



## **.XXX – What Brand Owners Need to Know About the Internet’s New Red Light District**

July, 2011

While recent mainstream and legal media attention has focused on the Internet Corporation for Assigned Names and Numbers' (ICANN) new program for companies to apply for their own .COM-like top level domain such as .NIKE and .BANK, a new .XXX top level domain (TLD) has already been approved and is scheduled to roll out on September 7, 2011. The .XXX TLD will target the adult entertainment industry, offering adult video producers and porn site operators a defined space online and addressing the concerns of parents seeking an easy way to block these sites from their children. While most companies outside the adult industry will have no interest in operating a .XXX web site, they need to make sure others are not using their brands in this space. So how can companies protect themselves in the Internet’s new red light district?

For companies who own registered trademarks, the answer is simple – preempt the registration of their mark in .XXX by employing the defensive registration procedure established by the .XXX Registry Operator, ICM Reg-istry (ICM). ICM’s procedure allows registered brand owners outside the adult entertainment industry to block others from registering their marks as a second level .xxx domain name (e.g., companybrand.xxx) during a pre-launch "sunrise" period. The one-time fee for a blocking registration is estimated to be \$200 - \$300 per mark.

The sunrise period will be open for 30 days from September 7, 2011. Companies in and outside the adult entertainment industry can participate concurrently. Sunrise A allows the adult entertainment industry to apply for priority .XXX registration upon a showing of prior rights. Sunrise B allows companies outside the adult entertainment industry to reserve names to block others from registering their marks as .XXX domain names.

For a brand owner to be eligible for a Sunrise B registration, its registered trademark (i) must have been issued prior to the submission of its Sunrise application, (ii) in a jurisdiction where the brand owner conducts "substantial bona fide commerce" in connection with its mark, and (iii) must be an exact match to the .XXX domain. If a brand owner wishes to reserve more than one .XXX domain name, it must file separate Sunrise applications for each.

Sunrise A applicants must also prove their entitlement to a .XXX TLD, either by satisfying the same trademark-ownership criteria as Sunrise B applicants OR by showing they own and operate an existing domain name that corresponds to the .XXX domain name applied for. If ICM receives competing applications from Sunrise A and B applicants, ICM will notify both parties and offer the Sunrise A applicant an opportunity to withdraw its

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application. However, the registration of the domain name will ultimately be given to the Sunrise A applicant if it does not voluntarily abandon its application. In this case, the Sunrise B brand owner's only recourse is to consider other dispute-resolution options.

After the sunrise period ends in October 7, 2011, a brief "land rush" period will commence. During the land rush, those in the adult entertainment industry will be allowed to apply for .XXX domain names, with no requirement to show trademark rights or other prior rights.

After the sunrise and land rush periods have closed, registration in .XXX will be issued on a first-come, first-served basis with no pre-emptive rights protections in place. While ICM may offer brand owners pre-emptive rights in the future, none are currently contemplated. Trademark owners will have the same enforcement options available to them currently used to resolve domain name disputes, such as the Uniform Domain Name Dispute Resolution Policy (UDRP) and anti-cybersquatting litigation.

The media and companies in and outside the adult entertainment industry continue to debate the merits of the .XXX TLDs. Regardless of your company's view, the reality is that .XXX is coming. If your company owns and wishes to protect its registered trademarks, it seems foolish not to take advantage of the sunrise period.

If you have any questions regarding top level domains and the internet's new red light district, please contact Eric T. Fingerhut at 202-906-8618 or [efingerhut@dykema.com](mailto:efingerhut@dykema.com).