

.XXX Marks the Spot? Trademark Owners Can Block the Use of Their Marks in .XXX Domains

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First proposed over a decade ago, .XXX top-level domains have now been approved and will be launching shortly. The domains are intended for use by the adult entertainment industry, but for trademark owners in other industries, the potential association of their valuable brands with .XXX domains could have serious consequences.

Fortunately, owners of registered trademarks can soon apply to block third parties from registering .XXX domains that contain their marks. The .XXX registry will accept such opt-out applications during the "Sunrise" period, which is expected to open in September 2011.

In the opt-out application, trademark owners must be able to prove that: (1) they own a national trademark registration for the mark, (2) the registration issued prior to the date that the opt-out request is submitted, and (3) the registration is in a jurisdiction in which the trademark owner does substantial business in connection with the mark. Each opt-out application—covering a single trademark—will require a one-time fee of around US\$200-300.

Members of the adult entertainment industry will also have the opportunity to submit applications to register specific domains during the Sunrise period. They must be able to prove the same trademark ownership requirements discussed above, or that they own and use the same domain under a different domain extension like .COM.

If no adult entertainment interests are able to establish a claim to the mark listed in a trademark owner's opt-out application, then the .XXX domain at issue will be completely blocked from registration by all parties. The domain will remain blocked for as long as the current registry handles .XXX domains—at least ten years, and likely much longer. The opt-out provision will only cover the exact mark; third parties will still be able to register misspelled or other variations of the marks in .XXX domains.

Meanwhile, if a member of the adult entertainment industry files an acceptable application to register a domain, then it will obtain the domain, even if it conflicts with an opt-out application submitted by another trademark owner. Prior to registration of the domain, the adult entertainment applicant will be notified of the trademark owner's competing claim and can elect to withdraw its application for the .XXX domain, but it is not obligated to do so.

After the Sunrise period ends, others in the adult entertainment industry will have an opportunity to register any .XXX domain they wish that has not been blocked through the opt-out process, whether or not the registrant can prove any claim to the domain.

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Finally, .XXX domains will be opened to registration by the general public, although registrants will still need to confirm that they operate in the adult entertainment industry before they can actually use the domains.

For trademark owners who discover their trademarks in .XXX domains—whether they filed an opt-out application or not—the Uniform Domain-Name Dispute-Resolution Policy (UDRP) offers an opportunity for recourse. The UDRP, which involves a type of binding arbitration that can result in the forced transfer of an infringing domain to its rightful owner, will apply to .XXX domains, even those that were registered by adult entertainment interests during the Sunrise period over trademark owners' conflicting opt-out applications. To prevail under the UDRP, trademark owners will need to establish that (1) the .XXX domain is confusingly similar to a trademark in which the complainant has rights; (2) the registrant has no rights or legitimate interests in the domain; and (3) the registrant registered and is using the domain in bad faith.

Trademark owners will also be able to file federal trademark infringement lawsuits under the U.S. Anticybersquatting Consumer Protection Act regarding infringing .XXX domains, subject to certain jurisdictional requirements.

More information about .XXX domains and the opt-out process is available at www.xxxempt.com.

Bottom line: If you own registered trademarks, be prepared to file .XXX opt-out applications for your core brands during the Sunrise period. Also, take swift action once you learn that an adult entertainment company has registered a .XXX domain that contains your mark, before the registrant is able to establish its own rights in the mark.