

Client Alert **Intellectual Property**

What Matters - There's a New Domain in Town

Over the next few years there will be many new Internet domains offered for sale. You might have heard about the new .xxx domain. In addition, several hundred if not thousands of new generic top level domains ("gTLD") will soon be coming on-line. This new opportunity will allow companies to own and manage these registries themselves, making them the registrars.

This is good news and bad. If you are a large trademark owner, someone might now receive your trademark as a top level domain and use it as they please within certain broad guidelines. For example, an entity can apply for the use of .disney and then create hundreds of thousands of new secondary domains such as movies.disney, parks.disney or even porno.disney. Each of these is treated similarly to .com or net.

The risk here is obvious. If you don't own generic top level domains for your trademarks, someone else might. But there is no need to rush out and register each of your trademarks as a new domain name or domain name extension. Several deterrents exist to prevent unscrupulous cybersquatters from pirating these top level domains.

The gTLDs should be looked at separately from the .xxx domain. For the new gTLDs:

- The fees will be at least \$185,000 to procure a registry. There will be additional yearly fees to maintain the registry that are now \$25,000.

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- The application and approval process is complicated and favors experienced registrars.
- Reviews of applications take existing trademarks into consideration.
- Trademark owners have certain rights to object to applications.
- Historically new top level domains such as .tv and country code domains have rarely been confused with the true brand owners. .com and .net are still the overwhelming favorites of brand owners and are the first place consumers go to find the brands they want.

Do you want to become a registrar for your trademarks? If your budget allows, and you want to seek comprehensive control of your trademarks, you may want to investigate filing applications. If you fear a bad actor might seek to register your brand, there are watch services to assist you. Otherwise, we recommend a wait and see approach to monitor how this business develops. In any case, we recommend speaking to an expert to formulate an appropriate strategy.

For .xxx domains

We recommend you consider buying a .xxx domain for your trademarks if you felt compelled to do that for the .biz or .us domains. If you believe that a customer will be confused by seeing your trademark in connection with a .xxx domain and think you have now entered into the pornography business you should file under the current sunrise period.¹ Or if a customer might accidentally enter .xxx instead of .com (browsers currently default to .com), you should file under the sunrise period. Otherwise, you might consider protecting your trademarks in relation to the .xxx domain is unnecessary. For companies taking a 'wait and see' approach, arbitration mechanism and, if necessary, court proceedings will provide remedies against trademark abusers. As always, each circumstance is different and should be discussed with your counsel to insure your rights are adequately protected.

¹ Be aware that for the .xxx domains, the system offers a sunrise period for trademark owners and other IP holders to apply to opt-out of .XXX. This period runs for 52 days starting September 7, 2011 and ending October 28th. Trademark and domain holders wishing to block their trademarks from .XXX during Sunrise B may submit an application through an accredited registrar. A successful application to block a domain name will be designated as reserved. This domain name will be removed from the available domain names.

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