

.biz
.info
.pro
.coop
.name

TRADEMARK RIGHTS AT RISK

New top level domain names will endanger your trademark rights. Guest authors Bill Meyers and Fred Cohen reveal strategies to protect your property.

THE SECOND GREAT LAND grab in the history of the Internet is underway, and many candy company owners will be surprised to learn that their valuable trademarks are available for the taking . . . again.

Currently, the most valuable Internet locations consist of addresses in the .com top level domain (TLD), such as Hersheyfoods.com and Nestle.com. Candy companies obtained these addresses either by staking their claims early or, if they were too slow to the registrar's office, through negotiations or litigation. Some companies have spent millions of dollars in these efforts. The Internet Corporation for Assigned Names and Numbers (ICANN), the organization that oversees the primary Internet domain name system, is attempting to ease demand for .com domains with the intro-

duction of seven new domain name suffixes. The new TLDs are .biz, .info, .pro, .coop, .name, .aero, and .museum. They will not affect existing TLDs, including .com, .org, .net, .edu, .gov, and others.

While the new TLDs are intended to open new vistas and reduce competition for the most valuable Internet real estate, they will likely lead to a host of disputes in the short run. Some candy companies will seek to extend their online presence from their current .com locations to similar .biz spots. At the same time, those companies that lost out in the first Internet land grab will be more aggressive, and smarter, this time around.

For example, the domain name Universal.com is owned by a computer company offering "universal software." Other companies, including Universal Studios and the manufacturer of Universal-brand exercise equipment might well be coveting the Universal.com address, and they might

approaching, the tentative rules now in place do not provide clear answers to these questions. What is clear, however, is that this uncertainty creates opportunity and risk.

NEW REGISTRATION PRACTICES ADD CONFUSION

In a decision that will lead to a variety of inconsistent practices and results, ICANN selected different registry operators for each of the seven new TLDs. Subject to ICANN approval, each operator can develop its own procedures to: (1) decide who can register; (2) provide deadlines for the submission of applications for registration; (3) determine the preference and priority of initial applicants when multiple applicants seek the same domain name (sometimes referred to as a "Sunrise" provision); and (4) resolve disputes over domain name ownership. Each registry operator is at a different stage in developing its procedures, and at least some of those procedures seem more likely to increase registry operators' profits than provide a fair and efficient method of awarding domain names.

ICANN selected NeuLevel, Inc. (www.neulevel.com) to administer the .biz TLD and Afilias, LLC (www.afilias.com) to administer .info. These operators are furthest along in finalizing their procedures. Most importantly, for purposes of obtaining desired domain names, each has developed its own multi-step process to make initial domain name assignments.

STAKING YOUR .BIZ CLAIM

From now through September 17, NeuLevel is accepting applications for .biz domain names, which can be placed through one of a multitude of ICANN-approved registrars. (Ed. Note: At press time, more than 60 registrars around the world had been approved).

These registrars will then submit the applications to NeuLevel. Effectively, these applications act as raffle tickets because in the event there are multiple applications for the



same .biz domain name, NeuLevel will randomly select one applicant to receive the registration. Applicants have several strategies for increasing their chances of success, some of which are obvious from a careful reading of the applicable rules, while others require more creativity.

For example, a candy company can file more than one application (i.e., buy more than one raffle ticket) because it appears that each application will have an equal chance of being selected. A NeuLevel representative confirmed that this multiple-filing strategy likely would be effective. Several methods are available to increase the number of applications you file. You can file identical applications with the same registrar, or you can coordinate the filing of multiple applications through different registrars using related company entities. Each strategy has its own potential benefits and pitfalls. Of course, each filing requires the payment of an additional fee to the registrar, and the registry operator will take its cut.

A company might also increase its chances of obtaining a specific .biz domain name during the sunrise period by challenging a registration granted to a competing applicant. However, in order to make that challenge, you must have already filed a statement of your rights (called an "IP Claim"), by August 6.

The rules also allow some jockeying to take place among applicants that do not receive the initial registration, again encouraging multiple filings and multiple fees. In case more than one unsuccessful applicant files an IP Claim, NeuLevel will select one of these applicants at random, and the selected applicant will be allowed to challenge the winner's registration by using NeuLevel's sunrise dispute resolution policy.

If the challenger is successful, NeuLevel will transfer the domain name to the challenger. The rules concerning the recourse available to other unsuccessful applicants during the sunrise period are vague, and will likely be fleshed out only in practice.

Finally, there are other ways to challenge the assignment of a domain name to another applicant, including NeuLevel's post-sunrise dispute resolution policy, which places a relatively unfavorable burden of proof on the applicant compared to the

sunrise dispute resolution policy, or through court action.

It is important to note the first rush for domain names resulted in significant remedial legislation, such as the Anti-Cybersquatting Consumer Protection Act, as well as landmark court decisions resolving disputes between so-called "cyber pirates" and trademark holders, as well as disputes between competing trademark holders. Given the nature of NeuLevel's procedures, it is likely that additional litigation will arise.

TRADEMARK HOLDERS LOOK TO .INFO

Afilias, the registry operator for the .info TLD, has developed a different multi-step process. During its first phase, which at press time was slated to start in late June, preferential treatment will be given to .info domain name applicants that own a trademark that had a "national effect" prior to October 2, 2000.

Candy companies seeking .info domain names must also submit applications through their domain name registrars. Afilias' first phase is scheduled to last 30 days. To avoid preferential treatment to the customers of any particular registrar, Afilias will select domain name applicants over several random rounds. Disputes between sunrise registrants and third parties will be resolved under Afilias' sunrise dispute policy.

The second phase, which will start approximately 15 days following the conclusion of the sunrise period, is open to the general public and will remain open for 18 days. Again, if multiple applications for the same .info name are submitted, a random, round-robin method will be used to select a particular .info domain name registrant. Disputes during this second phase will be resolved under a separate dispute resolution policy or through the courts. Finally, during Afilias' third phase, .info domain registrations will be made available to the general public and will be processed in real-time, on a first-come, first-served basis.

If navigating through the actual rules were not sufficiently challenging, the Federal Trade Commission (FTC) has identified a slew of scams based on purported guarantees of obtaining a particular domain name or receiving preferential treatment in the assignment of

domain names. Services making these representations often send unsolicited faxes and e-mails. Before engaging a service provider in this area, candy companies seeking a registrar should review the FTC's Consumer Alert regarding these scams (see www.ftc.gov/bcp/online/pubs/alerts/domainart.htm) and carefully review all unsolicited representations.

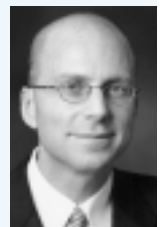
Despite the uncertainties in the process for assigning domain names in the new TLDs, it will be significantly easier to register and maintain your domain name now than it will be to reverse a registration awarded to someone else. Indeed, candy companies which fail to register now could face an expensive undertaking or permanent loss of rights down the road.

New Internet real estate is for sale, and those candy companies that wind up living at the best addresses will be those that create and execute a carefully planned strategy. **CB**

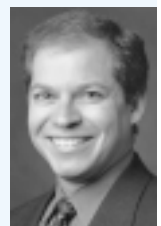
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