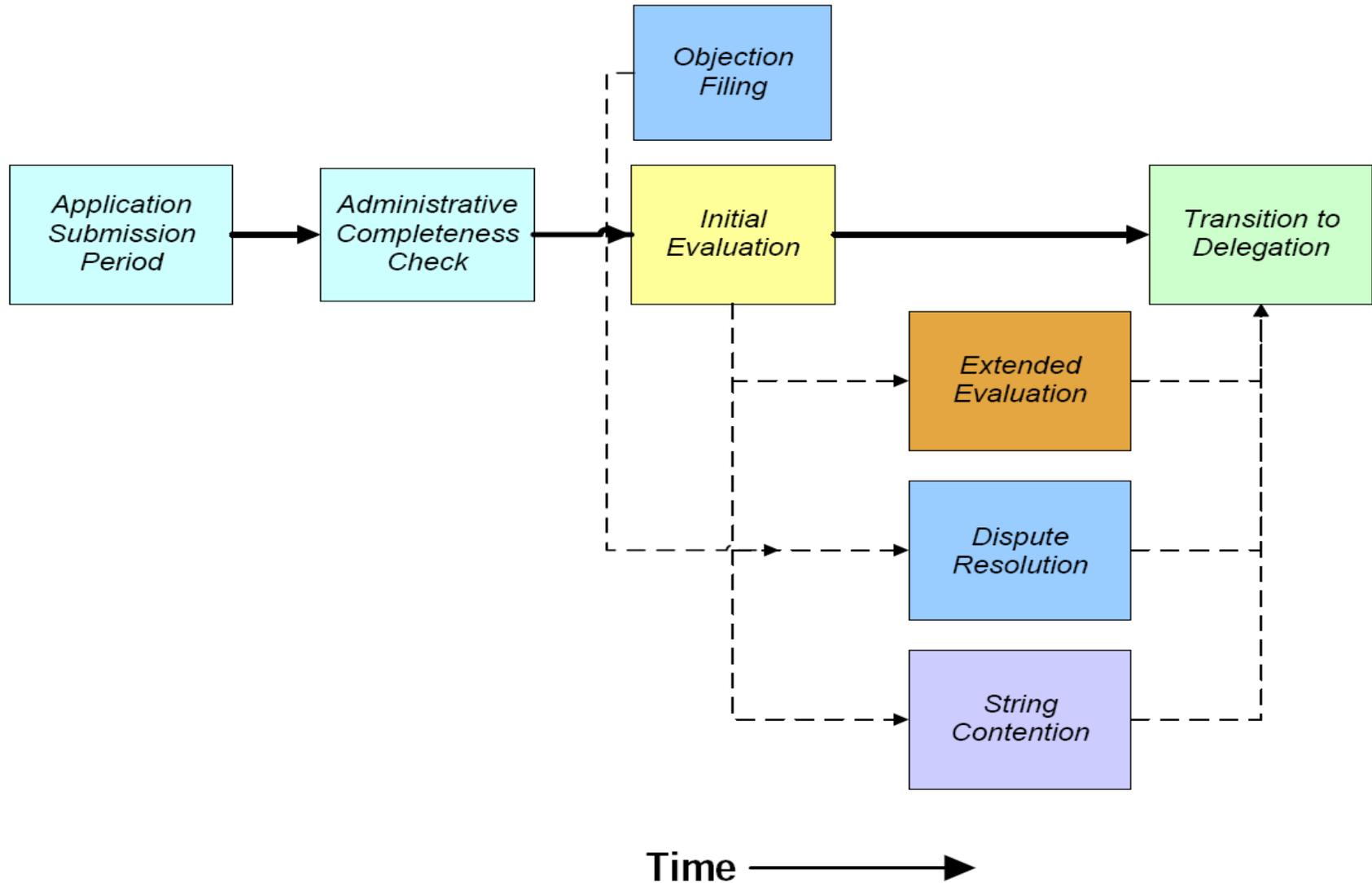
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- Promote competition in the domain name market
- Ensure Internet security and stability
- ICANN expects new gTLD system to potentially:
 - change the way people find information on the Internet
 - change how businesses plan and structure their online presence.

Application Details

- Application period opens January 12, 2012 and closes April 12, 2012
- \$5,000 deposit required to access the gTLD application
- Applicant must designate whether the application is a community-based or standard application.
 - Community-based applications intended to be a narrow category
 - For applications where there are unambiguous associations among the applicant, the community served, and the applied-for gTLD string
 - Community-based applicants must offer written support of the gTLD application from the relevant community
- Application questions designed to provide general information, demonstrate financial capability, and demonstrate technical and operational capability; documentation will be required to support answers
- Evaluation fee estimated at \$185,000 (\$5,000 deposit applied to evaluation fee)
- If application is successful, new gTLD owner must pay \$25,000 to ICANN annually.

Application Process



Application Limits

■ Applicant Limitations

- Only established corporations, organizations, or institutions in good standing may apply for a new gTLD; applications from individuals or sole proprietors will not be considered.
- if directors, officers, partners, or major shareholders of an applicant have any of an enumerated list of criminal convictions or a history of cybersquatting, then the application will not be considered.

■ Subject Matter Limitations

- Country and territory names may not be registered in this round of applications
- Capital city names, any city name (if the domain will be used in connection with information related to that city), state or province names, county names, and certain specified regional names (e.g., Western Africa) may be registered *only* with a letter of support or non-objection from the relevant government or public authorities

■ Technical Limitations

- Applicants may claim only one gTLD per application (to reduce the likelihood that a single applicant would apply for a family of gTLDs).
- Applicant must show that the domain registry is expected to be operational within one year of signing a registry agreement with ICANN.

See Internet Corporation for Assigned Names and Numbers, *gTLD Applicant Guidebook*, at 1-20 to 1-21 and 2-13 to 2-17 (May 30, 2011), <http://www.icann.org/en/topics/new-gtlds/rfp-clean-30may11-en.pdf> [hereinafter *Applicant Guidebook*] for additional information.

Grounds to Oppose Application

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- **String Confusion:** if the applied-for gTLD is confusingly similar to an existing TLD or to another applied-for gTLD string.
- **Legal Rights Objection:** if the applied-for gTLD string infringes the existing legal rights of the objector.
- **Limited Public Interest Objection:** if the applied for gTLD string is contrary to generally accepted legal norms of morality and public order that are recognized under principles of international law.
- **Community Objection:** if there is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted

Who May Object

| Objection ground | Who may object |
|-------------------------|--|
| String confusion | Existing TLD operator or gTLD applicant in current round |
| Legal rights | Rightsholders |
| Limited public interest | No limitations on who may file – however, subject to a “quick look” designed for early conclusion of frivolous and/or abusive objections |
| Community | Established institution associated with a clearly delineated community |

Similar gTLDs – Who Gets It?

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- String Contention Process designed to select between multiple applications for identical or similar gTLD strings
- ICANN will designate “string contention sets” comprised of direct and indirect string contentions
 - Direct: strings are identical or similar to one another.
 - Indirect: two strings are in contention with a third string, but not with one another.
- ICANN strongly recommends that the contending parties reach a settlement or agreement among themselves that resolves the contention
- If a settlement cannot be reached, then contentions will be resolved either through a community priority evaluation or through an auction.

Similar gTLDs – Auction Process

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- Auction process will be conducted over the internet
- An applicant must submit a deposit equal to 10% of the applicant's bidding limit; applicant will not be permitted to submit a bid in excess of its bidding limit.
 - Alternatively, an applicant may make a specified deposit that will allow for unlimited bids.
- Each auction round will consist of silent bids covering a pre-defined range of price points.
- Each successive round will allow for higher bid prices than the previous round.
- As the prices rise, applicants will successively choose to exit the auction until a sufficient number of applications have been eliminated so that no direct contentions remain.

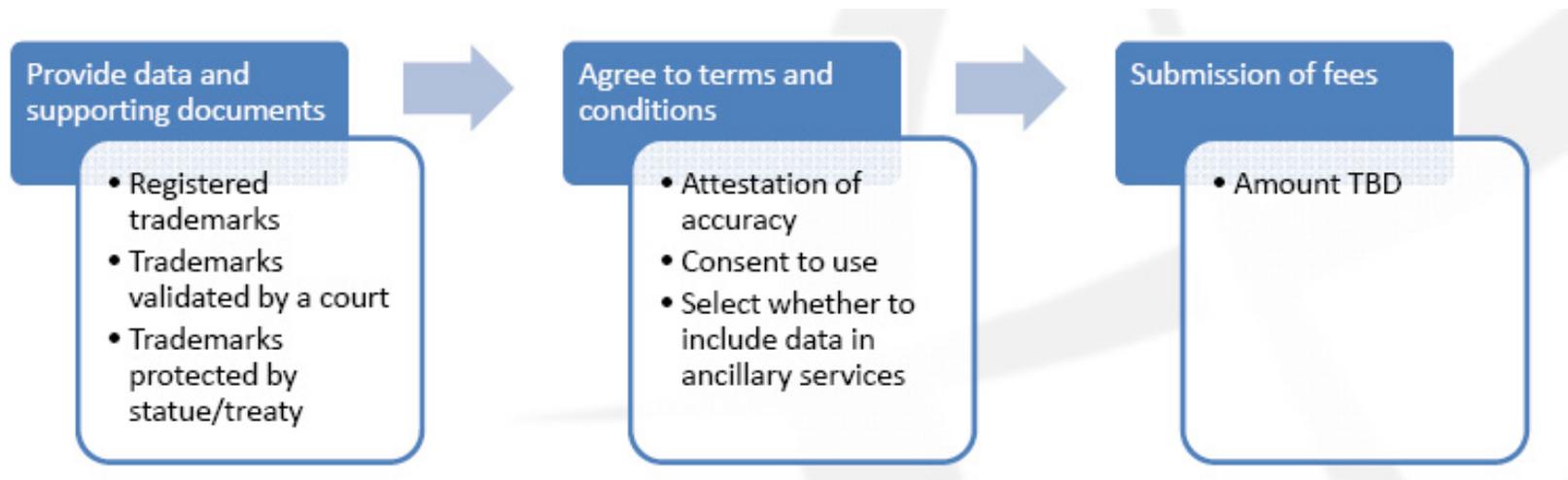
IP Rights Protection Mechanisms

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- Trademark Clearinghouse
- Uniform Rapid Suspension System
- Trademark Post-Delegation Dispute Resolution Procedure (PDDRP)
- UDRP

Trademark Clearinghouse

- A place for TM related information to be “authenticated, stored, and disseminated”
- Designed to protect mark owners against registration of infringing second-level domain names
 - All gTLD registries must offer Clearinghouse-registered trademarks a thirty day “sunrise period” to register their marks prior to allowing non-mark owners the ability to register a second-level domain name.



Limits of TM Clearinghouse

- TM Clearinghouse addresses marks eligible for Trademark Claims and Sunrise services

TM Claims

- Applies only to “identical marks” – no plurals, variants, etc.
- Available only during initial launch of a new gTLD (first 60 days) – thus, limited enforcement value

Sunrise

- Allows owners of marks registered in the Trademark Clearinghouse to reserve these marks as second-level domain names in new gTLDs
- Fee for registering domain names set by registries – ICANN will not regulate prices

Uniform Rapid Suspension System

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- The Uniform Rapid Suspension System (URS) designed to complement the UDRP by providing for the temporary suspension of an abusive domain name in “obvious cases”
- URS intended to be cheaper and quicker than UDRP
- Elements that must be proven under URS are similar to those in UDRP cases:
 - 1) registered domain is identical or confusingly similar to a mark owned by the claimant;
 - 2) domain registrant must have no legitimate interest to the domain name; and
 - 3) the domain must have been registered and used in bad faith
- Higher Standard of Proof:
 - URS = “clear and convincing” standard
 - UDRP = “preponderance of the evidence” standard

Limits of URS

- Significant problems with choosing the URS rather than a UDRP proceeding to address infringing second-level domains
- Not rapid – registrant has up to 21 days to respond to a complaint; decision may take up to 5 additional days
- No certainty – even if TM owner wins by default, registrant can hold up the decision
- High burden of proof – TM owner must present “clear and convincing evidence”

Limits of URS (cont'd)

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- TM owner needs to prove use of its mark – URS Examiner may not be qualified to make this assessment
- Suspension of the domain name is a temporary remedy – no transfer option to recover and control the domain name as with the UDRP
- “Loser pays” model requires 26 or more domain names to be at issue in the Complaint – may actually encourage cybersquatting

TM Post-Delegation Dispute Res. Proc.

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Allows mark owners to complain if new gTLD owner's conduct or operation of gTLD registry harms TM rights

■ Top Level Challenges:

- gTLD string is identical or confusingly similar to complainant's mark; and
- Registry operator's affirmative conduct in its operation or use of its gTLD string causes or materially contributes to the gTLD:
 - Taking unfair advantage of the distinctive character or reputation of the mark; or
 - Impairing the distinctive character or reputation of the complainant's mark; or
 - Creating likelihood of confusion with complainant's mark

■ Second Level Challenges:

- There is a substantial pattern or practice of specific bad faith intent by the registry operator to profit from the sale of infringing DNS; and
- The registry operator had a bad faith intent to profit from the systematic registration of infringing DNS