



New gTLDs: Let the Gaming Begin *Part I: TLD Front Running*

by Michael Palage

A series of recent applications for national trademark rights in terms that correspond to likely strings for new top-level domain names, or TLDs, (e.g., “.BLOG”) highlight just one way in which ICANN’s new generic TLD (gTLD) application process is likely to be “gamed.” But it is also a strategy to which some trademark holders may feel compelled to resort to defend their rights to that string. Unfortunately, it does not appear that ICANN is addressing these important public policy considerations. In fact, based upon some of the provisions in the proposed draft registry agreements, it appears that ICANN staff’s actions may increase, rather than decrease, the ambiguity that opens the door to such gaming of the system.

I. “TLD Front Running” Defined

The term “Front Running” was first used in the domain name industry to describe allegations that ICANN-accredited registrars were using insider and/or proprietary information to register domain names in advance of the general public with the intent of reselling them at a higher profit or placing pay-per-click (PPC) ads on those pages. This issue gained enough attention that ICANN’s Security and Stability Advisory Committee (SSAC) issued two reports on the matter in 2007 and 2008.¹ In the case of TLD Front Running, it appears that some prospective TLD applicants are seeking to secure national trademark registrations in connection with specific TLD strings with the intent of trying to bolster their claim to a specific string or to interfere with TLD applications filed by others. These attempts run contrary to the letter and spirit of ICANN’s new gTLD process and to clear policies established by certain national trademark offices.

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1. See ICANN Security and Stability Advisory Committee, *SAC 022: SSAC Advisory on Domain Name Front Running*, Oct. 2007 <http://www.icann.org/en/committees/security/sac022.pdf>; ICANN Security and Stability Advisory Committee, *SAC 024: Report on Domain Name Front Running*, Feb. 2008, https://par.icann.org/files/paris/SSACReportonDomainNameFrontRunning_24Jun08.pdf.

II. Prospective TLD Applicants

While some prospective TLD applicants have publicly announced their intention to pursue specific strings (*e.g.*, .BERLIN, .NYC, .ECO, .MUSIC, .MOVIE), most have been more discreet. This approach is understandable given that the current ICANN proposal for resolving disputes among multiple applications for the same string (“String Contention”) is an auction, except in the case of community-based TLDs. In auctions, the party that places the highest financial value on the TLD (and/or that has the deepest pockets) will win, regardless of other considerations such as geographic diversity, business model (profit v non-profit), unmet needs, or level of support. However a review of recent national trademark filings provides a much clearer picture of how the landscape of potential TLD applicants is likely to evolve and the how the avenues for String Contention will broaden beyond the ICANN process.

Over the past year, there has been a steady stream of prospective TLD applicants filing applications in various national trademark offices for specific TLD strings in an apparent attempt to gain an advantage in ICANN’s new gTLD process. Some applicants have been very modest in their approach, such as the filing with the United States Patent & Trademark Office (USPTO) by Herman Koster for the mark .4U in connection with the “[r]egistration of domain names for identification of users on a global computer network” and the filling by Driven Innovations, Inc. for the mark “.BLOG” for “parking domain names for others, namely, providing computer services for facilitation of the storage of domain name addresses.”² However, at least one person with an apparent connection with the .BERLIN TLD has been a little more creative in his European Community Trademark (CTM) trademark filings, which have included:

Mark	Application #	Application Date	Registration Date	Goods/Services
	7502891	05/01/2009		Registration of domain names (legal services)
DOTKÖLN	8305302			Not Available in English
DOTGMBH	7557861	29-Jan-2009	20-May-2009	Office functions, namely gathering and providing of text, sound and image information of all kinds in databases.
DOTLTD	6925861	21-May-2008	04-Dec-2008	Office functions, namely gathering and providing of text, sound and image information of all kinds in databases.

Not to be outdone, at least one of the contenders for a potential .MUSIC TLD has filed five “intent to use” trademark applications with the U.S. Patent and Trademark Office.³ Their

2. 77514695, Intent to Use Application: Filing Date: July 3, 2008, Publication for Opposition November 25, 2008, and 77083324, Intent to Use Application for the mark .BLOG: Filing Date: January 15, 2007.

3. USPTO Application Numbers: 77622948, 77622947, 77622945, 77622944 and 77622942.

creative strategy in filing these five applications, covering five international classes and including over sixty one lines of text to describe the goods and services, was that they only once referenced the “[r]egistration of domain names for identification of users on a global computer network,” but seemed to include every other possible value-added/innovative “registry service” the TLD operator of a .MUSIC TLD would be expected to offer.⁴

But if these applications represented the first drops of a steady flow of applications, the proverbial dam finally broke on April 22, 2009 when Top Level Domain Holding, a British Virgin Island company, filed eight trademark applications with the USPTO seeking registration of the following marks: .KIDS, .BOOKS, .BUY, .BABY, .POKER, .GOLF, .MOVIE, and .CASINO. These applications all sought protection of the marks in connection with the following services: “domain name services, namely, creation and maintenance of a register of domain names; registration of domain names.”

As a steward of a highly valued global resource, ICANN should slow down and properly analyze these important public policy considerations to ensure that their new gTLD process is not gamed by TLD applicants for their short-term financial benefit at the expense of trademark holders and/or registrants. This concern is heightened by the fact that some of those who appear to be taking advantage of these potential ambiguities are the very ones involved in ICANN’s new gTLD policy development process.

III. Exploitation of Trademark Law for Personal Financial Gain – Not New

That domain name speculators would attempt to game trademark law is nothing new. In fact, the recent launch of the .EU ccTLD and the over 200 applications for SEX.EU—including 32 separate applications claiming a trademark in the word “sex” from over 11 different countries—should serve as a stark reminder of the dangers of manipulation.⁵ Statistics released by Eurid regarding the launch of their Sunrise period (trademark rights required) provide interesting insights into prospective new TLD strings.⁶

1. sex.eu	227 applications
2. hotel.eu	118 applications
3. travel.eu	94 applications
4. jobs.eu	91 applications
5. hotels.eu	90 applications

4. Social networking and entertainment services, allowing users to upload and download electronic music files, musical web portal, search guide, etc.

5. See Cleules, 30 April 2006, <http://www.cressive.com/eu-domain-release/>

6. See <http://www.eurid.eu/en/content/eu-successfully-launched>

6. casino.eu	80 applications
7. poker.eu	76 applications
8. business.eu	74 applications
9. golf.eu	72 applications
10. music.eu	69 applications

In an attempt to prevent such gaming of the process, mTLD, an Irish registry operator, sought to minimize such manipulation during their launch of the .MOBI TLD through the use of a Premium Names list coupled with a challenge process by which trademark owners could have a mark removed from the list for registration.⁷ Having advised mTLD during their launch as a consultant, I worked in close consultation with the World Intellectual Property Organization (WIPO) to draft these policies, which incorporated a *bona fide* use requirement to limit potential gaming by prospective domain name applicants: Only applicants who could demonstrate that they had made *bona fide* use of a mark could have their mark removed from the Premium Name list and then permitted for registrations.⁸

Fortunately, it appears that ICANN has incorporated these concepts into the new gTLD process. But while these steps will limit the ability of those who register trademarks corresponding to TLDs (“TLD trademark registrants”) to block competing applications for those TLDs through ICANN’s proposed challenge processes, there are currently no safeguards to prevent these parties from attempting to improperly leverage their TLD trademark registrations during the negotiations to resolve String Contention. Specifically, the TLD trademark registrant could threaten to sue an applicant contending for the same TLD in a court of competent jurisdiction if the other applicant fails to withdraw or unless they receive a pay-off. ICANN seems determined to turn a blind eye to such disputes and not to get involved in any negotiations between the parties in their attempt to resolve the dispute—making the process ripe for extortion where the deeper pocket applicant can merely bully the less well-capitalized applicant. Unfortunately, it appears that ICANN staff’s approach of “what they don’t know won’t hurt them” has the potential to produce significant unintended consequences.

IV. Trademark Protection in TLD Strings for Registry Services: The State of Trademark Examination Policy

Guidance offered by several national trademark offices is clear on prohibiting the registration of TLD strings as trademarks in connection with registry services. The USPTO was one of the first national trademark offices to proactively address the issue back in 1999. Specifically, in

7. For list of names that were successfully challenged see, <http://www.wipo.int/amc/en/domains/casesx/2006/dpmobi0000-0199.html>.

8. The rules that WIPO applied see, <http://www.wipo.int/amc/en/domains/filing/mobi/premium/guide.html>

Paragraph II.D of Examination Guide 02-99, the USPTO states that “[i]f a mark is composed solely of a TLD for ‘domain name registry services’... registration should be refused.”⁹ Those prospective applicants that might succeed in securing publication of an “Intent to Use” application, are supposed to be rejected (eventually) when the specimens of use are finally submitted to the USPTO.¹⁰

The Trademark and Design Registration Office of the European Union appears to have taken a similar position by stating in its Examination Guide that:

Top level domain endings, such as .com, only indicate the place where information can be reached on the Internet and thus cannot render a descriptive or otherwise objectionable mark registrable. Thus, www.books.com is as objectionable for printed matter as the term “books” alone. Likewise, abbreviations of the legal form of a company such as Ltd., GmbH cannot add to the distinctiveness of a sign.¹¹

Similarly the UK Trademark office in its Trademark Examining Manual has stated “[e]lements of the domain name such as ‘.com’ or ‘.co.uk’ are considered to be totally nondistinctive”—again, making them ineligible for trademark registration.¹²

Unfortunately, while the stated policies make sense in terms of the fundamental purposes of trademark law, the reality on the ground differs because of the practical mechanics of the trademark registration procedures of some countries and TLD application process in general. In the U.S., specimens of use do not have to be submitted until three years after the mark has been allowed for registration.¹³ During that period, the applicant would have an active trademark application on file that could form the basis of a priority claim to a TLD sought by multiple parties in a judicial or administrative forum.

In the case of the .MUSIC trademark applications, one version contains “fanciful” elements that include the graphical representation of a star and musical note.¹⁴ One of the .HOTEL

9. <http://www.uspto.gov/go/tac/notices/guide299.htm>

10. See Paragraph II.E of USPTO Examination Guide 02-99, <http://www.uspto.gov/go/tac/notices/guide299.htm>

11. http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb_examination.pdf

12. <http://www.ipo.gov.uk/tmmanual-chap3-exam.pdf>

13. See US Patent and Trademark Office Manual of Examining Procedure Sections 1109.04 1108.02(f) http://tess2.uspto.gov/tmdb/tmep/1100.htm#_T110904 and http://tess2.uspto.gov/tmdb/tmep/1100.htm#_T110802f

14. “Fanciful marks comprise terms that have been invented for the sole purpose of functioning as a trademark or service mark. Such marks comprise words that are either unknown in the language (e.g., PEPSI, KODAK, EXXON) or are completely out of common usage (e.g., FLIVVER).” See *United States Patent and Trademark Office Trademark Manual of Examining Procedure*, Section 1209.01(a), http://tess2.uspto.gov/tmdb/tmep/1200.htm#_T120901a.

applications contains the representation of a crown design inside the dot. Adding these elements of distinctiveness to what is otherwise non-distinctive matter may increase the likelihood that trademark use requirements could be overcome—on the theory that the applicant intends to “brand” the registry service apart from merely using the alphanumeric string in the domain. This type of branded use is perfectly acceptable under U.S. trademark law. Branding and advertising for the ancillary services could commence before the TLD is awarded under the ICANN process. In that event, a priority claim to the TLD could become even stronger because the mark would be registered for a complimentary/related service, if not the actual domain registry service. The European Union’s system amplifies this problem because it would allow full, incontestable registrations, as opposed to the U.S. system which allows an application for registration but will not issue the registration until actual use can be proved.¹⁵

Notwithstanding the foregoing, even if a party established trademark rights in a TLD string by including such fanciful elements in its registration, the essential string should have to be “disclaimed” in jurisdictions that have require disclaimer of non-distinctive elements of the mark, which would therefore not be protected. In the examples of .HOTEL and .MUSIC, the letter strings are clearly descriptive and would therefore typically require disclaimers as applicable in the appropriate jurisdiction. In the event non-descriptive terms are used such as .SUNSHINE or .JOY, the words serve the functional purpose as TLD strings and thus the marks would be rejected outright even with disclaimers. For example, the USPTO recently rejected the trademark application for the mark DOTMOBI filed by mTLD, the registry operator of the .MOBI TLD, holding as follows:

The combination of the terms “DOT” and “MOBI” do not create a unique meaning separate from the component parts. The commercial impression of the proposed mark is that it is the phonetic equivalent of the TLD “.mobi” which is the TLD for websites viewable on mobile devices. A mark that combines descriptive words is generally not registrable unless the composite creates a unitary mark with a unique, non-descriptive meaning or commercial impression.

* * *

Applicant’s goods and services are all related to its functions as Registry for the .mobi TLD. To argue that there is no connection between the goods and services and the .mobi TLD is a misstatement of the subject matter and field of use of applicant’s goods and services.¹⁶

15. Under CTM rules, trademark owners have five years to prove use. A third party cannot contest the mark for nonuse until 5 years after the registration date. See Art. 51 CTMR, *available at* <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:078:0001:0042:EN:PDF>.

16. See <http://tportal.uspto.gov/external/portal/tow?SRCH=Y&isSubmitted=true&details=&SELECT=US+Serial+No&TEXT=77136937#>

This decision might cause ICANN to discount the problem created by attempts to register TLD strings as trademarks. But downplaying this problem would be dangerous for several reasons:

1. Trademarks applications are filed to enforce rights and to deter others from making claims to similar names for similar or competing goods and services. Even disclaimed matter has the potential of acquiring distinctiveness unless it is deemed generic or functional as part of a judicial proceeding.
2. In the U.S., a Federal disclaimer of rights does not necessarily mean that any Common Law rights are disclaimed.
3. The actions of one national trademark office in connection with a single application do not constitute global trademark law.

V. ICANN's Evolving Position

In the past, ICANN has taken a very staunch position regarding any registry operator's attempt to exert a trademark claim over a TLD. In February 2003, for example, ICANN's General Counsel sent a formal communication to the ICANN Government Advisory Committee (GAC) in connection with Singapore Network Information Centre (SGNIC)'s submission of a trademark application for the mark ".SG" with the Singapore Register of Trade Marks.¹⁷ This letter was based in part upon the GAC's August 25, 1999 communiqué, which stated that "the GAC considers that no private intellectual or other property rights inhere to the TLD itself nor accrue to the delegated manager of the TLD as the result of such delegation."¹⁸

This viewpoint—shared by both the GAC and ICANN General Counsel—was incorporated into the then-standard registry contract through the following language: "Rights in Data. Except as permitted by the Registry-Registrar Agreement, Registry Operator shall not be entitled to claim any intellectual property rights in data supplied by or through registrars."¹⁹ The scope of this language was further expanded into the now-current template registry agreement in the following language, "Rights in Data. Registry Operator shall not be entitled to claim any intellectual property rights in Registry Data."²⁰ Given the potential for gaming by prospective TLD applicants, it would be reasonable to think that ICANN should further bolster this language.

However, instead of bolstering this language to prevent such gamesmanship among prospective applicants, ICANN's legal counsel simply removed it from the baseline agreement. Since the GAC and the ICANN General Counsel had previously endorsed this language, one might reasonably have expected ICANN to issue a detailed explanation for its change in this key policy. Instead, in its "*Summary of Changes to Base Agreement for New gTLDs*," ICANN

17. <http://www.icann.org/correspondence/touton-letter-to-tarmizi-10feb03.htm>

18. <http://old.gac.icann.org/web/meetings/mtg3/gac3rep.htm>

19. <http://www.icann.org/en/tlds/agreements/cat/cat-agreement-23sep05.htm>

20. <http://www.icann.org/en/tlds/agreements/info/registry-agmt-08dec06.htm>

provided the following explanation: “These sections have been removed to simplify and streamline the 2008 Registry Agreement.”²¹ ICANN’s silence on this matter is deafening.

VI. Potential Dangers of Inaction

The consequences of ICANN’s failure to thoroughly address this issue prior to finalizing the gTLD Applicant Guidebook not only raises important public policy questions, but also may jeopardize of ICANN’s core function: **maintaining the global interoperability of a unique root**. Specifically, trademark applicants that are unable to secure their desired TLD string through ICANN’s application process are likely to initiate legal action in a venue where that national trademark registration is enforceable and in which that national court also has jurisdiction over an operator of one of the 100 root server instances (both primary and Anycast).²² If successful at either a preliminary or final hearing, such a trademark owner would likely seek a court order directing the operator of that root server instance to remove that TLD string from that root zone instance, thus fracturing what had previously been a unique and global root.

Though some may discount the probability of such a situation, it is a possibility that cannot be completely discounted. In fact, the flood of national trademark applications that will likely be filed under Europe’s CTM system and with other national trademark offices that do not require proof of use as a requirement for registration in the near future actually increases the potential for such a confrontation. Many in the broader Internet community might question why a disgruntled TLD applicant would resort to something so drastic as fracturing the uniqueness of the Internet’s root. But this reaction rests on the assumption that the parties involved are “repeat players” who have more to gain by ensuring the overall functioning of the global domain name system than from short-term profit-taking in TLD speculation. Unfortunately, ICANN’s new gTLD proposal tends to encourage just such speculation in TLDs by investors with deep pockets.

If the collapse of many real estate markets around the world has demonstrated anything, it is that great care must be taken whenever creating new legal regimes to avoid creating artificial incentives to encourage speculation and short-term profit-taking. This cautiousness is particular essential when such speculation could compromise something so important as maintaining a globally interoperable and unique root.

21. <http://www.icann.org/en/topics/new-gtlds/draft-summary-changes-24oct08-en.pdf> (Page #7)

22. In the Internet’s original architecture there were thirteen global root zone operators that were responsible for the propagation of the root zone file contained in the A Root Zone File (the authoritative list of all top-level domains). Anycast is a technology that allows for multiple instances/mirrors of one of the thirteen original root zone. A list of the current thirteen root zone operators and the AnyCast mirrors is available at www.root-servers.org.

VII. Next Steps

Cautioning against a “quick-fix solution” is perhaps the most prudent course forward. This is not an issue where a solution can be quickly resolved by some high paid legal consultant. Instead, this issue requires thoughtful analysis along the following lines:

1. In consultation with the World Intellectual Property Organization (WIPO) and the Government Advisory Committee (GAC), there needs to be **increased global awareness of these issues** among national trademark offices as well as trademark practitioners.
2. The global trademark community needs to **engage in a constructive dialog regarding these issues** in appropriate international fora.
3. Following these consultations, ICANN staff should **make appropriate changes to the Draft Applicant Guidebook and the proposed registry template agreement to address these issues**, and **seek public consultation** before finalizing the Applicant Guidebook.

While this course of action may cause ICANN to miss the artificial deadline of Q1 2010 to begin accepting applications as proposed by ICANN Staff, the ICANN Board should remember their obligations as stewards of a global communications network to get things right and not to rush forward with a process that may reward insiders who have attempted to game the process. The global Internet stakeholder community is watching; they deserve nothing less.

Related PFF Publications

- [Comments on the NTIA's ICANN Notice of Inquiry](#), Michael Palage, June 2009.
- [ICANN's Economic Reports: Finding the Missing Pieces to the Puzzle](#), Michael Palage, Progress Snapshot 5.4, June 2009.
- [ICANN's Implementation Recommendation Team for New gTLDs: Safeguards Needed](#), Michael Palage, Progress on Point 16.10, Mar. 25, 2009.
- [ICANN's "Go/ No-Go" Decision Concerning New gTLDs](#), by Michael Palage, Progress on Point 16.3, Feb. 17 2009.
- [ICANN's Game of Chicken with the USG & The Need for Adult \(GAO\) Supervision](#), by Michael Palage, PFF Blog, Dec. 22, 2008.
- [ICANN's gTLD Proposal Hits a Wall: Now What?](#), Michael Palage, PFF Blog, Dec. 22, 2008.

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