

IPC POSITION PAPER ON DOMAIN PROTECTION FOR FAMOUS MARKS *

The protection of trademarks used as domain names raises a number of competing concerns. Trademark owners have expended considerable resources to counter the enormous number of bad faith registrations of "famous" marks as second level domain names. International corporations and organizations including Twentieth Century Fox, Time Warner, Bell Atlantic, AT&T, Sony, and the various national Olympic Committees have encountered thousands of such "bad faith registrations". Although the Intellectual Property Constituency ("IPC") applauds the efforts of the Internet Corporation for Assigned Names and Numbers ("ICANN") for its development of a unique dispute resolution mechanism process to address individual bad-faith registrations, more protection is needed for internationally "famous" marks.

EXECUTIVE SUMMARY

The IPC, in this paper, does not seek to expand the rights of the owners of famous marks in the context of the Internet. Rather, the IPC seeks the implementation of a set of established rules and procedures by which existing rights in famous marks can be established, and protected -- with the same requirements for proof of infringement, dilution and/or unfair competition, and damage; and with all available defenses remaining, as are recognized by treaties, statutes, and the common law. In this way, conflicts, lawsuits, and/or an overburdening of the national court systems or the UDRP process can be avoided.

Specifically, the IPC requests:

- 1) The adoption of a uniform set of criteria to determine whether a mark is famous, and thus deserving of special protection above that of an "ordinary" mark based on the work of the WIPO Standing Committee on Trademarks;
- 2) The fashioning of an appropriate, understood, scope of protection for famous marks;
- 3) The provision for a process by which famous mark protection would be granted or denied;
- 4) Provisions objecting to the grant or denial of famous mark protection, and exceptions to domain name (i) automatic exclusions or (ii) evidentiary presumptions; and
- 5) A determination of the costs for such processes.

I. DEFINITION OF A FAMOUS MARK

The international protection of famous and well-known marks is not a novel concept, but rather is recognized in two multilateral treaties: The Paris Convention for the Protection of Industrial Property ("Paris Convention"), to which 157 states are party, and the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), by which 135 States are bound. For example, TRIPS provides protection of a famous trademark for dissimilar goods or services if (1) the use of the allegedly infringing mark in relation to those other goods or services would indicate a connection between those other goods or services and the owner of the famous mark, and (2) the interests of the owner of the famous mark are likely to be damaged by such use. Moreover, many nations have developed their own legislation to protect the trademarks used in their countries. Although these protections vary from country to country, nations have come

together, through the Paris Convention and TRIPS, to commit to the protection of internationally famous marks. Enforcing the rights of famous marks on the Internet does not create new law, but rather enforces the commitment to protect internationally famous marks.

We all think we know which marks are famous and which are not, but how is fame defined? As Saint Augustine is alleged to have said in the 1st Century: "If no one asks me, I know what it is. But if I wish to explain to him that asks me, I do not know." Moreover what is famous to some is not necessarily so for others. So, if a special status is to be granted to famous marks, then a definition of "famous" that is acceptable to everyone needs to be found.

Defining what constitutes a "famous mark" in an individual country has proven to be a difficult task at best. However, through case law, individual countries have developed their own criteria to define what constitutes a "famous" or well-known mark. The unenviable task of expanding such definitions on a global scale was the task of the World Intellectual Property Organization's Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications ("WIPO SCT").

A. SUBJECTIVE CRITERIA

Through several years of consultations, research, meetings and comments from the International Community, WIPO SCT developed a non-exhaustive suggested list of factors to consider whether a mark in a given country would qualify for protection. The following factors constitute such non-exhaustive list:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by courts or other competent authorities; and
6. the value associated with the mark;

WIPO SCT, through its lengthy research involving a significant number of experts from both governments and private sector, expended an enormous amount of time and resources to develop these criteria during a series of meetings over four years. They were presented, in the form of a resolution, at a conference in September, 1999 before the Assemblies of the WIPO and of the Paris Union, and then adopted by a consensus of both. These factors also were considered by the international community during consultations held by WIPO on the management of Internet names and addresses over the last several years. These consultations culminated in a report entitled "Final Report of the WIPO Internet Domain Name Process" ("Final Report"), submitted on April 30, 1999 to ICANN. The Final Report adopted the findings of WIPO SCT. In addition, the Final Report embraced one additional factor:

1. evidence of the mark being the subject of attempts by non-authorized third parties to register the same or misleadingly similar names as domain names.

Although this final factor was added late to the Final Report (without much comment from the international community), the IPC whole-heartedly supports the addition of this factor to the non-exhaustive list. While not necessarily the linchpin on what constitutes a famous mark, evidence demonstrating that a number of cybersquatters have registered a domain names which comprise, or are substantially similar to, a famous mark with the expectation of deriving an economic benefit from the owner of such mark certainly can be attributed to the fame or perceived fame of the mark.

B. ADDITIONAL OBJECTIVE CRITERIA ARE NOT NECESSARY

Several commentators, both in the intellectual property community and the non-commercial community, have suggested that objective criteria be developed to screen out the number of applications and, ultimately, the number of marks that qualify for "Famous" or "well-known" protections. Such factors include, but are not limited to, that a trademark owner has a certain number of worldwide trademark registrations in order for its mark to be considered as "famous" or "well-known."

However, as WIPO aptly observed in its Final Report, "A mark is famous or well-known because of its notoriety or reputation, not because of the number of countries in which it is registered. A mark may be famous or well-known even if not registered in numerous countries. Similarly, a mark may also not be famous or well-known even if registered in a large number of countries throughout the world. Moreover, inherent in the non-exhaustive list of subjective factors outlined above is the use of objective criteria including the number of ?cybersquatting? incidents and the number of trademark registrations a trademark owner owns worldwide." For example, one way in which to provide evidence of the nature and extent of geographical use would be to provide the number of trademark registrations secured for the mark around the world. Notwithstanding the foregoing, it is not recommended that such factors expressly include objective, quantitative, "bench mark" requirements for proving same, since the specific facts of each famous mark application will dictate the importance of each factor to the overall decision and since required numbers of objective factors can promote attempts to artificially qualify a name as being "famous".

II. SCOPE OF PROTECTION

Over the past several years, the act of cybersquatting has been expanded to include the registration of domain names that, while not identical to a famous mark, are so similar to the famous mark as to be an obvious case of trademark infringement and/or dilution. These include the registration of domain names consisting of intentional misspellings of famous marks, the addition of hyphen(s), and/or the combination of famous marks with a number (e.g., "pespi.com," "p-e-p-s-i.com" and "pepsi2.com"). Such domain names have often been used by cybersquatters to host pornographic Web sites (to increase traffic, even if only for a short time, to their site) or as another mechanism to extort money from the famous trademark owner.

Ideally, the IPC would like to see the protection of famous marks extended to cover widely-recognized variations of well-known marks. The IPC recognizes that an exclusionary mechanism that prevents the registration of all sub-strings of famous marks would be impractical, and could run contrary to several national legal principles and to ICANN's mandate as outlined in the United States Government's White Paper. However, a compromise designed to protect the owners of famous marks and the consuming public should be reached. For at least the following reasons, a strict exclusionary mechanism of all sub-strings of famous marks presents various problems:

First, a strict exclusion of all famous name sub-strings would place registrars and registries in the awkward position of trying to determine every possible variation of a well-known mark so as to prevent its registration by anyone but the owner of such mark. In making such determinations, the registrars and/or registries would be forced to make what amounts to judicial findings as to which variations of the famous marks would/would not be infringing uses of the famous marks or tend to dilute the goodwill of such marks. There are many reasons why registrars and registries would not want to be placed into a position of making determinations of whether an attempted domain name registration is confusingly similar to an "excluded" famous mark string.

In the United States, for example, case law has determined that a registrar (or for that matter a registry) currently enjoys immunity from suits of contributory trademark infringement, for example, because registrars perform only the mere function of distributing and assigning web addresses. If a registrar (or any other appointed panel) begins to make determinations of whether a proposed domain name is confusingly similar to another party's famous or well-known mark, it might then be argued that the registrar is engaging in contributory infringement and/or dilution if it makes the determination that a mark is not confusingly similar to a famous mark and allows the domain name registration to proceed.

Second, the implementation of a strict exclusionary model could present an administrative burden on the registry/registrar in that it would require the entity to either: (a) develop, implement and maintain an automated system for the detection and handling of a virtually unlimited number of sub-string variations of excluded famous marks; or (b) use a manual system for detecting and handling such sub-string variations. Either option would consume resources of the registry/registrar and would likely slow the speed with which domain names are currently registered.

Moreover, the exclusion of sub-strings of famous marks would also make it more likely that registration of domain names for noncommercial purposes would be disrupted. Not only would this result represent a violation of various national legal principles, including the First Amendment of the United States Constitution, but the result would also run afoul of the White Paper which outlined that protections implemented by ICANN on behalf of trademark owners could not exceed those protections afforded under current law. Although the international treaties discussed above make it clear that famous or well-known marks should be protected, a strict exclusion for all sub-strings may prevent the registration of domain names, the use of which are not prohibited by law. For example, an exclusion for sub-strings of "pepsi" may prevent the registration of "pepsirules.com" or, representing a contrary view, "pepsisucks.com", both of which were intended for noncommercial purposes.

For the reasons set forth above, the IPC believes that that an outright, absolute exclusion should apply with respect to applications for domain names that are identical or nearly identical to famous marks. The exclusion of domain names which are "nearly identical" to famous marks is necessary for the protection of the public, who come to rely upon symbols of origin, and close variations thereof, to determine the authorized source of products and services promoted, offered, rendered, and sold in connection with famous marks. Specifically, not only should unauthorized applications for domain names incorporating the exact rendition of the famous mark (e.g., <famousmark.TLD>) be excluded, but close variations thereof, such as plurals (e.g., <famousmarks.TLD>), extraneous punctuation (e.g., <famous-mark.TLD>, <famous.mark.TLD>, etc.), the addition of numerical symbols (e.g., <famousmark2.TLD>), and spaces (e.g., <famous mark.TLD>). Commercially available algorithms and computer programs already exist which can search for, and identify, such problematic applications for second level domain names without imposing significant burden on registrars.

However, a fuller and appropriate remedy for famous mark protection as to sub-strings rests in (a) a notice system, and (b) ICANN's Uniform Domain Name Dispute Resolution Policy ("UDRP").

As an example of a "notice" system, the owner of a famous mark should have the right to be notified in the event a domain name registrar receives an application for the registration of a second level domain name that incorporates the totality of the famous mark, but which would not be considered "identical" or "nearly identical" (as defined above) to a famous mark (e.g., <famousmark-store.TLD>, <famousmarkproducts.TLD>, etc.). If the domain name registrars believe that procedures for notifications of applications for famous mark sub-strings are not feasible at this time, the IPC invites the ICANN Board to direct the registrars to study this issue and devise workable solutions.

Within the context of the UDRP, the owner of a famous mark should be granted certain favorable presumptions (e.g., regarding the scope of protection for the famous mark) when an administrative proceeding under the UDRP is filed. That is, in the context of a UDRP arbitration, the owner of a mark which previously was determined to be famous (see below) would be able to submit the prior decision of fame to the UDRP panel as proof that the mark is famous, without the famous mark owner having to re-submit its proof of fame all over again.

III. THE PROCESS FOR GRANTING/DENYING FAMOUS MARK PROTECTION

As we have seen under Point I above, there are now established criteria for deciding whether a word, a phrase, or other sign (hereinafter "mark") is genuinely well-known or famous; and if so, for what goods or services. However, fame is something which is acquired, it is not inherent in the mark itself. Some marks become famous overnight, but the majority do not. For example the word "Sputnik" was unknown until one day in 1957 the USSR announced to an astonished world that it had launched an object of that name into space and within hours the whole world knew what a Sputnik was. Likewise, the name Union Carbide became infamous in a matter of days as the horrific results of an explosion in one of that company's factories in India spread around the

world; and did not the name VIAGRA achieve notoriety and fame in a few weeks, as news of the product's powers swept the world and it became the target of a thousand questionable jokes?

Fame may be thought of as the equivalent of reputation which is equated with goodwill. In most cases the reputation of a mark is acquired over a period of years, and through considerable time, effort, money, publicity and sales. It is only by selling a product, or by offering a service, to a large number of people that goodwill in a mark can be built. Marks that are famous on a truly global scale can probably be counted on the fingers of one and no more than two hands. However this does not mean that there are no other marks that could be considered famous in accordance with the WIPO SCT criteria.

Fame, moreover, can ebb as well as flow. As the travel writer Bill Bryson has written: "Invincible-seeming brand names do occasionally falter and fade. Pepsodent, Oxydol, Sal Hepatica, and Burma-Shave all once stood on the commanding heights of consumer recognition." They do not now!

Some marks are more well-known than others and should therefore be given a degree of additional protection, but (in the context of famous mark protection over domain name registrations) it now has become necessary to convince others of that fact. To those who urge that there is no such thing as a famous or well-known mark, the answer to this assertion is that such marks already are given special treatment in the Paris Convention and the TRIPS Agreement. Thus, such marks already are given a status that makes them stand apart from "ordinary" marks.

It also is argued that famous marks need no additional protection. Those who present such arguments probably have little experience of the work that must be done by the owners of famous marks to fend off the attentions of cybersquatters.

The WIPO Report recommended, in paragraph 275, that "a mechanism be established" whereby exclusions can be obtained and enforced for marks that are famous or well-known across a widespread geographical area and across different classes of goods or services. It then went on to describe other aspects of this recommendation in greater detail. We endorse the conclusions of the WIPO Report.

As previously stated, the WIPO SCT conducted numerous meetings involving a significant number of experts from around the world, and expended enormous amounts of time and resources to develop the criteria for famous mark status. The result was subsequently approved by WIPO member governments. The IPC believes there is no reason why a procedure could not also be established within WIPO for protecting famous marks, and it is logical, therefore, that WIPO should be the recipient of any applications by the owners of famous marks to have their fame established.

However, because fame can be lost as well as gained, the Panel deciding the issue should not have the ability to pronounce that a name is famous, and for that decision remain. The only true test of fame is whether that fame exists at a particular moment in time. The IPC suggests that this should be at the moment when, or if, the mark's fame is challenged. At that moment the facts

should speak for themselves. If a special status is granted to famous marks, then a very heavy burden should be placed on the owner of the mark to prove it.

However, once fame of a mark is established, the mark should be given a wider scope of protection than "ordinary" marks. An appeal process providing for a further challenge to the fame of a mark is unnecessary, and will only slow down the process by which the rights of the parties are established. On the other hand, it may be necessary for the owner of a famous mark to re-prove its fame at regular intervals.

IV. OPPORTUNITIES TO OBJECT TO THE GRANTING/DENIAL OF FAMOUS MARK PROTECTION AND EXCEPTIONS TO DOMAIN NAME EXCLUSIONS/PRESUMPTIONS

A. THE APPLICATION FOR FAMOUS MARK PROTECTION

1. Challenge to the Determination of Fame by Third Parties

The process for obtaining an exclusion should begin with the submission of an application to a WIPO decision-making panel for the determination of the fame of a mark for the purpose of granting exclusions and, in the case of sub-string protection, special presumptions. The Panel should make its determination according to the criteria discussed in Point I above. A website should be established and administered by WIPO where the Panel would post its determinations for a non-extendible specified period. During this time, third parties may submit contrary evidence to challenge the Panel's determination.

If the opponent is successful, famous mark status should be denied, and no exclusions would be granted nor special presumptions afforded. If there is no challenge and the evidence warrants, or if the challenge is unsuccessful, the determination becomes final and the WIPO Panel would proceed to grant the requested exclusion or presumption, and add the mark to a list of famous marks to be maintained online.

The exclusions or special evidentiary presumptions will be subject to:

- i) a possible requirement that the mark's famous status be renewed periodically (at intervals to be determined);
- ii) the granting of an exception, in accordance with Point IV, B, below.

2. Challenge to the Denial of Determination of Fame by Applicant

The applicant should not have the right to appeal the denial by the Panel of famous mark status, but may re-apply at another time when additional evidence to support a claim for famous mark protection can be shown.

B. THE GRANT OF EXCEPTIONS, AND OBJECTIONS TO FAMOUS MARK STATUS AFTER A FINDING OF FAME HAS BEEN DETERMINED

A domain name applicant who seeks to register a domain name which (but for the addition of the top-level domain extension) is identical or nearly identical (as defined above) to a mark appearing on the list of famous marks automatically would be denied, and the domain name applicant would receive a reply notifying it of the excluded status of the domain name in question. Such applicants would have the opportunity to challenge the denial of the domain name registration and the determination of fame by submitting contrary evidence, or by seeking an exception pursuant to which it may register the subject domain name if it can demonstrate that it has valid rights in the mark, and/or that the proposed use of the name is fair or non-commercial. The challenge should be heard by a UDRP Panel, consisting of different members than the WIPO Panel which made the original determination of fame. The decision of the UDRP Panel should be final, and not subject to appeal. However, the losing party should be free to challenge the Panel's grant or denial of the exclusion in a national court of mutual jurisdiction consented to by the parties. If an exception is granted, it should be personal and subject to the limitation that the domain name cannot be transferred, sold or assigned to any third party other than the famous mark owner.

A domain name applicant who seeks to register a domain name which is a sub-string of a mark appearing on the list of famous marks would not have its application automatically denied. Rather, the famous mark owner would be automatically notified of the domain name application, and the domain name application would be subject to challenge by the famous mark owner in a UDRP proceeding. During the UDRP proceeding, the famous mark will be afforded special evidentiary presumptions, in that the famous mark holder would not have to re-submit its evidence supporting the fame of its mark, and could rely upon the decision of fame previously rendered by the WIPO Panel. The domain name holder would have the opportunity to challenge the determination of fame by submitting contrary evidence, or by seeking an exception pursuant to which it may register the subject domain name if it can demonstrate that it has valid rights in the mark (as demonstrated by a valid registration for the identical mark in any country), and/or that the proposed use of the name is fair or non-commercial. The challenge should be heard by a UDRP Panel consisting of different members than the WIPO Panel which made the original determination of fame. The decision of the Panel should be final, and not subject to appeal. However, the losing party should be free to challenge the Panel's decision in a national court of mutual jurisdiction consented to by the parties. If an exception is granted, it should be personal and subject to the limitation that the domain name cannot be transferred, sold or assigned to any third party other than the famous mark owner.

V. COSTS OF PROCEEDINGS

A. COST AT TIME OF APPLICATION

All costs and fees associated with an application to determine the fame of a mark for the purposes of obtaining a domain name exclusion or evidentiary presumption should be borne by the applicant.

The determination of the appropriate application fee should take into account two competing concerns: the possibility that a low application fee be result in a large number of "frivolous" applications, at least initially, which may create a backlog and/or increase the Panels' costs; and the undue burden placed on famous mark owners if the fees are unreasonably high. While it is arguable that there is an amount high enough to discourage superfluous applications, yet low enough to not be prohibitive for famous mark owners, an application fee in the range of \$1000-2500 USD is recommended.

B. COST OF CHALLENGES TO FAMOUS MARK STATUS

All costs and fees associated with third party challenges to the granting of an exclusion should be borne by the challenger.

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* This paper has been prepared in anticipation of the ICANN meeting in Cairo, Egypt, to take place in March, 2000. A draft of this paper was distributed to all organization and individual members of the IPC in February, 2000, and discussed in detail during an IPC meeting in Arlington, Virginia, on February 25, 2000. This paper represents the authors' best efforts to capture the essence of the discussions during the IPC's February, 2000 meeting, taking into account all views within the IPC expressed at the February meeting.

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