

# THE RECORDER

## The Expanding Universe of Domain Names



**John C. Baum**



**Lindsey B. Furtado**

**M**ore than 250 million domain names were registered worldwide by the end of 2012. That's almost exactly one domain name for every adult living in the United States today. For better or worse (and probably some of both), by the end of 2013, the number of potential new domain names is planned to increase, perhaps dramatically. No one knows for sure how great the increase will be or what impact it will have, but it will create opportunities for online pirates. Fortunately, protection mechanisms are available.

Within the next year, the number of available generic top-level domains, or gTLDs, like .com and .net will expand. ICANN, the international body charged with organizing the domain name structure of the Internet, received more than 1,900 applications for new gTLD strings, potentially increasing the number of gTLDs hundreds of times over. ICANN has already preliminarily approved gTLD strings such as .play, .party, .energy, .food, .career, .camera, .fishing, .buy, .active, .tech and .investments. At the annual meeting of the international trademark community this past April, it was announced that ICANN expects to delegate as many as

20 new gTLDs each month to start, eventually reaching approximately 100 new gTLDs per month in the future.

While the new gTLDs allow exciting new marketing and branding opportunities for legitimate businesses, the expansion also increases the risks of trademark infringement, cybersquatting, typosquatting and other types of online piracy. Trademark owners must be aware of the many new and existing protection services that are and will be available to them.

### Existing Domain Protection Services

*Preventative services.* Trademark owners are likely aware of existing domain protection services. Preventative services include domain purchasing strategies — some as simple as buying the subject trademark as a .com, and others as broad as buying the subject mark, formatives, and misspellings across all traditional TLDs and country code TLDs (ccTLDs) before typosquatters do. Examples include plurals, missed characters, double characters, transposed characters, look-alike characters (e.g., “O” and “0”), and other variants commonly used by cybersquatters and typosquatters. Although it is impossible to cover all permutations — and probably a mistake to try to do so — an informed purchasing strategy can protect the most valuable properties.

*Informative services.* Domain watch services keep brand owners abreast of newly registered domain names. These services warn you when an entity purchases a domain variant similar to yours, including those variants

commonly used by typosquatters, and they provide the insight needed to take legal action before confusion or bad faith use occurs.

*Remedial services.* If you've discovered a cybersquatter, then remedial action can be achieved with or without traditional litigation. All ICANN-accredited registrars follow the Uniform Domain-Name Dispute-Resolution Policy, or UDRP. Under the policy, most types of trademark-based domain-name abuse are addressed by lower-cost, expedited, administrative proceedings, resulting in the transfer of ownership of the infringing domain if successful.

Although much more expensive, litigation in federal court adds the specter of a monetary award. Remedies under the Lanham Act and Anticybersquatting Consumer Protection Act include attorney fees and electing either actual damages or statutory damages, the latter being no less than \$1,000 and no more than \$100,000 per domain name. Facebook recently won damages of about \$2.8 million and the transfer of more than 100 domain names (many typosquatted) under an ACPA suit in a California court.

### New Domain Protection Services

To allay brand owners' concerns about the coming gTLDs, ICANN has created two new protection services to supplement existing measures: the Trademark Clearinghouse and the Uniform Rapid Suspension System. Although recordal is now open with the TMCH, both the TMCH and URS only apply to new gTLDs, so neither system can be employed against online pirates

at this time.

*Trademark clearinghouse.* The Trademark Clearinghouse is a trademark recordal system that provides both preventative and informative services. Brand owners that record their federally registered marks with the TMCH receive two primary benefits, Sunrise Periods and the *Trademark claims service*. The Sunrise Periods permit brand owners to purchase domains under new gTLDs 30 days before the public can. This allows brand owners to preempt cybersquatters and lets brand owners avoid frenzied domain registration rushes when general registration begins. The Sunrise Periods are limited in that a pre-public domain registration must be an identical match to a mark recorded with the TMCH; brand owners cannot use them to purchase large swaths of blocking domains. However, the Sunrise Periods may prove vital to acquiring the most important domains, those identical to registered trademarks.

The trademark claims service is a limited notification service that works in two ways. First, the service warns a prospective domain registrant of a conflict if he attempts to register a domain identical to a mark recorded with the TMCH. The service does not prevent registration, but the warning may deter registration before it happens. Second, like a domain watch service, the trademark claims service will notify the brand owner that the domain has been purchased if the registrant ignores the warning. The biggest drawbacks to the service are that notifications are only for identical marks and notifications are only guaranteed to last for the first 90 days after a new gTLD becomes publicly available.

### Uniform Rapid Suspension

ICANN intends for the Uniform Rapid Suspension service to compliment the UDRP by offering an even lower-cost, faster path to relief in most clear-cut cases of infringement. The elements of a URS complaint mirror those under the UDRP, with the primary differences being higher burdens of proof for the complainant, additional defenses for the respondent, a requirement that the complainant provides evidence of use of its mark, and a remedy limited to

permanent suspension of the domain (as opposed to transfer of ownership under the UDRP). Substantively, a URS complaint is much simpler than a UDRP complaint because it is an electronic form, which is intended to reduce attorneys' fees.

### Impact of gTLD Rollout

Despite warnings that it will significantly alter branding on the Internet, the coming gTLD expansion might have less impact than widely speculated. For nearly the past decade, about half of all domain name registrations worldwide have been .com domains. Currently, about 120 million of the 250 million registered domain names are .coms. Even with the relative exhaustion of short desirable .com domain names and the increasing availability and reliance on country code TLDs like .de (Germany) and .uk (United Kingdom), the percentage of .com domains has only slightly declined.

Despite that, one domain name space that has remained consistently small — never more than a few million active domain names at one time, right up to the present — is the existing, specialized TLDs such as .pro, .jobs, .travel and .museum. Many of these TLDs have been around and promoted for the past decade. But when was the last time that you searched for or used a .pro or .jobs domain name? Even considering that those domains are restricted to specialized groups, like many of the applied-for gTLDs will likely be, the specialized TLD space has never taken off.

Excluding .com, the other open TLDs have also failed to take off. Registrations of the publicly available TLDs such as .biz, .info, .name and to a lesser extent, .net and .org, are dwarfed by the registrations of .coms. Even when used, these domains often only forward the user to a company's .com homepage. In fact, many of the applied-for gTLDs closely mirror these already available TLDs, leaving some to wonder how the impact will differ.

However, one thing distinguishing the new breed of gTLDs from the others is the phenomenal amount of money and speculative activity associated with the new gTLDs. ICANN has already raked in

hundreds of millions of dollars in application fees from registrars proposing to open new domains.

For example, one company, calling itself Donuts, was formed with reportedly more than \$100 million in capital for the sole purpose of creating new gTLDs. It applied for 307 new strings, all of them generic terms, such as .app, .group, .photos, .pets, .wedding, .city, .news, .tickets and .email. With that much capital and focused effort at stake, there is bound to be significant activity in at least some of the new gTLDs.

With money and large-scale corporate organizations behind the creation of the new gTLDs being new factors, it is nearly a certainty that domain speculators, cybersquatters and scammers will follow. Bad actors will make any new domain space a fertile field for their activities, regardless of actual, legitimate registration and uses of domains under the new gTLDs.

We can only guess as to whether the gTLD roll out will bring an unprecedented change. But no matter what the impact actually is, the potential for harm is probably not worth the risk of standing idly by. Preventative protections — like domain watch services, purchasing strategies, and especially the TMCH — are likely to be so inexpensive compared to remedial services that they will pay for themselves if they stop only a few cybersquatters.

*John C. Baum is of counsel at Owen, Wickersham & Erickson. He has been involved with global trademark and brand protection strategies, including on the Internet, since the 1990s. Lindsey B. Furtado is an associate with the firm and manages online trademark enforcement programs and develops domain protection strategies for a broad range of clients.*