

ClientAlert

Intellectual Property

August 2011

What the New Adult Entertainment Top Level Domain Means for Brand Owners

After eight years of contention, on March 31, 2011, the Internet Corporation for Assigned Names and Numbers ("ICANN") approved the creation of .XXX as a sponsored top level domain name for the adult entertainment industry. ICANN's approval of .XXX is separate and apart from its proposal to allow the launch of an unlimited number of new gTLDs beginning next year.

The .XXX domain extension raises important concerns for brand owners outside the adult entertainment industry. An unwanted association with pornography can tarnish a brand's image among its customers. There are proactive and defensive steps brand owners can take to make sure their important brands do not become .XXX domain names.

Proactive Measures

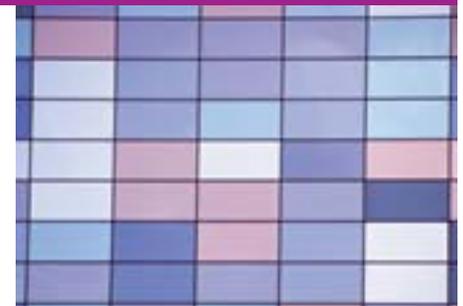
The simplest option is participating in the "sunrise period"—a limited period of time in which a brand owner can assert rights to its mark and preclude others from registering it as a domain name. If a brand owner misses the sunrise period, or if the owner also wants to preclude others from using variations of its brands as domain names, it can block these registrations during the General Availability period. Here's what you need to know:

■ Sunrise A—For Adult Community Trademark Owners

- Runs from September 7 through October 28, 2011.
- Open to any member of the adult-sponsored community who owns a trademark registration.

■ Sunrise B—For All Other Trademark Owners

- Runs from September 7 through October 28, 2011.
- Open to any trademark owner from outside of the adult-sponsored community who owns a national or regional trademark registration that was issued prior to September 1, 2011.
- Allows a trademark owner to preclude or "block" registration of its mark as a .XXX domain name.
- At the close of the sunrise period, if no conflicting applications by a Sunrise A applicant have been made, these names will be removed from the pool of available domains.
- It has not yet been determined whether there will be a fee for blocking domains.



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- Pending trademark applications will not be accepted as a basis to block, nor will existing domain name registrations, common law trademarks, trademarks listed on the Supplemental Registry, or Madrid Protocol registrations unless they are based on or have resulted in a national registration.
 - Trademark owners can only seek to block exact registration of matches of their trademarks—an owner cannot seek to block registration of common typos or misspellings of brands.
 - If both Sunrise A and Sunrise B applicants apply for the same domain name, ICM will give priority to the qualified Sunrise A applicant to register the domain name. The Sunrise B applicant, however, may assert its rights to the domain name through one of the administrative proceedings described below.
- **Landrush—For Adult Community Trademark Owners**
 - Runs from November 8 through November 25, 2011.
 - Open to members of the adult-sponsored community.
 - Closed auctions will be held for domain names with multiple applicants.
 - **General Availability—For Adult Community Trademark Owners and Other Brand Owners**
 - Opens December 6, 2011.
 - Allows any member of the adult-sponsored community to apply on a first come, first served basis.
 - Allows non-members of the community to apply for blocking .XXX domain names to protect their intellectual property if they were not able to do so under Sunrise B. (It is here that brand owners will likely be able to protect common misspellings or other variations of their registered marks.)
 - **Authentication Requirements**
 - Before issuing a registration, ICM will authenticate members of the Sponsored Community, which includes validating contact information for the Registrant, securing the Registrant’s affirmative consent to the Registry Registrant Agreement (which includes the dispute resolution procedures discussed below), and issuing unique Membership Credentials.

Defensive Measures

The .XXX registration process requires all registrants to agree to participate in and abide by the following dispute resolution procedures that will provide mechanisms for brand owners to challenge .XXX domains that infringe trademarks.

- **Rapid Evaluation Service (“RES”)**

- The RES is designed to quickly address an objectively clear abuse of a well-known, distinctive trademark of significant commercial value or involving personal or professional names of individuals.
- The RES is akin to a temporary restraining order—ICM regards it as extraordinary relief and intends to respond within two business days.
- RES determinations will immediately stop resolution of the name, but will not prejudice either party’s election to pursue another dispute mechanism.
- The sole remedy available to a complainant will be the reassignment of the server for the .XXX domain name to the registry and re-direction to a web page announcing deactivation.
- RES evaluators will be UDRP panelists.
- The detailed rules, procedures, and fees for the RES will be published on the ICM Registry website on or before September 7, 2011.

- **Charter Eligibility Dispute Resolution Policy (“CEDRP”)**

- The CEDRP allows challenges based on alleged improprieties during the registration process.
- Complainants must show either registration or use of the domain name inconsistent with community eligibility or improper sunrise registration. This includes using phony identification to register the domain.
- The CEDRP remedy is limited to cancellation of the registration.
- A losing CEDRP respondent will lose all of its .XXX domain names, which will then become available again for registration.

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ICM is contracting with the National Arbitration Forum to provide the RES and CEDRP dispute resolution services. ICM estimates that the cost for each service will be US\$750 to US\$1,500. During these disputes, the domain will be locked against transfers. Decisions will not be published. Statistical information about the process itself will be made available.

■ **UDRP Proceedings**

- The same UDRP procedures apply as used in proceedings against registrations in other gTLDs.
- A UDRP proceeding may be instituted while an RES is pending or after the RES concludes. A favorable RES decision may be alleged in the UDRP petition.
- If the successful UDRP complainant is a member of the sponsored community, the domain will be transferred to the complainant and will resolve as normal.
- If the successful UDRP complainant is not a member of the sponsored community, the name will be transferred from the respondent and become a non-resolving domain.

The Takeaway

The introduction of any new top-level domain may present difficult decisions for brand owners with respect to the extent of their vigilance efforts. The nature of the intended content for .XXX, however, raises a more specific concern: the unwanted association of a trademark owner's brand with adult-oriented content. Brand owners should consider applying to remove their brands from the available pool of domains during the Sunrise B period and applying to block registration of some common typos of their important brand names during the General Availability period. Brand owners may also need to adjust their current monitoring and Internet enforcement programs to include ICM's .XXX registry.

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