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Anarchy or revolution? Cybersquatting under the new gTLD regime
International - Matheson

gTLDs
Cybersquatting

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By this time next year, it is very likely that ICANN will have approved at least some of the new generic top-level domains (gTLDs) for launch. With the ever increasing level of smartphone penetration, the development of mobile e-commerce and the ubiquity of the internet's role in daily life, this new phase of internet development has the potential to change user behaviour forever. Are trademark owners prepared for this unprecedented online revolution?

By 2015 the number of generic top-level domains will be in the process of exploding from the current 22 to somewhere between 1000 and 2000. The large majority of these will be 'open' domain names, meaning that anyone is entitled to apply to register a second-level domain name without pre-conditions, such as membership of an industry, authorisation by a particular organisation or residence in a particular location. Even where the TLD name is 'closed' and subject to specific applicant conditions, such as whether a brand owner has sought its own mark or a region has sought its own TLD name root, the integrity of the domain space will depend upon the way in which the owner enforces its role as gatekeeper. Additionally, the way is now open for internationalised domain names, which very significantly increases the degree of complexity and risk for trademark owners.

In practice, this 'revolution' will result in an explosion of cybersquatting, a huge increase in the number of complaints under alternative dispute resolution policies and also of trademark infringement or anti-cybersquatting litigation cases, where such claims are possible under national law. This is in spite of the protective mechanisms currently planned by ICANN, including the Trademark Clearinghouse and the new Uniform Rapid Suspension (URS) system, which is essentially a cheap, quick-fire domain name dispute resolution complaint system aimed at the most blatant and straightforward cybersquatting cases.

Such a dramatic expansion in the domain name space is going to leave the way open for numerous variations of a trademark to be registered in a multitude of open TLD name spaces. Not just famous and well-known brand owners, but all brand owners of any size, will need to be alert to this risk in order to minimise the possibility of cybersquatting activity.

Initially, they will need to take advantage of Trademark Clearinghouse services by registering their marks for the service in order to be able to qualify for the proposed 'sunrise' and 'trademark claims' services. The limitation of both services as currently proposed is that they will be restricted to exact matches of a domain name to a word mark. Therefore, brand owners will be well advised to engage a watching service and appropriate advisors to address conflicts in relation to confusingly similar domain names that fall through the cracks of that system. Being proactive at this stage will save considerable time and money in fighting to reclaim domain names from cybersquatters.

The URS system is intended to suspend temporarily disputed domain names in clearcut cases of trademark abuse. Considering the intended quick-fire nature of this system, panellists are likely to reject all but the most simple cases of cybersquatting. As a result, many trademark owners will prefer to make a [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) complaint in the first place, which offers the significant benefit of a permanent 'transfer' remedy. Even if a URS complaint is successful, trademark owners will have to monitor the position for up to a year until the losing registrant's right of appeal expires. For these reasons, it may be that the URS system turns out to be something of a white elephant, that there will be a consequential increase in UDRP complaints and that the UDRP in its current form will remain the focus of cybersquatting efforts for the foreseeable future.

The analysis of elements under the UDRP will change under the new expanded regime, not because the policy is changing, but in light of the expansion of the gTLDs. Just a few rather obvious examples serve to underline the extent to which there is likely to be an increase of disputes or UDRP complaints.

To this point, analysis under the first element of the policy concerning whether a domain name is identical or confusingly similar to the complainant's trademark has focused on the words to the left of the 'dot'. In other words, panellists have generally tended to ignore the top-level element of the domain name in assessing the degree of confusing similarity. This approach is likely to change in the future to the extent that the TLD name element causes internet users to confuse the domain name with the complainant's trademark. A very simple and common type of potential example: an application in '.pay' for 'ezi.pay' might be found to be confusingly similar to the trademark EZIPAY. The current Trademark Clearinghouse proposals would not prevent this registration and the trademark owner would be left *ex post facto* to make a complaint under the URS system or the UDRP.

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Analysis under the second and third elements of the policy will in the future be informed by the nature of the TLD name and the context in which it is used. For example, a potential applicant based in the food industry might hypothetically be able to demonstrate a good-faith interest in applying for 'apple.restaurant', whereas it could be extremely difficult for that applicant to show such an interest in 'apple.tech', even if the website to which the domain name resolves is not directly concerned with competing technology products. Less well known or affluent trademark owners may not have sought to take advantage of the Trademark Clearinghouse protection mechanisms or, if they have done so, may not have the means to take advantage of every possible sunrise registration period. As a result, there is enormous potential for future disputes or UDRP complaints, particularly in relation to the use of confusingly similar domain names.

The large majority of SME trademark owners are still only vaguely aware of the expansion of the gTLD system or of the potential consequences for them, let alone the need to plan and budget for pre-emptive strategies or for future disputes. The expansion of the gTLD system was premised by ICANN as being for the benefit of the whole internet community. However, at least in the short term, it is difficult to see how it will be of benefit other than to the sophisticated few, while making life considerably more difficult for everyone else.

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