

December 10, 2010

To: ICANN (5gtld-guide@icann.org; 5gtld-base@icann.org)

From: Mitchell H. Stabbe, Dow Lohnes PLLC

Re: Proposed Final New gTLDs Applicant Guidebook - Trademark Protection Mechanisms

On behalf of AutoTrader.com, Inc., we appreciate the opportunity to submit the following comments on the fifth and “final” proposal for the Applicant Guidebook for the new generic top-level domains (“gTLDs”) process, specifically, the portions that contain ICANN’s revised proposals for trademark rights protection mechanisms (“RPMs”), namely, the Trademark Clearinghouse and the Uniform Rapid Suspension (“URS”) Procedure.

About AutoTrader.com, Inc.

AutoTrader.com, Inc. (“AutoTrader.com”), launched in 1999 and headquartered in Atlanta, Georgia, is the Internet’s leading automotive classifieds marketplace and consumer information website (located at www.AutoTrader.com), uniting automotive buyers and sellers online. AutoTrader.com aggregates the largest selection of vehicles in a single location -- almost 4 million new and used vehicle listings from 40,000 dealers and 250,000 private owners. The AutoTrader.com[®] website attracts more than 700,000 unique visitors each day and more than 14 million qualified buyers each month. Through innovative merchandising products and comprehensive search functionality, AutoTrader.com is dramatically improving the way people research, locate and advertise vehicles. AutoTrader.com is a majority-owned subsidiary of Cox Enterprises, Inc.

Background

AutoTrader.com is a prime example of traditional businesses that, with the development and growth of the Internet, have evolved their way of doing business. The business was started on January 1, 1974, by Stuart W. Arnold d/b/a Trader Publications. Mr. Arnold began publishing periodic magazines under the AUTO TRADER[®] trademark, containing classified advertisements for automobiles. The company grew quickly, with numerous local AUTO TRADER publications, available at no charge to buyers, across the United States.

For many years, classified advertising was the exclusive province of print publications, primarily newspapers and other local publications. Offering ease of access, high speed and low costs, the Internet was a natural instrument for the distribution of such advertisements, both by providing a method by which sellers could transmit their advertisements to publishers and publishers could distribute the advertisements to consumers.

The creation of the AutoTrader.com[®] website and online advertising service was a natural extension of publishing AUTO TRADER[®] magazine. In order to simultaneously communicate both the relationship and the differences between the print AUTO TRADER[®] publications and the online automotive classified service, the AutoTrader.com[®] trademark was adopted for the online service. The online service has grown substantially, whereas the print business has gone in the opposite direction. Indeed, the AutoTrader.com[®] mark may come to replace the AUTO TRADER[®] mark completely.¹

The Growth of dot-com Trademarks

The use of the AutoTrader.com[®] trademark began during the same time when many other traditional “brick and mortar” businesses were expanding or transitioning to the Internet and new types of online businesses were developing and becoming a reality. During this initial “dot-com boom,” many of the former businesses re-branded themselves and many of the latter start-ups were branded with a “.COM” name and mark, both to convey that they were part of this exciting innovation in how business and other activities were being conducted and to communicate the “address” where consumers could go to take advantage of these services.²

Thus, in 1994, only four trademark applications in the United States included a “.com” suffix in 1994, but, in 1999, over 12,000 trademark applications with the US Patent and Trademark Office (“USPTO”) fell in this category.³ There was a drop-off in applications from 2001-2002, but such applications have grown to record numbers since then.⁴

Faced with so many “.com” trademark applications, the USPTO adopted the approach that the inclusion (or exclusion) of “.com” or any other gTLD to a mark had no significance for purposes of determining whether a particular term functions as a mark and is capable of being registered. Specifically, the USPTO Trademark Manual of Examining Procedure explains:

Generally, when a trademark, service mark, collective mark, or certification mark is composed, in whole or in part, of a domain name, neither the beginning of the URL (“http://www.”) nor the TLD have any source-indicating significance. Instead, those designations are merely devices that every Internet site provider must use as part of its address. Advertisements for all types of products and services routinely include a URL for the website of the advertiser, and the average

¹ The AutoTrader.com[®] and AUTO TRADER[®] marks are held in the name of TPI Holdings, Inc., and AutoTrader.com, Inc. uses them under an exclusive license agreement.

² See “The Media Business: Advertising,” *The New York Times*, 2000 WLNR 3215460 (Feb. 9, 2000); “Iceland Seeks Cooler Image with Online Rebranding,” *The Guardian (U.K.)*, 2000 WLNR 10609368 (Mar. 22, 2000).

³ “PATENTS: A Flood of Trademark Applications Clearly Shows that the Internet is a Place Businesses Want To Be,” *The New York Times*, 2000 WLNR 3244014 (May 15, 2000).

⁴ See “A New Battle Is Beginning in Branding for the Web,” *The New York Times*, 2008 WLNR 16499376 (Sept. 1, 2008).

person familiar with the Internet recognizes the format for a domain name and understands that “http,” “www,” and a TLD are a part of every URL.

A mark composed of a domain name is registrable as a trademark or service mark only if it functions as a source identifier. The mark as depicted on the specimen must be presented in a manner that will be perceived by potential purchasers to indicate source and not as merely an informational indication of the domain name address used to access a website. . . .

If the proposed mark is used in a way that would be perceived as nothing more than an Internet address where the applicant can be contacted, registration must be refused. Examples of a domain name used only as an Internet address include a domain name used in close proximity to language referring to the domain name as an address, or a domain name displayed merely as part of the information on how to contact the applicant.

This is not to say that, if used appropriately, [an] asserted mark or portions thereof may not be trademarks or [service marks]. For example, if [an] applicant’s law firm name were, say, EILBERG.COM and were presented prominently on applicant’s letterheads and business cards as the name under which applicant was rendering its legal services, then that mark may well be registrable.

TMEP § 1215.02(a).

Based on the foregoing, the PTO recognizes that:

In viewing a domain name mark (e.g., ABC.COM or HTTP://WWW.ABC.COM), consumers look to the second-level domain name for source identification, not to the top-level domain (TLD) or the terms “http://www.” or “www.”

TMEP § 1215.02(d).

Thus, the USPTO acknowledges that a term that incorporates “.com” or another TLD is not automatically incapable of designating source. Rather, it is how the term is used that determines whether it functions as a mark. In addition, as the TLD portion of a dot-com mark does not, in and of itself, have any source-indicating significance, assuming that they qualify as a mark, a term standing by itself and the same term followed by a TLD may be exchanged for each other.

TMEP § 1215.08(a)

Consequently, under United States law (and, upon information and belief, under the law of many other countries), a term that includes a TLD can function as a trademark and is viewed as the equivalent of the term without the TLD. That said, a generic term followed by a TLD is not protectable as a mark, despite the addition of the TLD.

As both the number of dot-com marks grew and were protected, organizations with non-dot.com marks ran the risk that consumers would assume that they could be located at the website accessible by the corresponding domain name.⁵ This tendency was largely responsible for the growth of cybersquatting and other dishonest activities designed to take advantage of the goodwill associated with the trademarks of others and, in many situations, to defraud consumers.

ICANN's Proposed Trademark Rights Protection Mechanisms

In response to the problems encountered by trademark owners resulting from the abusive registration and use of domain names that incorporate their marks or a variation on their marks as second-level domain names, ICANN has proposed several trademark rights protection mechanisms, including a Uniform Rapid Suspension (“URS”) Procedure. Moreover, it is expected that all new gTLDs registries will be required to offer either a Sunrise Registration⁶ or a Trademark Claims⁷ service.

ICANN has also proposed the creation of a Trademark Clearinghouse. Trademark owners will be able to validate their trademark rights through the Trademark Clearinghouse. Once a mark is validated, the owner of the mark will not need to prove up its rights for each URS, Sunrise Registration or Trademark Claims Service in each new gTLD, which ultimately may total in the hundreds. It is hoped that this process will avoid the otherwise necessary expense and effort by trademark owners of separately proving up their trademark rights separately for each new gTLD and for each URS.

Significantly, ICANN stated that marks that end with a dot-TLD will *not* qualify for registration in the Trademark Clearinghouse. ICANN's stated reason is that TLDs alone do not serve the function of source identification and allowing marks that include a TLD increases the likelihood of abuse and gaming.⁸

AutoTrader.com strongly disagrees. As discussed above, while it is true that a TLD alone does not serve the function of source identification, the same simply does not hold true for a mark that incorporates a TLD. Indeed, as noted above, in the last fifteen to twenty years, dot.com trademarks have come into common use by numerous online-only businesses and other

⁵ See “Wanted: Corporate Name. Must Evoke Speed, Power. Originality Optional,” *The New York Times*, 1996 WLNR 4366221 (Sept. 23, 1996).

⁶ A Sunrise Registration service will permit trademark owners an exclusive period of time during the pre-launch period to file applications to register second level domain names in the new gTLD that are identical to their validated marks.

⁷ Where, during the pre-launch period for a new gTLD, someone applies to register a second level domain name that is identical to a mark that has been validated by the Trademark Clearinghouse, a Trademark Claims Service will notify both the applicant and the trademark owner that a current validated rights exists for the identical term being applied for at the second level.

⁸ New gTLD Draft Applicant Guidebook Version 4: Public Comment Summary and Analysis <<http://www.icann.org/en/topics/new-gtlds/summary-analysis-agv4-12nov10-en.pdf>> at 49.

organizations, as well as by many existing “brick and mortar” organizations have developed online services. It would be manifestly unfair to deny protection for the owners of such marks.

To the extent that ICANN is concerned about abuse and gaming as part of a Sunrise service, presumably, it is concerned about the possibility of protection for registered marks that consist of a term that is generic for the trademark owner’s goods or services, followed by a TLD. In order to be eligible for a Sunrise service, however, a mark must have been registered in a jurisdiction that conducts a substantive evaluation of application before registration. A substantive evaluation has three requirements, including an “evaluation on absolute grounds – to ensure that the applied for mark can in fact serve as a trademark.” Thus, marks consisting of a generic term following by a TLD would be excluded from a Sunrise service. In addition, all other RPMs are adversary in nature and therefore the registrant or proposed registrant can make the argument that, despite a registration, a mark cannot serve as a trademark and therefore the owner of the mark is not entitled to protection.

As with many other owners of trademarks that incorporate a TLD, AutoTrader.com has invested a substantial amount of time and resources to promote and advertise its services under the AutoTrader.com[®] Mark. The volume of sales under the mark has been substantial. There is no question that AutoTrader.com has developed extremely valuable goodwill and an outstanding reputation in the AutoTrader.com[®] Mark. The AutoTrader.com[®] Mark is undeniably famous and is an indication of high quality and of origin exclusively with AutoTrader.com.

As stated previously by other parties submitting comments, it is well recognized that, along with its numerous benefits, the growth of the Internet has created many opportunities for various types of predatory practices. In particular, trademark owners have been the target of those who, among other things, have sought to make a profit by the use and registration of domain names that trade off the goodwill of established trademarks. These bad actors have also sought to make various uses of well-known marks to deceive and defraud consumers. As a group, trademark owners (including AutoTrader.com) have been forced to expend huge amounts of effort, time and money to prevent and to halt such practices, both to protect the goodwill and the integrity of their brands, as well as to prevent consumer confusion and fraud.

Once the new gTLD program is implemented, the problems encountered by trademark owners arising from abusive domain name registrations will almost certainly grow exponentially because they will need to either engage in numerous defensive registrations or pursue claims against those who register and/or use domain names that trade off the goodwill of established trademarks in each of the new domains. Concomitantly, the financial costs and the diversion of other resources to prevent deceit and fraud and to maintain the status quo will multiply significantly. These anticipated problems have led to the current trademark rights protection mechanism proposals.

Indeed, cybersquatters have made the AutoTrader.com[®] Mark a frequent target of their efforts. Many variants of autotrader.com have been used and registered to divert traffic to websites of

competitors and others and/or as part of a scheme to defraud buyers of automobiles to make payment to someone other than the actual seller. Accordingly, AutoTrader.com has had to file (and has prevailed on) UDRP complaints against such domain names as payments-autotrader.com, transaction-autotrader.com, autotrader-transactions.com, autotradertransactions.com, autotraderleaseguide.com, autotraders.org, autotraderusa.com, autotrader.com, autotader.com, autrader.com, wwwautotrader.com, autotraderonline.com, support-autotrader.com, autotradertv.com and autotraderng.com.⁹ Additionally, AutoTrader.com has had to file UDRP complaints against other abusive domain name registrations, which it then dismissed after the registrants agreed to transfer the domain names voluntarily. It also has had to send numerous demand letters to the registrants of domain names that seek to trade off the goodwill of the AutoTrader.com[®] and, in many of those cases, the dispute was eventually resolved to AutoTrader.com's satisfaction without the necessity of any adversary proceedings.

Under ICANN's proposed procedure, however, AutoTrader.com would not be able to register its primary mark with the Trademark Clearinghouse and would lose the same protections that are being afforded to other trademark owners. There is no good reason to draw a distinction between providing protection for TRADEMARK and for TRADEMARK.TLD when a third party seeks to register TRADEMARK.(new)gTLD. Indeed, the irrationality of such an approach is highlighted by the fact that, at least under United States law, the owner of a registration for TRADEMARK.TLD has the right to amend its registration at any time to delete ".TLD" from the registration. There would be no good reason, however, for ICANN to require such an otherwise pointless procedure before providing trademark protection for such marks.

Conclusion

There is no basis upon which to exclude dot-TLD marks from the Trademark Clearinghouse and the definition of what qualifies as an "identical" mark¹⁰ should be revised to provide that a TLD

⁹ See *TPI Holdings Inc. v. Michael Jay*, Case No. D2009-0441 (WIPO June 4, 2009) (payments-autotrader.com); *TPI Holdings, Inc. v. Roxane Gwyn*, Case No. D2009-9824 (WIPO Aug. 20, 2009) (transaction-autotrader.com); *TPI Holdings v. Carol Fante*, Case No. D2009-0281 (WIPO May 26, 2009) (autotrader-transactions.com); *TPI Holdings, Inc. v. Carmen Armengol*, Case No. D2009-0361 (WIPO May 19, 2009) (autotradertransactions.com); *TPI Holdings, Inc. v. Belle Murshid (Domains by Proxy, Inc.)*, Case No. D2010-0114 (WIPO May 31, 2010) (autotraderleaseguide.com); *TPI Holdings, Inc. v. Galyna O'Kelley and HostMonster.com, Inc.*, Case No. D2009-1151 (WIPO Nov. 17, 2009) (autotraders.org); *TPI Holdings, Inc. v. Autobuyline*, Case No. D2000-1546 (WIPO Jan 19, 2001) (autotraderusa.com); *TPI Holdings, Inc. v. Nadeem Qadir*, Case No. D2008-1398 (WIPO Nov. 13, 2008) (autotrader.com); *TPI Holdings, Inc. v. John Zuccarini*, Case No. D2001-0797 (WIPO Aug. 22, 2001) (autotader.com and autrader.com); *TPI Holdings, Inc. v. AFX Communications aka AFX*, Case No. D2000-1472 (WIPO Feb. 2, 2001) (wwwautotrader.com and autotraderonline.com); *TPI Holdings, Inc. v. Elaine Noe*, Case No. D2009-0568 (WIPO June 24, 2009) (support-autotrader.com); *TPI Holdings Inc. v. Patrick Desper*, Case No. D2007-1302 (WIPO Oct. 25, 2007) (autotradertv.com); *TPI Holdings Inc. v. Shola Ajiboye*, Case No. D2007-1019 (WIPO Sept. 5, 2007) (autotraderng.com).

¹⁰ As proposed by ICANN, (a) spaces contained within a mark that are either replaced by hyphens (and vice versa) or omitted; (b) only certain special characters contained within a trademark are spelled out with appropriate words describing it (@ and &); (c) punctuation or special characters contained within a mark that are unable to be used in a

that is included as part of a trademark may either be (i) omitted or (ii) replaced by spaces, hyphens or underscores in considering whether the trademark and the domain name are identical.

More generally, for the same reasons that a Trademark Clearinghouse makes it a constructive tool for purposes of addressing abuses under the new RPMs in the new gTLDs, trademark owners should be able to take advantage of it when seeking relief from abuses under the UDRP, both for purposes of registrations under the new gTLDs and under the existing gTLDs.

second - level domain name may either be (i) omitted or (ii) replaced by spaces, hyphens or underscores and still be considered identical matches. In addition, no plural and no “marks contained” would qualify for inclusion.