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THE NEW GENERIC TOP-LEVEL DOMAINS

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1. As set out in document SCT/S1/2, an important impetus for the process of reform of the Domain Name System (DNS) was the conviction on the part of a large number of Internet stakeholders that it had become opportune to create a set of new generic Top-Level Domains (gTLDs) to supplement the existing ones (.COM, .ORG, .NET, .EDU, .GOV, .MIL, .INT). Notwithstanding this consensus in principle, the methods and procedures to be adopted for the selection and the introduction of the new gTLDs was the subject of intense debate for many years. In particular, the prospect of new gTLDs coming into operation was a source of considerable anxiety on the part of intellectual property interests, who were concerned that the abusive registration practices to which they had been falling victim in the already existing gTLDs would multiply in the new domains. After a long process, the Internet Corporation for Assigned Names and Numbers (ICANN) eventually selected seven new gTLDs which would be allowed into the DNS in November 2000. This memorandum describes those aspects of the new gTLDs that are of particular relevance to intellectual property interests, highlights the measures that have been taken, or are contemplated to be taken, to protect such interests, and offers some reflections on the effectiveness of these mechanisms based on experience to date.

THE NEW gTLDs

2. The seven new gTLDs which have been selected by ICANN to be allowed into the DNS, and their respective registry operators, are as follows:

<.aero>	for the air transport industry (Société internationale de télécommunications aéronautiques, SC (SITA))
<.biz>	for business purposes (NeuLevel, Inc.)
<.coop>	for cooperatives (National Cooperative Business Association (NCBA))
<.info>	unrestricted (Afilias, LLC)
<.museum>	for museums (Museum Domain Management Association (MuseDoma))
<.name>	for personal names (Global Name Registry, Ltd.)
<.pro>	for professionals (RegistryPro, Ltd.)

INTELLECTUAL PROPERTY PROTECTION IN THE NEW gTLDs

3. Four questions are of central importance for the protection of intellectual property in the new gTLDs:

(i) Which persons and entities will be permitted to register names and which names will they be allowed to register?

(ii) If there are limitations on the persons and entities which can register names, or on the names which can be registered, will the registry operators adopt procedures to verify whether these restrictions are complied with at the registration stage?

(iii) Which measures have been taken that are specifically aimed at safeguarding intellectual property interests?

(iv) Which type of procedures, other than those falling under (iii) above, will the registry operators put in place to resolve disputes concerning registrations in their domains?

4. Not all the new gTLDs have become operational yet. Some already are live (e.g., .INFO and .BIZ), while others are still in a preparatory phase (e.g., .AERO and .PRO). That being the case, the questions raised above cannot be answered with equal precision for each of the new gTLDs. The ensuing sections of this paper attempt to provide as accurate an answer as possible for each gTLD, based on currently available information.

Which persons and entities will be permitted to register names and which names will they be able to register?

5. Some of the new gTLDs are general purpose (“unsponsored TLD”), while others are aimed at specific user communities (“sponsored TLD”). The unsponsored TLDs are .BIZ, .INFO, .NAME and .PRO, whereas .AERO, .COOP and .MUSEUM are sponsored. The unsponsored TLDs are inherently more “open” than the sponsored TLDs, in the sense that there are less, if any, restrictions on the persons or entities who can register names in them.

6. The most unrestricted of the new gTLDs is .INFO, where anyone can register any name. Slightly less open is .BIZ, in which only registrations “used or intended to be used primarily for bona fide business or commercial purposes” are allowed. The .NAME space is reserved for personal names of individuals (for commercial, as well as non-commercial, purposes). .PRO is conceived as a space dedicated to professionals, in an initial phase limited to accountants, lawyers and physicians. .AERO is restricted to members of the aviation community worldwide, .COOP to cooperatives and .MUSEUM to museums.

If there are limitations on the persons and entities which can register names or on the names that can be registered by them, will the registry operators put in place procedures to verify whether these restrictions are complied with?

7. Only some of the registry operators of the new gTLDs have adopted or intend to adopt procedures aimed at verifying, at the stage of application, whether the applicant meets the eligibility conditions described in the preceding paragraphs. In the event such verification is foreseen, it remains to be clarified for several of the new gTLDs what its exact nature will be.

8. In the case of .BIZ, .INFO, and .NAME there will be no verification at the registration stage of whether an applicant meets the eligibility conditions for the TLD. Neither will there be any verification of whether an applicant has a genuine connection with the name which it seeks to register. In the case of .AERO, .COOP, .MUSEUM and .PRO, it would appear that there will be some level of eligibility compliance verification, but it is unclear whether there will be any verification of whether an applicant has a genuine connection with the name applied for (for instance, while a cultural heritage institution, after verification, may well be found to be eligible to register names in .MUSEUM, it is not necessarily entitled to register any name).

9. Past experience has clearly demonstrated that abusive domain name registrations are much more likely to occur in unrestricted TLDs with low or non-existent levels of entry verification. .BIZ, .INFO and, perhaps to a lesser degree, .NAME are to be deemed vulnerable in this respect.

What measures have been taken that are specifically aimed at safeguarding intellectual property interests?

10. Four measures have been taken with respect to the new gTLDs which are specifically aimed at safeguarding intellectual property interests. One of these measures is of general application to all new gTLDs, whereas each of the remaining three are gTLD-specific.

11. The fundamental characteristics of the gTLD-specific measures were designed by the respective registry operators in consultation with ICANN, without any significant input from WIPO. While several of the registry operators have collaborated with the WIPO Arbitration and Mediation Center (“the Center”) in connection with these measures, the focus of this cooperation has been on their implementation (i.e., their administration by the Center), rather than their design.

(a) Application Of The UDRP To All New gTLDs

12. All seven new gTLDs will be required by ICANN to adopt the UDRP.

(b) .INFO Sunrise Registration Period And Related Challenge Procedure

13. In an open gTLD where no verification is foreseen at the registration stage of whether an applicant has a legitimate interest in the name, as in .INFO, there is a great risk that, during the initial phase of operations, there will be a rush to register “attractive” names (including trademarks and other distinctive signs) by persons or entities who do not necessarily have any connection with the names in question. Understandably this prospect has been the source of significant concern to the intellectual property community, especially trademark owners.

14. The solution implemented by .INFO to solve this problem consists of a Sunrise Registration Period, coupled with the possibility of filing Sunrise Challenges in respect of domain names registered during this period. The .INFO Sunrise Registration system ran from July 25 until August 28, 2001, during which period only registrations meeting the following conditions were permitted:

- (i) The registrants must be owners of registered trademarks or service marks;
- (ii) The domain names registered must be identical to the textual or word elements of the marks;
- (iii) The marks must be current (non-expired);
- (iv) The marks must be of national effect;
- (v) The marks must be issued prior to October 2, 2000.

As of September 12, 2001, the registry operator accepted applications for domain names from the general public.

15. While the registry operator for .INFO required a sunrise applicant to affirm that the above conditions were met when a domain name was applied for, it did not put in place any mechanisms to verify those affirmations. As it was anticipated that this might lead to a number of fraudulent sunrise registrations, the Sunrise Challenge procedure was developed. Under this simple and low-cost (US\$ 295) procedure, any third party can seek to obtain the cancellation or the transfer of a domain name if it was registered in violation of the .INFO sunrise registration conditions. The registry operator of .INFO appointed the WIPO Arbitration and Mediation Center as the exclusive dispute resolution service provider to administer cases under the Sunrise Challenge procedure. Sunrise Challenges can be filed with the Center from August 28 until December 26, 2001. More than 700 such challenges have been filed to date. No UDRP complaints are permitted concerning domain names in relation to which a .INFO Sunrise Challenge procedure is pending and, in any event, no UDRP complaints in relation to sunrise registrations can be brought prior to December 26, 2001.

16. Of all measures aimed at safeguarding intellectual property interests in the new gTLDs, other than the UDRP, the .INFO Sunrise Registration system is the one with which there has been the

most experience, as it entered into operation earlier than any others. This experience has shown that the system has only partially met its goal of ensuring a smooth introduction of the .INFO Top-Level Domain. While it appears to have reduced the amount of cybersquatting of trademarks that might otherwise have been expected at the launch of .INFO, its success nonetheless has been constrained by three factors:

(i) The Sunrise Registration system offers protection only against the abusive registration of domain names that are identical to trademarks. However, many abusive domain name registrations take the form of variations on trademarks or other distinctive identifiers. Indeed, many, if not most, complaints under the UDRP are brought against such variations.

(ii) It would appear that a significant number of sunrise registrations were registered in the name of entities or persons other than those that had applied for the names, due to clerical or other errors in the registration process.

(iii) The Sunrise Registration system itself has been abused in relation to non-trademarked terms. Many opportunists have fraudulently registered generic terms which do not comply with the sunrise registration conditions during the period in question. As a result, these terms were no longer available for registration by the public at large after the sunrise registration period. In so doing, these registrants have provided false trademark registration data (or none) to the registry operator, speculating on the fact that this data would not be verified at the application stage. Furthermore, while, in theory, the Sunrise Challenge procedure could be used to attack these fraudulent registrations, no one may have sufficient incentive to do so, since the successful challenger would not, following the Challenge, be able to obtain the sunrise registration, unless the challenger owned a trademark corresponding to the domain name in question (which often will not be the case for generic terms).

(iv) As a result of the fraudulent behavior described in the preceding paragraph, many names of countries and names of places within countries have been registered during the Sunrise Registration Period by private persons or entities who do not own trademarks corresponding to those names. This development has met with disapproval of several governments and action has been taken within the ICANN framework to attempt to redress the situation. Considering that the protection of country names within the DNS is one of the topics covered by the Report of the Second WIPO Internet Domain Name Process and is relevant to the work of the special sessions of the SCT, a separate document (SCT/S1/4) has been prepared dealing more extensively with this question.

(c) *.BIZ Intellectual Property Claims and Start-Up Trademark Opposition Policy*

17. In light of its almost equally open character, many of the abusive registration practices that have occurred at the start-up phase of .INFO also are likely to affect the .BIZ domain. While the problem facing .BIZ therefore is essentially the same as the one confronting .INFO, .BIZ has taken an entirely different approach to resolving it. Instead of the Sunrise Registration Period coupled with the Sunrise Challenge procedure, .BIZ has created a system based on Intellectual Property Claims (IP Claims), coupled with a Start-up Trademark Opposition Policy (STOP).

18. During the period from May 21 until August 6, 2001, trademark owners were able to file IP Claims with the .BIZ registry operator for their trademarks, subject to the payment of a fee. When a domain name application is received by the registry operator, an attempt is made to match the

domain name applied for against the IP Claims. If there is a match, the domain name applicant is notified thereof and must affirmatively confirm its intention to proceed with the application. If the applicant decides to proceed and the domain name ultimately is registered in its name, the trademark owner who has submitted an IP Claim for the term in question receives a notification from the registry operator.

19. Trademark owners who filed an IP Claim have standing to initiate a dispute settlement procedure under the STOP, within a period of twenty days of the notification by the registry operator of the registration of the domain name, in order to claim the transfer of the contested domain name. If more than one trademark owner files an IP Claim regarding the same domain name, the registry operator establishes a "challenge priority" among the IP claimants on a randomized basis. The priority challenger may initiate a STOP proceeding first, and, if it is successful, no other STOP proceedings will be permitted for that name. No UDRP complaints are permitted concerning domain names in relation to which a STOP proceeding is pending.

20. The STOP procedure is essentially the same as the UDRP but with some modifications.¹ The practical effect of the combination of the IP Claims system, the STOP procedure, and the inability to file a UDRP complaint in relation to a domain name that is subject to a STOP proceeding is that trademark owners who have paid the fee for an IP Claim effectively are offered a priority opportunity to claim the transfer of a given domain name under the STOP procedure. Challenges under the STOP procedure can be filed as of November 7, 2001 with all dispute resolution service providers that have been accredited by ICANN to administer disputes under the UDRP, including the WIPO Arbitration and Mediation Center. Each provider will set its own fee for the administration of the disputes in question. The fees applicable to these disputes have not yet been determined.

21. The registry operator for .BIZ has accepted domain name registrations since June 25, 2001. Since then, legal proceedings have been brought against it in the courts of the United States of America, on the basis of the allegation that certain aspects of its registration system constitute an illegal lottery under United States law. As a result of this litigation, a Los Angeles court, in a preliminary ruling, has ordered the .BIZ registry operator to postpone the activation of a significant number of domain names that had been applied for.

22. As the initial filing date for complaints under the STOP procedure is November 7, 2001, it is too early to evaluate its functioning. However, certain statistical predictions have been made by the registry operator regarding the total number of challenges that may be filed under the STOP procedure and over 15,000 potential challenges are envisaged. If this figure is reliable, there may be significant bottlenecks in trying to resolve these claims within the applicable deadlines.

¹ Under the UDRP it is possible to appoint panels consisting of one or three members, while under the STOP only single member panels are foreseen. For the UDRP to apply, it must be established that the domain name has been registered **and** is being used in bad faith, but under the STOP it suffices that a challenger establishes that the domain name was registered **or** used in bad faith. Under the STOP, only domain names that are identical to the trademark can be challenged (not those that are confusingly similar) and the only available remedy is a transfer (no cancellations).

(d) .NAME Defensive Registrations and Eligibility Requirements Dispute Resolution Policy (ERDRP)

23. The registry operator for the .NAME domain has devised yet another set of procedures in order to deal with abuses that might occur at the start-up phase of its operations. These mechanisms consist of .NAME Defensive Registrations and an Eligibility Requirements Dispute Resolution Policy (ERDRP).

24. The registry operator for .NAME distinguishes between Phase I Defensive Registrations and Phase II Defensive Registrations. Phase I Defensive Registrations are comparable to the .INFO Sunrise Registrations, although they are not the same (one principal difference being that .NAME Defensive Registrations do not resolve to a website, but, by occupying the corresponding space in the DNS, prevent any other person from using that domain name). Although trademarks, as such, would not normally qualify for registration in .NAME (unless they are also the personal name of the registrant), trademark owners nevertheless are permitted to register their marks for defensive purposes under the Phase I Defensive Registration system from September 15 until November 12, 2001. However, certain conditions need to be met for this to be possible:

- (i) The trademarks must be valid and enforceable;
- (ii) The trademarks must have national effect;
- (iii) The trademarks must have been registered prior to April 16, 2001;
- (iv) The domain name registrations must be identical to the textual or word elements of the trademarks;
- (v) A defensive registration fee must be paid (which could amount to US\$ 6,000 in certain cases).

Phase II Defensive Registrations will be available at a later stage. Under the Phase II Defensive Registration system, any person can register any term defensively (i.e., the protection system is no longer reserved for trademark owners).

25. Defensive Registrations can be challenged by third parties through the ERDRP. For a challenge against a Phase I Defensive Registration to prevail, it must be established that the registrant did not meet the Phase I Defensive Registration conditions, or that the challenger qualifies to register his or her personal name in the .NAME space (which would otherwise be blocked by the Defensive Registration). A Phase II Defensive Registration can be overcome by demonstrating the latter only. Challenges under the ERDRP will be able to be filed with any accredited ICANN dispute resolution service provider, including the WIPO Arbitration and Mediation Center. The first disputes are expected to be submitted from mid-November, 2001 at the earliest. The fees applicable to these disputes have not yet been determined.

What type of procedures, other than those described above, will the registry operators put in place to resolve disputes concerning registrations in their domains?

26. Apart from the UDRP and the dispute resolution procedures that are specifically aimed at preventing intellectual property abuse during the start-up phase of their operations, most operators

of the new gTLDs also will adopt a dispute resolution policy intended to ensure that the eligibility requirements of the space are respected. From a procedural perspective, it is likely that these policies will function much like the UDRP, meaning that a third party will be able to challenge, on the basis of the policy in question, a registration before a dispute resolution provider, which will appoint an independent expert who will rule upon the case, after considering the arguments of both parties.

(a) *.BIZ Restrictions Dispute Resolution Policy (RDRP)*

27. Under the Restrictions Dispute Resolution Policy, a domain name registration in .BIZ can be challenged on the basis of the allegation that the domain name is not being or will not be used primarily for a bona fide business or commercial purpose. A complaint under the policy will not be considered valid if based exclusively on the alleged non-use of the domain name.

28. “Bona fide business or commercial use,” as defined by the registry operator for .BIZ, means the bona fide use or bona fide intent to use the domain name or any content, software, materials, graphics or other information thereon, to permit Internet users to access one or more host computers through the DNS:

- (i) to exchange goods, services, or property of any kind; or
- (ii) in the ordinary course of trade or business; or
- (iii) to facilitate the exchange of goods, services, information, or property of any kind or the ordinary course of trade or business.

29. Registering a domain name solely for the purposes identified below shall not constitute a “bona fide business or commercial use” of that domain name:

- (i) selling, trading or leasing the domain name for compensation; or
- (ii) the unsolicited offering to sell, trade or lease the domain name for compensation; or
- (iii) using or intending to use the domain name exclusively for personal, noncommercial purposes; or
- (iv) using or intending to use the domain name exclusively for the expression of non-commercial ideas (e.g., registering *abcsucks.biz* exclusively to criticize or otherwise express an opinion on the products or services of ABC company, with no other intended business or commercial purpose).

(b) *.NAME Eligibility Requirements Dispute Resolution Policy (ERDRP)*

30. Apart from its role as a vehicle to challenge Defensive Registrations, the .NAME Eligibility Requirements Dispute Resolution Policy can also be used to challenge personal name registrations in .NAME based on the allegation that they do not meet the domain’s eligibility requirements.

31. As explained above, the purpose of .NAME is to constitute a domain for personal names only. A “personal name” is defined by the registry operator as a person’s legal

name, or a name by which the person is commonly known. A “name by which a person is commonly known” includes, without limitation, a pseudonym used by an author or painter, or a stage name used by a singer or actor. The following categories of Personal Name Registrations may be registered:

(i) The Personal Name of an Individual. Any person can register his or her own Personal Name.

(ii) The Personal Name of a Fictional Character. Any person or entity can register the Personal Name of a fictional character if that person or entity has trademark or service mark rights in that character’s Personal Name.

(iii) Additional Characters. In registering a Personal Name Registration, registrants may add numeric characters to the beginning or the end of their Personal Name so as to differentiate it from other Personal Names. For example, in the event that John Smith unsuccessfully attempts to register *john.smith.name*, he may seek to register an alternative, such as *john.smith1955.name* or *john1955.smith.name*.

(c) Eligibility Disputes In .AERO, .COOP, .MUSEUM, AND .PRO

32. It is very likely that the registry operators of .AERO, .COOP, .MUSEUM, and .PRO also will adopt procedures for the resolution of eligibility disputes in their domains. The exact nature of these procedures, however, remains to be clarified for most of the gTLDs in question.

SOME REFLECTIONS BASED ON EXPERIENCE TO DATE

33. The deployment of the new gTLDs is still in its early stages and no definitive conclusions can be drawn yet regarding how effectively intellectual property interests will be protected in them. Nonetheless, it is possible to highlight a number of emerging trends:

(i) ICANN has taken an “experimental” approach with respect to the development of intellectual property protection policies for the new gTLDs. Instead of a single uniform policy for similarly situated new gTLDs (for instance, all open new gTLDs), ICANN has allowed each registry operator to devise, through the ICANN framework and within certain parameters, its own intellectual property protection system. This approach is based on the assumption that more useful lessons can be learnt from testing different solutions for resolving essentially the same problem, than from imposing one single answer. As such, this approach is different from the one adopted by WIPO, as well as ICANN, in relation to the UDRP. A preeminent consideration in the design of the UDRP was the need to introduce uniformity in domain name dispute resolution procedures for the gTLDs. Such uniformity can help to avoid uneven protection for intellectual property rights in different domains, to reduce compliance costs for users, to reduce transaction costs for intellectual property owners and, generally, to introduce significant economies of scale, which benefit parties, registration authorities and dispute resolution service providers alike.

(ii) The intellectual property protection mechanisms in the new gTLDs are not only non-uniform, they are also complex. The preceding sections of this paper attempt to provide an overview of the various mechanisms, and, while this summary represents a very simplified version of how each system operates, the overall complexity of the combined systems is readily apparent. Excessive complexity can have negative consequences. First, many users are likely to be confused as to how the mechanisms function and how they relate to each other. Secondly, the potential for

abuse of these systems by persons or entities which are well versed in their operational details is increased. Thirdly, obtaining protection for intellectual property portfolios through the use of these systems becomes an expensive proposition.

(iii) While sunrise registration systems appear to have had effect in reducing the amount of cybersquatting of trademarks that might otherwise be expected at the start-up of a new open gTLD, these procedures do not resolve all problems and may well create new ones. One important lesson to be learnt from the .INFO sunrise experience is that it makes only limited sense to adopt sunrise registration periods for owners of registered trademarks if there is no verification foreseen of an applicant's affirmation that it is the holder of such mark.

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