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## New Web Domains Present IP Headaches For Brand Owners

By **Ryan Davis**

Law360, New York (June 13, 2012, 10:24 PM ET) -- The international body overseeing Internet addresses on Wednesday unveiled the 1,930 applications it had received for new top-level domain names, from .google to .vodka, showing brand owners will face a daunting task as they seek to protect their trademarks amid the proliferation of domains, attorneys said.

While it appears that all the applications for new domains that include a trademark were registered by the brand owner — only Nike Inc. applied for .nike — there are scores of applications for domains consisting of generic terms like .food and .hotel that companies in those areas will have to worry about.

There is a long way to go before any of the new domains go online, and brand owners have a number of tools they can use to protect themselves as the process unfolds, but the announcement of the applications marks a change in the way the Internet works that will make life difficult for many companies, according to Joanne Ludovici-Lint of McDermott Will & Emery LLP.

"You can't put this genie back in the bottle," she said. "It's going to be confusing, chaotic and expensive for a lot of brand owners."

While companies previously only had to monitor misuse of their names in Web addresses ending with the familiar .com or .org, the new domains provide ample opportunities for cybersquatters, counterfeiters and other infringers, said Sally Abel of Fenwick & West LLP.

"The enforcement that's already done in the existing domain space is going to increase significantly," she said. "A lot of companies are already strapped, and this is going to put even more pressure on them."

Brand owners and politicians have raised numerous concerns about the plan by the Internet Corporation for Assigned Names and Numbers, which oversees domain names, to expand the numbers of generic top-level domains from a handful like .com to potentially anything.

Despite the opposition, ICANN began taking applications in January for the right to create and manage new top-level domains, at a cost of \$185,000 apiece. It initially said it expected to receive about 500 applications, but it ended up receiving nearly four times that many.

ICANN will now review the applications and an informal public comment period will run for 60 days, in which members of the public can object to an applied-for domain because it

infringes a trademark or on other grounds.

ICANN will then offer the chance to make formal objections for seven months, and may reject applications based on those objections.

Since it appears no one attempted to brazenly scoop up another company's trademark as a new domain name without permission, the objection process may not come into play much from a trademark perspective, unless brand owners realize the applicant for a given domain is a known cybersquatter or counterfeiter, attorneys said.

But in some cases, major companies applied for domains containing generic terms, which could lead to some interesting disputes, according to Katherine Basile of Novak Druce & Quigg LLP.

For instance, The Allstate Corp. applied for .carinsurance, which may concern other auto insurance companies, and both Safeway Inc. and Wal-Mart Stores Inc. applied for .grocery, she noted.

"What if a competitor owns the generic term for your business? Are you going to work it out, or is there going to be a bidding war?" she said.

Once the new domains are up and running, which is not expected to happen before the end of 2013, the key trademark concern for brand owners will be the domains that consist of generic words, attorneys said.

The list of applicants is filled with companies with names like Top Level Domain Holdings Ltd. that registered numerous words like .baby and .beer, apparently in the hope of making money by getting companies in those industries to register second-level domains like budweiser.beer.

When those generic-term domains go online, brand owners will have many decisions to make about what to do with their trademarks, said R. Shawn Gunnarson of Kirton McConkie PC.

Companies would be well-advised to make a concrete list of trademarks they want to protect and the new domains for which they want to register their marks. Since no one knows whether the new domains will catch on, it would likely be prudent to overreact and file more defensive registrations than may seem necessary, he said.

For instance, Hilton Hotels & Resorts will need to decide whether to register hilton.hotel, either for use as an actual Web address or to prevent a cybersquatter from getting it, as well as whether to register its name in other generic domains like .buy.

"Are you really going to pay for defensive registrations in all generics?" Gunnarson said. "You'll have to perform a risk analysis to see what makes sense."

As a protection against cybersquatting, ICANN plans to offer a trademark clearinghouse service, which is designed to allow companies to pay a fee in exchange for a guarantee that their trademarks cannot be registered on any of the new domains.

However, the clearinghouse protection will not apply to slight misspellings or variations on the brand name, a favorite trick of cybersquatters, said Robert Kenney of Birch Stewart Kolasch Birch LLP.

"If it's not identical, ICANN is not going to stop someone from registering it," he said.

While ICANN has rules in place, in addition to the clearinghouse, aimed at preventing the

operators of the new domains from allowing people to register trademarks they don't own as second-level domains, it should still be a concern, said Ludovici-Lint.

The existence of a .jewelry domain raises the possibility of counterfeiting sites with names like buytiffanyhere.jewelry, even if Tiffany & Co. were to register tiffany.jewelry, she noted.

"It will be a problem for brand owners that will require extra monitoring of the Web and add to the burden," she said. "If no one is watching the door closely, some are these going to slip through."

Some of the new domains may present companies with situations where they need to register a brand name to avoid embarrassment or controversy, according to Andrea Calvaruso of Kelley Drye & Warren LLP.

"I represent Miss Universe, and we certainly don't want anyone to get missuniverse.porn," she said.

While not all of them will involve such clear-cut problems, having hundreds of new domains out there in which someone could use a trademark without permission will present a such a challenge that it may not be possible for companies to police all potential misuse, Abel said.

"There are resource constraints for brand owners. They can't put all their profits into taking down any and all infringement on the Internet," she said.

It may be that J. Crew Group Inc., for instance, has to decide to register jcrew.clothing, while ignoring jcrew.shop, she said.

The wild card in the new domains is whether they will catch on at all, and consumers conditioned to searching for brandname.com will actually look for and pay attention to brandname.shoes, Kenney said.

"That's a valid question: Is this going to have any meaning? No one knows," he said. "It's going to come down to the behavior of Web users."

--Editing by Elizabeth Bowen and Kat Laskowski.

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