

New Top-Level Domains: Opportunity or Headache?

by Daniel J. Mays

A recent explosion of new domain names could profoundly change the digital marketing strategies of businesses and organizations. The regulatory body that coordinates domain names is known as the Internet Corporation for Assigned Numbers and Names (ICANN). ICANN has approved hundreds of new generic top-level domain names (gTLDs) that are starting to become available to the public. Some of the more well-known gTLDs that have been used for many years include .com, .org, or .edu. Examples of new gTLDs that have been approved for release are .blog, .business, .charity, .church, .shop, and .software.

Once the new gTLDs are released, the public will be able to obtain second-level domain names within each gTLD. A “second-level domain” is the text that appears between “www.” and “.com” or any other gTLD.

Registering your name or brand as a second-level domain using one of these new top level domain names could be a powerful way to create a memorable online presence. Because names are issued on a “first-come, first-served” basis, however, the race for available names also presents opportunities for unscrupulous cyber squatters to extort money from legitimate businesses or for knock-off companies to usurp valuable goodwill built up by the original business.

This is a good time to review your need for trademark protection. Any party with a federal or other national or regional trademark registration may register its trademark with ICANN’s Trademark Clearinghouse. ICANN’s Registration provides you with the following benefits:

- **“Sunrise” service:** Registered trademark owners will have the option to obtain new second-level domain names that use their ICANN-registered trademarks for at least 30 days prior to gTLDs becoming available to the public.
- **Notice to Applicant of Prior Registration:** Any party who applies for a domain name that uses an ICANN- registered trademark will be notified that its chosen name contains a protected trademark. This may dissuade the party from proceeding further with the application or provide evidence for the trademark registrant to use in a Uniform Domain-Name *Continued...*

second-level domain
www.bealaw.com
www.bealaw.business
new gTLD

Understanding Trademarks

Trademarks are valuable assets of businesses and non-profit organizations. A carefully-selected trademark can help a business distinguish itself in the marketplace and create a lasting impression with consumers. Through continual use, trademarks enable businesses and organizations to generate goodwill with the public. This goodwill can become the most valuable asset of the business or organization. Because trademarks are so important, businesses and non-profit organizations should carefully consider which trademarks to use and adequately protect those marks.

A trademark or service mark is any word, name, symbol, or device, or any combination thereof used to identify and distinguish goods or services from those of others and to indicate the source of the goods or services, even if that source is unknown. Words or graphic logos are the most common types of marks. You are probably familiar with word marks such as Microsoft, Kraft, or Habitat for Humanity, and graphic logos like these:



The above definition also encompasses product designs, colors, and sounds, among other things.

For instance, the shape of the Coca-Cola bottle is a *Continued...*

Dispute-Resolution Policy (UDRP) proceeding.

- **Watch Service for ICANN-Registered Trademark**

Owners: Trademark registrants will be notified if a party attempts to obtain a domain name consisting of the registrant's trademark. Depending upon the facts, the registrant may be able to take action against that party, such as through a UDRP proceeding or by filing a trademark infringement lawsuit.

ICANN's Trademark Clearinghouse protection is available for 1, 3, or 5-year terms. ICANN's release of new gTLDs is expected to last for several years, so trademark owners should implement strategies for protecting their marks. Registration with the Trademark Clearinghouse is an efficient way for trademark owners to monitor domain name registration activity during this period of rapid expansion.

registered design mark and the colors green and yellow for tractors is a registered trademark of John Deere. Provided that it serves a source-indicating function, almost anything can be a trademark or service mark.

When a business or organization has selected its mark, it should be registered with the U.S. Patent and Trademark Office (USPTO). Registration provides many benefits, the most valuable of which is nationwide priority for use of the mark or any similar mark. This means that if another party uses the mark or a similar mark after the application date, you will be able to take action to stop such use. Registration also provides notice to others of your rights in the mark and may dissuade others from adopting a similar mark. If a business or organization does not register its mark it could be difficult to prevent others from usurping rights to the mark. For instance, another party (the junior user) could begin using the same or similar mark after the senior user has started use. If the junior user registers its mark it could attempt to use its nationwide priority to stop the senior user's use. The senior user would own the rights to the mark, but it may need to petition to cancel the junior user's trademark registration or file a lawsuit against the junior user to preserve its right to the mark. Both of these options

can be expensive and time-consuming.

Trademark registration is not automatic. Once a trademark application is filed, the USPTO examines the application to determine if it meets the criteria for registration. Prior to filing the application, the applicant should retain legal counsel to research the mark to determine if it meets the requirements for registration. If legal counsel concludes that the mark would be refused registration, the applicant may be able to modify the mark to meet registration requirements or develop a new mark.

Three common substantive reasons trademarks are refused registration are:

1) failure to function as a trademark, 2) mere descriptiveness, and 3) likelihood of confusion. As to the first reason, a mark "fails to function as a trademark" if it does not indicate the source or origin of a good or service. A mark could fail to indicate source or origin for many different reasons. For instance, if a mark is merely informational matter, or it identifies the title of a single creative work, or it is used solely as a domain name, then it does not serve a source-indicating function. The second reason, "descriptiveness," has to do with the name itself. If the mark does nothing more than describe an ingredient, quality, characteristic, function, feature, purpose, or use of the goods

or services, then it cannot be protected. "Very Best Coffee" will not qualify for registration, for example, because it simply describes a quality of the coffee produced by the business.

The third reason, "likelihood of confusion," is usually the most complicated part of the trademark analysis. A mark may be refused registration if it so resembles an already-registered mark that the consumer will be confused as to the product's source or sponsorship. Confusion is more likely if the marks and the goods or services bearing the marks are similar. "Victor's Coffee" will be denied trademark protection if another business is already registered as "Victoria's Coffee." Determining if goods or services are similar enough to create a likelihood of confusion can be difficult, especially since registered marks have protection for a zone of expansion. Using the above example, tea is within the zone of expansion for "Victor's Coffee." A more difficult case is determining if soft drinks or restaurant services are within the zone of expansion.

The firm regularly advises clients on the selection and registration of trademarks, including registrations in foreign countries. If you would like a trademark review or help with a registration, please contact us.