

REPORT

OPPORTUNITY FOR TRADEMARK OWNERS TO BLOCK USE OF THEIR MARKS AS .XXX DOMAIN NAMES

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A new ".xxx" top-level domain name is becoming available, designed for use in connection with "adult entertainment" (i.e., pornographic) websites. The .xxx domain name registration process is managed by ICM Registry based on applications filed with participating domain name registration companies. Many "adult" internet businesses are expected to register .xxx domains and many of them may try to use well-known trademarks to draw traffic to their sites.

Before .xxx domain names become generally available for registration, ICM Registry is offering a "Sunrise" period, during which trademark owners who are **not** in the adult entertainment industry can apply to **prevent** registration by others of .xxx domain names that correspond to their registered trademarks and service marks.

I. The Sunrise Period

The "Sunrise" period extends through October 28, 2011. During this period, qualified parties can apply for priority registration or priority blocking of .xxx domain names.

Under "Sunrise A" (priority registration), parties in the adult entertainment industry may register .xxx domain names that correspond to their registered trademarks/service marks or to their domain names with other top-level domains (e.g., .com, .net, etc.). Under "Sunrise B"

(priority blocking), trademark owners who are **not** in the adult entertainment industry may reserve names to **prevent** registration of .xxx domain names that correspond to their registered trademarks/service marks.

If a valid application for a .xxx domain name submitted under Sunrise A conflicts with a name reservation requested by a trademark owner under Sunrise B, the Sunrise A applicant will be permitted to register the .xxx domain name and the Sunrise B application will be denied. However, the Sunrise A applicant will be notified of the trademark owner's rights, which effectively prevents the Sunrise A applicant from claiming lack of notice of those rights in any future dispute between the parties. The Sunrise B applicant will also be notified of the Sunrise A applicant's registration, allowing the Sunrise B applicant to take appropriate action.

If a name reservation is approved under Sunrise B and there is no conflict with a Sunrise A application, registration of the corresponding .xxx domain name will be blocked. The domain name will lead to a standard informational page indicating that the name is reserved. The term of a Sunrise B reservation is indefinite, so long as the underlying trademark registration remains active, and subject to any changes to the agreement between ICM Registry and the Internet Corporation for Assigned Names and Numbers (ICANN). ICM Registry may periodically review

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Sunrise B reservations to verify the validity of the underlying trademark or service mark registrations. Any abandonment, cancellation, invalidation, or other termination of an underlying trademark or service mark registration may result in cancellation of a corresponding name reservation obtained under Sunrise B. The domain name registration company must notify a Sunrise B reservation holder in advance of any termination of the reservation.

Unreserved and unregistered .xxx domain names will be available for registration by members of the adult entertainment industry through a closed auction during the "Landrush" period from November 8 through November 25, 2011. On December 6, 2011, .xxx domain names will become generally available to the public for registration on a first come, first served basis, subject to any prior registrations and name reservations made during the Landrush and Sunrise periods.

II. Eligibility Requirements for Sunrise B

Sunrise B applicants may only reserve names that correspond to a registered mark. The mark registration can be any active registration of national or international effect issued prior to September 1, 2011. Expressly excluded from Sunrise B eligibility are (i) unregistered common law marks in the United States, (ii) marks registered only on the U.S. Patent & Trademark Office's Supplemental Register or on U.S. state registries, and (iii) international applications or registrations made through the Madrid system, unless they are based on or have resulted in a registered trademark or service mark of national or international effect. The Applicant for a name reservation under Sunrise B must be the owner, assignee, or licensee of an eligible registered mark.

A Sunrise B application must be directed to an entire textual mark or to the entire textual component of a graphical or compound registered mark. Any disclaimer of rights in the complete text (as a whole or in all parts) of a graphical or compound mark will make the mark ineligible for registration under Sunrise B.

With certain limited exceptions, the name requested in a Sunrise B application must exactly match the mark as it appears in the trademark registration. Unregistered misspellings of registered marks cannot be reserved.

For marks including spaces, the spaces must be omitted or replaced with a hyphen in the Sunrise B application. For marks containing non-standard characters (such as, but not limited to: -, @, !, §, %, ^, ., © or &), those characters may be eliminated, transcribed, or replaced with a hyphen in the Sunrise B application. For example, the registered mark SMITH & JONES could be separately registered under Sunrise B in one or more of the following forms: "SMITHJONES"; "SMITHANDJONES"; or "SMITH-JONES". Likewise, it is permissible to omit any company type references (e.g., Inc., Ltd., etc.) from a registered mark for the purposes of a Sunrise B application. For example, the registered mark SMITH, INC. could be separately registered under Sunrise B as "SMITHINC", "SMITH-INC", and/or "SMITH". A separate Sunrise B application is required to reserve each variation of a registered mark.

In most cases, the total costs and fees involved with each name reservation under Sunrise B should be a few hundred dollars, inclusive of all filing costs and service fees.

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III. Recommendations

The upcoming Sunrise period presents a cost-effective opportunity for trademark owners to prevent registration of their marks in .xxx domain names. We recommend that trademark owners take advantage of the upcoming Sunrise B period for important trademarks/service marks and for any marks that might be particularly susceptible to tarnishment by their use in a .xxx domain name.

After the Sunrise period expires, trademark owners will be eligible to register .xxx domain names incorporating their marks, but such domain name registrations will be available on a first come, first served basis and may be more costly than a Sunrise B name reservation, if available at all. Likewise, traditional remedies, such as the Uniform Domain-Name Dispute-Resolution Policy (UDRP), as well as ICM Registry's new Rapid Evaluation Service (RES), will be available to address abusive registrations of .xxx domain names. However, such remedies will involve higher costs than reserving a name under Sunrise B.

If you are interested in filing an application to reserve a name under Sunrise B and/or would like any additional information or assistance, please let us know.

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This Special Report is intended to provide information about legal issues of current interest. It is not intended as legal advice and does not constitute an opinion of Oloff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

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