

Evidence of “Use” Requirement for Trademark Protections

GAC Request for Information

Rights protection mechanisms included in the Applicant Guidebook were carefully built upon the advice and counsel of experts and upon the experiences of many operating in the current domain name space. ICANN’s Governmental Advisory Committee (GAC) continues to advise the Board that the requirement to provide evidence of *use*, “should be removed because it is inconsistent with trademark law in many jurisdictions, burdensome for business, disproportionate and discriminatory.” See <http://www.icann.org/en/topics/new-gtlds/gac-comments-new-gtlds-26may11-en.pdf>. In the same paper, the GAC suggests that, “the principal reason the Board disagrees with the GAC’s advice is that this requirement would in its view deter gaming.” In light of the GAC’s perception of the Board’s position, the GAC asks the Board for information on the following points to inform further consideration and discussion on this topic:

- a) detailed, evidence-supported analysis of the gaming threat at the second level;
- b) an explanation as to why the Board believes that this requirement is the only practicable solution for addressing this threat and would successfully deter the practice of gaming;
- c) an analysis of the likely impact of this requirement on legitimate mark holders who would be rendered ineligible for inclusion in the Clearinghouse if this requirement is imposed¹;
- d) an assessment of the costs to business of having to furnish evidence of proof; and
- e) an explanation of the resources which ICANN will expect to be deployed by the Clearinghouse for the rigorous examination of evidence of use.

Analysis of “Use” Requirement

It is important to clarify the Board’s principal goal in requiring evidence of *use* for certain trademark protection mechanisms. The Board’s main goal in requiring evidence of *use* for Sunrise protection, or to utilize the URS or the PDDRP, is to ensure that only holders of marks that are being used, and thus distinguishing themselves over others, are given the extraordinary exclusionary right provided with these protection mechanisms. In addition, as the GAC notes, it is important to take steps to guard against gaming; one of those steps is requiring evidence of *use*.

Trademarks are essential in a competitive economy; they provide buyers with opportunities to choose. The ultimate purpose of a trademark is to identify and distinguish a source of goods or services, thereby showing the public that the standard of quality they have come to associate with a product or service is met. But the true source-identifying function of a trademark cannot arise if the mark is not used. Hence, when viewing “trademark rights” in

¹Requiring evidence of use is discussed herein as it relates to certain rights protection mechanisms and not in relation to entry into the Trademark Clearinghouse or for exercising the IP Claims right protection mechanism. As has previously been clarified, all registered trademarks, regardless of whether there is evidence the mark is used, are eligible for inclusion in the Clearinghouse. Additionally, registries are required to honor all trademarks in the mandatory IP Claims process, regardless of whether there is evidence the mark is used.

connection with certain of the rights protection mechanisms in the new gTLD program, *use* must play a central role.

As previously noted, proof of *use* is intended to ensure that *all* registered trademarks receiving the same type of advantage from a particular rights protection mechanism are evaluated at the same level. In other words, the Board seeks to ensure that all trademarks are treated equally. There will be no disparity of treatment or requirement based on jurisdiction in which the mark is registered.

The *use* requirement is not intended to be nor thought to be either a burden or an obstacle. Rather, the *use* requirement is intended to benefit trademark holders. It is a pro-trademark approach that helps a trademark holder that truly has used its mark to identify and distinguish its products or services from others. Furthermore, as Board Chairman Peter Dengate Thrush noted, it helps “make sure that the people who get this particular advantage that sunrise confers have actually earned it” and deters against the possibility that “someone who just rushes off and buys a registration in five minutes or does it online and can walk up with a certificate from some registry” does not get a special advantage.²

In addition to providing an advantage to those who use their marks, there is an increased risk of abuses if there is no *use* requirement imposed. Many jurisdictions do not require evidence of *use* to obtain a registration. Some jurisdictions will issue registrations in less than 24 hours. It is difficult to obtain detailed and specific evidence projecting potential abuse to gain access to the new mandatory sunrise protection (as well as URS and PDDRP rights) because there have only been a few recent TLD launches. However, the .EU launch can provide an example of the type of activity that could result if a *use* requirement is not imposed.

During the .EU Sunrise period, holders of community or national member state trademarks were permitted priority registration. During this period, certain speculators used the expedited and streamlined Benelux trademark registration process to establish priority. One example included registrations of marks that included ampersands including “OXF&ORD” or BARC&ELONA to take advantage of the rule that characters were to be ignored thereby obtaining valuable generic domains. Another example involved the Swedish company Internet portal that registered 33 marks in Sweden containing similar characters interposed with generic dictionary terms. One of the marks, &R&E&I&F&E&N& was used to displace the true owner of the mark to obtain the domain name reifen.eu. Ultimately, the legitimate brand owner prevailed and obtained the domain, but only after having to expend time and resources to file an alternative Dispute Resolution Procedure.³

² See Transcript of the New gTLD Program: Discussion of Issues Identified by Governmental Advisory Committee at <http://svsf40.icann.org/node/22097>.

³ See <http://domainincite.com/how-a-company-hacked-the-eu-sunrise-to-register-generic-domains/>.

Additional information released by EURid reveals that the following were the most requested applications during the Sunrise period (requiring trademark registrations):

sex.eu	227 applications
hotel.eu	118 applications
travel.eu	94 applications
jobs.eu	91 applications
hotels.eu	90 applications
casino.eu	80 applications
poker.eu	76 applications
business.eu	74 applications
golf.eu	72 applications
music.eu	69 applications ⁴

Additional issues were identified after the sunrise period. By way of example, there were over 200 applications for SEX.EU—including 32 separate applications claiming trademark rights to the word sex from 11 different countries. Then, when the landrush period began, a large number of shell companies were set up as phantom registrars to obtain priority and grab as many “generic” domain names as possible. 400 registrars were investigated by EURid and sued for breach of contract for the abuse.⁵ Thus, as the foregoing example demonstrates, the danger for abuse is not hypothetical. Entities sought to register “generic” terms as trademarks, to obtain priority in the .EU launch; and companies also tried to shield their identity so as to avoid having to answer for the gamesmanship.

While the exact threat of gaming to legitimate brand owners is difficult to predict with certainty, the .EU launch does provide data describing the threat of abuses.

Resources Required to Demonstrate “Use”

Requiring evidence of use of a trademark is a minimal imposition on a legitimate brand owner that stands to gain extraordinary exclusionary ability over other trademarks. The process envisioned to show *use* does not take much time, effort, resources or expense. It requires a sworn statement by the owner attesting to the fact that the mark is being used in connection with the bona fide offering of goods or services and one example of such use.

For those brand owners involved in the legitimate offering of goods or services, these requirements are simple and will cost little in terms of compliance: i.e., prepare and file the affidavit with an attached specimen of use. At this time, it is not expected that there will be a resulting separate filing fee for submitting the *use* affidavit at the same time the trademark

⁴ See id. See also <http://www.eurid.eu/en/content/eu-successfully-launched>

⁵ See http://www.brusselslegal.com/articles/display/2678/Herman_Sobrie_Legal_Manager_of_EURid

is submitted into the Clearinghouse. There may a separate small fee if the proof of *use* is submitted after a trademark has already been submitted into the Clearinghouse. All the same, the RFP for the service provider(s) will take into account the need for the service provider to demonstrate the ability to verify the specimen and affidavit requirement.

An argument has been made that the minimal effort required to demonstrate *use*, means that evidence of *use* might be easily fabricated. In that case, why impose such a requirement at all? The answer is that, on balance, while the standard proposed is one that is not onerous to the trademark holder, it does have a deterrent effect. Further, if it later is established that the *use* was fabricated and the applicant has made a sworn declaration, such actions will have consequences. This solution seeks a balance so that legitimate rights are protected and abuses are deterred at a low cost to the trademark holder.

Conclusion

Requiring evidence of *use* in order to take advantage of Sunrise protection, or to utilize the URS or the PDDRP, is important and will not require significant resources by the trademark holder. Requiring a showing of *use* helps ensure that only holders of marks that are being used, and thus that are distinguishing themselves over others, are given the extraordinary exclusionary right provided with these protection mechanisms. In addition, requiring proof of *use* in the manner noted above is an important step in: guarding against abuse, protecting trademark holders, maintaining an even playing field, and keeping trademark protection costs low.