

March 7, 2013

Dr. Stephen Crocker
Chairman of the Board
ICANN
12025 Waterfront Drive, Suite 300
Los Angeles, CA 90094

Mr. Fadi Chehade
President & CEO
ICANN
12025 Waterfront Drive, Suite 300
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via email: comments-closed-generic-05feb13@icann.org

**Re: Request for Public Comment on “Closed Generic” gTLD Applications,
February 5, 2013**

Dear Dr. Crocker and Mr. Chehade:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to present its views with regard to ICANN’s Request for Public Comment on Closed Generic Top Level Domain (gTLD) Applications, dated February 5, 2013. AIPLA continues to have concerns about the impact of ICANN’s new gTLD program on intellectual property owners and users, that is, competitors, consumers and the general public.

AIPLA is a national bar association whose approximately 15,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of trademark, copyright, patent and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property in the United States and around the world.

AIPLA has evaluated the effect of the new gTLDs within the well-established legal framework relating to the protection and control of names and trademarks. Based on this framework, while we believe that delegation of closed gTLDs in general may be appropriate when consistent with established legal principles, the delegation and operation of closed registries for generic industry terms by a single member of that industry presents an anti-competitive risk contrary to traditional legal principles.

ICANN, the public, industry associations and governments should carefully examine the threat to fair competition posed by exclusive ownership of common industry terms by a single member of that industry and consider appropriate action to prevent exclusive private ownership or control of

generic industry terms. While not all ordinary or “dictionary” terms present anticompetitive concerns, traditional principles of trademark law provide a foundation for making meaningful distinctions regarding the nature of the terms under consideration and for determining which categories of closed generic gTLDs merit greater scrutiny.

Domain names can function like trademarks as source identifiers. This will be especially so with the launch of numerous new gTLDs. Many domain name owners in fact use their domain names as a trademark. The view that domain names are mere addresses with no source-identifying function is a relic of the exclusive .com era. See, e.g. *Image Online Design, Inc. v. ICANN*, Case No. CV 12-08968, at 17 (C.D. Cal. 2013) (“the USPTO has recognized that ‘as the number of available TLDs is increased by [ICANN], or if the nature of new TLDs changes, the examining attorney must consider any potential source-indicating function of the TLD and introduce evidence as to the significance of the TLD.’ It asserts that ‘the function of TLDs as generally not being source indicating is a relic of an essentially exclusive ‘.com.’”). Thus, settled intellectual property law is the appropriate framework for evaluating proposed TLDs.

Traditional trademark principles recognize five categories of distinctiveness and afford protection accordingly. See, e.g., 1-2 Gilson on Trademarks § 2.01.

- (1) Fanciful or coined marks are terms that have been invented for the sole purpose of functioning as a trademark or service mark, such as PEPSI, KODAK, and GOOGLE, for which exclusive ownership is readily available.
- (2) Arbitrary marks comprise words that are in common linguistic use but, when used to identify particular goods or services, do not suggest or describe a significant ingredient, quality, or characteristic of the goods or services, such as “APPLE” for computers or “OLD CROW” for whiskey.
- (3) Suggestive marks are those that, when applied to the goods or services at issue, require imagination, thought, or perception to reach a conclusion as to the nature of those goods or services, such as “SPEEDI BAKE” for frozen dough (which only vaguely suggests a desirable characteristic of frozen dough, namely, that it quickly and easily may be baked into bread) or “FROOT LOOPS” for circular, fruit-flavored breakfast cereal;

Fanciful, arbitrary and suggestive terms are entitled to exclusive ownership and control immediately upon use because such protection does not hinder competition. They may comprise ordinary dictionary terms, but they are not generic terms in the context of their use and there is little or no need for others to use those same terms as exclusive identifiers of source.

- (4) Merely descriptive terms describe an ingredient, quality, characteristic, function, feature, purpose, or use of the specified goods or services, such as “BED & BREAKFAST REGISTRY” used in connection with lodging reservations services or “COASTER-CARDS” used in connection with a coaster suitable for direct mailing.

Merely descriptive terms may only be entitled to exclusive protection when it has been shown that the term has acquired new or “secondary” meaning as an identifier of a particular source.

- (5) Finally, generic terms are common words or terms, often found in the dictionary, that identify products and services and are not specific to any particular source, such as “APPLE” used in connection with the fruit or “SHREDDED WHEAT” for the breakfast cereal, for which no protection or exclusive use is available.

Trademark law recognizes that truly generic terms are not entitled to exclusive protection under any circumstances, because doing so will hinder competition.

Trademark law also recognizes that collective and certification marks may receive different treatment. For example, an otherwise geographically descriptive term such as “Idaho Potatoes” may be controlled by an association or community as an indication of regional origin to ensure that the term is used appropriately and without deception only in connection with goods or services coming from that particular region.

Just as trademark law recognizes varying categories of terms suitable for identifying a source, so too should ICANN clearly delineate problematic terms. In this case, not every dictionary term is at issue. The majority of current applications for closed terms appear to involve terms that belong in the coined, arbitrary or suggestive category where protection would not hinder competition. An additional group of applications appear to involve terms controlled by communities or associations where protection is again consistent with the traditional legal framework. Our concern involves the further category of applications seeking exclusive control of a generic industry term by a single member of that industry.

The economic implications of, and the need for competitors to use, generic terms are elegantly stated by Judge Richard Posner:

“If a generic word could be trademarked by the producer of one brand of the product denoted by the word, and thus (upon proof of likely confusion) barred to use by producers of competing brands, the producer who trademarked it would have a competitive advantage that bore no relation to relative efficiency. Competitors would have difficulty informing consumers that they were competitors, because they would be unable, without elaborate and possibly confusing paraphrase, to give the name of the

product they were selling. . . . The trademarking of generic terms would impose excessive costs of information on competitors and consumers and is therefore forbidden.”

1-2 Gilson on Trademarks § 2.02 (citing *Door Sys. Inc. v. Pro-Line Door Sys. Inc.*, 83 F.3d 169, 38 U.S.P.Q.2d 1771 (7th Cir. 1996)). See also, e.g., Restatement (Third) of Unfair Competition § 15 cmt. a (“The recognition of trademark rights in generic designations could significantly impede competition in the market for the goods or services denominated by the generic term.”).

Similarly, if only one member of an industry could use the online designation matching a generic term, others in that industry are likely to suffer a competitive disadvantage in the online world. Such a result would cause difficulties for competitors as well as hardship for consumers, who might not realize what product the competitors are selling because it does not carry its common name. It would, therefore, be inequitable to grant exclusive use of the .app top level domain name, for example, to a single industry player to the exclusion of all others. See, e.g. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 116 (U.S. 1938) (One can not gain exclusive rights to a generic term by simply being the first to apply to register it. “[If] the term is generic, the original maker of the product acquire[s] no exclusive right to use it.”).

For these reasons, we share the concerns of others that ICANN’s delegation of closed generic TLDs for exclusive ownership and control by a single industry player would be contrary to the existing accepted legal norms for intellectual property rights and may have an anti-competitive effect that is contrary to ICANN’s stated goals and policies. As a result, we urge ICANN to subject such applications to greater scrutiny and policy evaluation before proceeding to delegation. The greater scrutiny should include, among other things, more details regarding the nature of the intended use and a specific evaluation as to whether or not the proposed letter string is the common generic term for the intended use of the gTLD.

In order to be clear, we believe it is necessary to mention those categories of new gTLDs that are consistent with traditional legal principles, and therefore do not require added scrutiny. Those categories that do NOT raise the concerns addressed here include:

- Closed or restricted terms used by communities or associations.
- Closed TLDs based on the applicant’s valid trademark, regardless of whether or not those TLDs are also ordinary dictionary terms.
- Open generic TLDs.

The applications of concern, where there is a need for greater scrutiny, are those applications that involve exclusive ownership and control of a generic industry term by a single member of that industry, for the reasons more fully stated above. Examples of such applications appear to include but are not limited to applications for .search, .book, .app, .game, .jewelry and others.

If these applications are granted, no one other than the applicant and its chosen designees will be able to register second-level domain names in the TLD, leaving the applicant free to exclude competitors and exploit the generic TLD for its sole benefit. The owner of the registry will be positioned to gain advantage in direct navigation and online search; may become uniquely associated with the category of products it offers through its association with the relevant domain; may be able to prevent substantially similar TLDs in the future; and will likely obtain a perpetual monopoly in the online space since the ICANN registry agreements permit unlimited automatic renewals. This combination of market advantages from control of the gTLD could create significant barriers to entry for others in the industry, which would ultimately harm the interests of consumers and the general public.

For these reasons, AIPLA recommends that applications for closed generic TLDs should be denied if they involve exclusive ownership, control and use as a closed registry of a generic TLD that matches a generic industry term by a single member of that industry.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey I.D. Lewis". The signature is written in a cursive, flowing style.

Jeffrey I.D. Lewis

President

American Intellectual Property Law Association