

# Trademark Clearinghouse: keeping cybersquatters at bay?

Dechert's **Nathan Smith** discusses the advantages and limitations of the Clearinghouse as the gTLD roll out gathers momentum

ICANN (the organisation that coordinates internet domain names) is in the process of expanding the domain name system by introducing hundreds of new global Top Level Domains (gTLDs). Domain name endings such as .london, .black and .christmas will be available for the first time alongside traditional gTLDs such as .com, .net and .org.

As new domain names are made available, brand owners must be vigilant to the risk that a third party will register a domain name that uses their brand. Cybersquatters will invariably be primed to exploit the new domain names for their own benefit.

## Trademark Clearinghouse (TMCH)

In light of the increased scope for online trademark abuse, ICANN created the TMCH to try to reduce the risks that the new gTLD programme poses to trademark owners. The TMCH is a centralised trademark database which offers two services to those that register their trademarks with it: the Sunrise service and the Trademark Claims Service. The cost of registering a trademark with the TMCH (which permits the trademark owner to benefit from both services) is US\$150 for one year, US\$435 for three years and US\$725 for five years.

### Sunrise service

Owners of trademarks that are registered with the TMCH have the opportunity to register domain names that match their trademark before that domain name is made available to the public. The time period during which domain names are reserved for trademark owners (the "Sunrise" period) lasts for a minimum of 30 days. As ICANN is making new gTLDs available on a rolling basis, it is important for trademark owners to be alert as to when relevant Sunrise periods are beginning and (perhaps more importantly) ending. After the Sunrise period ends for a particular gTLD, the domain names become available for general registration by the public. Where there are two or more trademarks that match a domain name, the TMCH will decide how to allocate it. This may be on a first-come, first-served basis, under a bidding system or through another process.

A significant limitation on the effectiveness

of the Sunrise service at combating online trademark abuse is that trademark owners only have priority in relation to domain names that match exactly their trademark. For example, the owner of the trademark BRAND will have the opportunity to register www.brand.london during the .london Sunrise period, but would not have any priority in relation to www.brand-shop.london or www.bramd.london. However, in relation to domain names identical to their trademarks, the Sunrise service offers trademark owners a valuable advantage over others competing for the same internet traffic.

### Trade Mark Claims Service

The Trade Mark Claims Service starts at general registration (ie, after the Sunrise period) and continues for at least 90 days. Anyone who attempts to register a domain name that matches a trademark registered with the TMCH will receive a notification informing them that the trademark belongs to a third party. ICANN hopes that this will deter applicants from registering domain names that may infringe the trademark rights of others. Based on the statistics released by the TMCH on 25 March 2014 this approach seems to be bearing fruit. The TMCH revealed that over 500,000 claims notices had been delivered, of which 95% of the queries for trademark terms are not being followed through to a live registration. If the applicant nevertheless registers the domain name, the TMCH will inform owners of matching trademarks so that they can take appropriate enforcement action. Once the initial period expires, trademark owners can activate the Ongoing Notifications Service (which continues as long as the trademark is recorded with the TMCH) at no extra cost.

As with the Sunrise service, the value of the Trade Mark Claims Service is limited by the fact that it only functions in relation to domain names that exactly match a trademark. In addition, cybersquatters can bypass the service by waiting for as little as 90 days, unless trademark owners activate the Ongoing Notification Service.

### Comment

Most brand owners will unfortunately be overly familiar with the ever burgeoning

cybersquatting industry and it will come as no surprise that the expansion of the gTLD system will be seen as a lucrative opportunity for cybersquatters. Against that backdrop it is vitally important for brand owners to ensure that they have the appropriate strategy and mechanisms in place to protect their brand. To what extent should the TMCH play a part in that strategy? It is clear that the TMCH has its limitations. That much is particularly evident by the fact that notifications are only provided where a third party registers a domain which is identical to the trademark. In this sense the Trade Mark Claims Service is clearly no effective substitute for broader domain name watch services that consider identical and similar domain names (trademark owners that already use domain name watch services should also ensure that those services are extended to cover the new gTLDs.)

However, given the relatively low costs involved and the significant volume of gTLDs which will be introduced, this author believes that the TMCH is worth investing in for many brand owners, not least to benefit from the Sunrise service, which will provide brand owners with the best opportunity to jump the queue and ensure the registration of their trademarks before third parties.

Furthermore, the figures recently released by the TMCH suggest, somewhat surprisingly, that for now claims notices are having a powerful impact. While it will be interesting to see if this impact is maintained as more gTLDs are rolled out, at this stage it would appear prudent for most brand owners to take advantage of the unique protection afforded by the TMCH.

### Author



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