

Bugnion SpA

Taking the right approach

In creating a domain name strategy, brand owners need to ensure they are taking a national and international perspective

In the Italian context, three authorities rule on domain name conflicts:

- the Italian Naming Authority (INA) Reassignment Proceeding Board, where a domain name is challenged based on an earlier trademark;
- the INA Arbitration Chamber, where a domain name is challenged based on an earlier trademark; and
- the Italian courts, where a mark is challenged based on an earlier domain name.

The INA is responsible for '.it' domain names. According to the INA website (www.nic.it), '.it' is the fifth most popular country-code top-level domain (ccTLD) in Europe, in terms of the number of domains registered.

The first issue for domain registrants is potential third-party opposition to '.it' domain names. The Italian courts often deal with cases involving a conflict between domain names and trademarks. However, many decisions are also issued by the Arbitration Chamber, the INA's internal authority which rules on such issues, as this process is faster and cheaper.

Before commencing an action either before the Arbitration Chamber or in court, the petitioner may file an administrative opposition of a '.it' domain name – a so-called 'reassignment proceeding'. Upon investigating the alleged infringer's bad faith in using and registering a '.it' domain name, the INA Reassignment Proceeding Board will decide whether to assign the name at issue from the infringer to the legitimate owner.

Opposition proceedings before the INA must be completed before any other action is commenced (either in court or in the Arbitration Chamber). Although the board's decision does not bar any further court action or arbitration, the reassignment proceeding may not be commenced if such judicial action

has already begun.

The main focus of an INA board investigation is the bad faith of the alleged infringer. First, the board rules on the threshold requirements (ie, standing and basis) on which the domain name should be reassigned to the holder by law. It is commonly held that ownership of an earlier trademark registration constitutes grounds to challenge a '.it' domain name.

On an international basis, the domain name environment is undergoing significant changes with the introduction of new generic top-level domains (gTLDs). Applications to the Internet Corporation for Names and Numbers (ICANN) for new gTLDs are now closed. The evaluation process will take between nine and 22 months, depending on problems raised by the application.

This new opportunity provided by ICANN implies that the registrant of each new gTLD will become the registrar of all domain names ending with that new gTLD. However, this means that such undertakings will be in charge of the entire technical and operational management of running a gTLD, which could prove cumbersome for registrants.

Other elements, such as the financial guarantees to be paid upfront and the substantial \$185,000 evaluation fee related to any new gTLDs, could present tangible barriers to cybersquatting, as discussed further below.

The new gTLDs present many opportunities and advantages for the owners of famous brands. As they are the registrars of the relevant domain names ending in their 'brand', they can define their own registration policy for these domain names.

Following comprehensive international discussions on how best to protect trademark owners during the evaluation process, ICANN established a simplified access procedure for registration, as well as a swift and user-

friendly procedure to object to a new gTLD that infringes legitimate rights.

ICANN set out the new application process in its gTLD Applicant Guidebook, published on May 30 2011. The guidebook highlights several barriers to potentially illegitimate registrations in an effort to keep domain name grabbers or cybersquatters at bay. The evaluation fee may be regarded as the first barrier. At the start of the application process, potential applicants must first register with the TLD Application System and pay a deposit of \$5,000. Following registration, the applicant must complete the full application and pay the outstanding \$180,000. The total fee should discourage most cybersquatters and should make the registration of several domains at once unattractive.

Further, corporations applying for gTLDs must demonstrate the financial capability to operate a gTLD registry and their financial plans for the long-term stability of the new gTLD. As part of the evaluation process, ICANN will review whether the applicant has previously been involved in cybersquatting or cyberpiracy.

The initial barriers in the application process should provide some comfort to rights holders that their marks will not end up in the wrong hands. However, trademark owners should take more proactive steps to protect their intellectual property as part of their duty to their customers.

Due to the high evaluation cost, for most companies, applying for their own gTLDs will not be worth the expense. A trademark owner that does not wish to make defensive filings can still protect its intellectual property by making formal and informal objections during the evaluation process.

At the close of the application period, if an applicant has submitted a complete application and paid the required fee, the application will enter the evaluation process.

Incomplete applications and those without a full fee payment are not considered.

Once an application has been processed, the public is invited to file comments on the application. The public comment period lasts for 60 days and is open to all. It provides an opportunity for a trademark holder to focus the attention of the examiners on the existence of possible trademark infringement.

The purpose of this informal public comment period is for the evaluator to acknowledge comments, advise the applicant of any potential trademark infringement and invite the applicant to consider withdrawing its application. It is presumed that the applicant will not avail of this option, leaving trademark owners with no option but to file a formal objection against the issue of the potentially infringing gTLD.

The grounds on which an objection to a new gTLD may be filed are set out in Article 2(e) of the ICANN Applicant Guidebook as follows:

- string confusion objection – where the string of the new gTLD is confusingly similar to an existing TLD or to another string filed in relation to another new gTLD;
- existing legal rights objection - where the string infringes the existing legal rights of others (and those rights are recognised or enforceable under generally accepted and internationally recognised principles of law);
- limited public interest objection - where the string is contrary to generally accepted principles of international law relating to morality and public order; and
- community objection - where the string is substantially opposed by a significant portion of the community explicitly or implicitly targeted by the new gTLD.

The community objection represents another novelty in legal practice and an attempt to recognise the public interest as something of fundamental value in a global community. This is why, despite the necessarily generic definition, this objection will be administered by the International Centre for Expertise of the International Chamber of Commerce. For the same reason, the community objection will be governed by the rules of expertise of the International Chamber of Commerce.

The different grounds for different potential objections imply that, although ICANN encourages the consolidation of objections to keep decision times and costs down, and to enhance consistency, objections based on different grounds will not be consolidated.



Nicola Tarantini
Associate
tarantini@bugnion.it

Nicola Tarantini is an Italian and Community trademark professional representative with a legal background. He graduated from the Law University of Milan. He focuses on advisory services, filing and prosecution in the field of trademarks, domain names and designs. He is adept in helping clients to add competitive value to their business.



Paolo Di Mella
Associate
dimella@bugnion.it

Paolo Di Mella is an Italian and Community trademark attorney. He deals with matters regarding trademarks (filing, prosecution, out-of-court disputes), the Internet and domain names, copyright and designs. He is in charge of the trademark department of the Bologna office, and of the firm's internet department.

The success of the new gTLD system for brand owners will depend on developing a comprehensive domain name management policy as a structured tool with the aim of protecting that invaluable asset most often at risk: the faith of consumers.

Acquiring a 'brand' has the potential to create a safe channel for the brand owner and its customers. Once customers have become familiar with 'brand' domain names, they can be confident that a domain name ending in '.prada' is a genuine website of Prada or one of its affiliates.

This also means that major brands can create their own domain names for each of their specific lines under their 'brand' (eg, 'www.pyramide.prada'). Thus, a brand owner can avoid having to apply for several '.com' domain names in the most likely variations for each product (eg, 'www.pyramidebag.com', 'www.pyramidebag.com', 'www.pyramidebag-prada.com'), as well as for the domain names in the most relevant ccTLDs (eg, 'www.pyramidebag.it', 'www.pyramidebag.cn') in order to prevent cybersquatting on these sites.

In creating a domain name strategy, it should be remembered that domain name grabbers could obtain domain names and gTLDs utilising trademarked words and terms and either hold them to ransom, demanding excessive payments from the trademark owners, or use them to sell inauthentic items or competing products.

In Italy, as internationally, the judicial system has achieved a level of stability and efficiency that protects trademark owners from this type of infringement.

Notwithstanding the legal costs required to fight cybersquatters, any possible delay in obtaining a final judgment in favour of the rights owner could be considered an obstacle against the use of this new tool, especially for smaller companies.

In this respect, it is paramount that all Italian brand owners consider this new opportunity as grounds to monitor online infringements with renewed vigour, and consider moving their domain names to a safer path.

It is hoped that in future, Italian and European political bodies will recognise that brand owners' best efforts in effective domain management policy and IP portfolio protection should be supplemented by financial assistance, which could take the form of fiscal benefits and/or tax exemptions, for example.

So will this new domain name registration and protection system ultimately be considered as a powerful new tool for brand owners? Only time will tell. [WTR](#)