

ICANN's Implementation Recommendation Team Proposes Crearinghouse to Safeguard Well-known Marks

As we previously reported, the Internet Corporation for Assigned Names and Numbers (ICANN) released a revised Draft Applicant Guidebook relating to its plans for the expansion of gTLDs (generic top-level domains). To identify and resolve potential issues for trademark holders in the implementation of new gTLDs, ICANN formed the Implementation Recommendation Team (IRT) comprised of representatives from a variety of constituencies, including private practitioners, in-house attorneys for brand owners, registry and registrar representatives, and other domain name and trademark experts from around the world. While there has been criticism of the IRT, including lack of transparency, the group has provided to ICANN

its recommendations and proposed several solutions to combat trademark infringement in the implementation of new gTLDs. The draft report was released on April 24, 2009, and although the time period for comment closes on May 24, 2009, IRT has indicated that it will only consider comments submitted by May 6, 2009 before issuing its final report. There has been additional criticism regarding the short time period for comment regarding an issue of great impact to trademark owners, with some members of the community requesting additional time. The full contents of the Trademark Protection Draft Report can be viewed at <http://www.icann.com/en/announcements/announcement-24apr09-en.htm>.

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Google Book Search or Seizure — Antitrust Concerns

Months after finally reaching a settlement with individual authors, the Association of American Publishers, and the Authors Guild over copyright issues, Google Book Search is again faced with another potential setback, this time from the Department of Justice. The Department launched an inquiry this month to examine potential antitrust implications of the proposed settlement, stemming from provisions many argue give the company favorable treatment and could inhibit competition in the digital book industry. The issues are both new and old, as the antitrust concerns stem in part from controversial copyright provisions of the agreement, and are best explained by first discussing the project's challenges leading up to the proposed settlement.

Google Book Search

Google's initial Book Search, launched in 2004, consisted of a program which would scan and index books from libraries of major universities. The program allowed users to search the text of the books

by entering queries into its book search engine. The search engine would then lists results showing "snippets" from each copyrighted book that fit the query, and, most often, the entirety of those in the public domain. The program, accessible to U.S. residents only, made no effort to ascertain the owners of the copyrights to the books, or to obtain permission from the copyright owners. Moreover, it provided no mechanism for copyright owners to exclude their books from the index.

Copyright Issues

In September 2005, The Authors Guild and three individual authors filed a class-action lawsuit against Google alleging that the company's book search amounted to massive copyright infringement. At first, Google responded by arguing that its program was protected by the fair use doctrine of copyright law. The fair use doctrine outlines certain circumstances under which copyrighted materials may be used without permission from the

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TTAB Rules Fender Guitar Shape Generic

Starting in the 1950s, Leo Fender and the Fender Music Instrument Corp. ("Fender") helped pioneer the sound of the modern electric guitar. From soulful blues to hard rock to reverb-laden surf, Fender guitars have made their mark. The names FENDER, STRATOCASTER and TELECASTER are arguably famous trademarks, known both to musicians and the general public. However, when Fender sought trademark protection for the design of its three main guitar body configurations, it hit a sour note.

In 2003, Fender filed applications to register three marks before the United States Patent and Trademark Office, each representing "a fancifully shaped configuration of the body portion of a guitar." The applications were opposed by a group of no less than seventeen guitar manufacturers and retailers. Opposers claimed Fender's product designs were not registrable since they were generic for guitar bodies and Fender did not have the requisite acquired distinctiveness in the designs to support registration.

Under U.S. precedent, product configurations are not inherently distinctive and may only be registered as trademarks upon a showing of acquired distinctiveness. To demonstrate that a product configuration, like a guitar body, has acquired distinctiveness, one must show that the primary significance of the configuration in the minds of consumers is not the product itself, but the source of that product. The issue is decided on the totality of the evidence, wherein such factors as length of use, exclusivity of use, consumer testimonials, sales and advertising data are relevant to the determination.

Additionally, the Lanham Act precludes registration of generic marks. A mark, whether a word or product design, can

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In preparation for and during the IRT's meetings, the group considered and reviewed numerous proposals that had been set forth in comments to the initial Draft Applicant Guidebook. The categories of reviewed comments included: comments on the guidebook; pre-launch mechanisms; post-delegation at the top level domains; post-delegation at the second level domains; and dispute policies.

The IRT's draft recommendations include the following: creation of an IP Clearinghouse, Globally Protected Marks List and associated rights protection mechanisms, and standardized pre-launch rights protection mechanisms; creation of a Uniform Rapid Suspension System ("URS"); post delegation dispute resolution mechanisms at the top level; WHOIS requirements for new TLDs; and use of algorithm in string confusion review during initial evaluation.

With the creation of an IP Clearinghouse, a representative of a rights owner would pay a fee and submit data to the IP Clearinghouse. This data would be validated initially and every year thereafter to ensure accuracy. The validated data would then be available in the IP Clearinghouse for new gTLD registry operators or pulled by registries or registrars for use in applications such as a Watch Service to notify rights owners of applications for a term corresponding to their mark or in an IP Claims Services that would notify applicants and trademark owners that a current validated right exists on a term being applied for.

The Clearinghouse could also be utilized in a Uniform Rapid Suspension System (URS) that would be a quicker and less expensive alternative to a UDRP proceeding for domain names that infringe IP rights or that support malicious behaviors. The URS would only be used

for those cases in which there is no genuine question as to the infringement and abuse that is taking place. While more cost effective and swifter than a UDRP, the procedure would only result in the taking down of content and locking of infringing domain name registrations for the life of the registration, but would not result in the transfer or cancellation of a domain name registration.

In addition, it is proposed that a Globally Protected Marks List be created to assist in blocking applications for such terms at the top and second levels. The intention of this list is to include only marks that are globally protected and well-known, with high standards for inclusion and enforcement.

Submitting data stored in the IP Clearinghouse to registries during Pre-Launch periods may also provide a cost savings to trademark owners who might otherwise need to submit the same data several times for verification at multiple registries, while ensuring consistency of validation.

The IRT has also proposed maintaining WHOIS information for domain names under a "Thick WHOIS" model, which is controversial with privacy rights advocates. This "Thick WHOIS" model would create a central, registry-level provision of WHOIS information for all domain names registered within the registry, rather than the current model whereby each registrar may maintain their own database, with varying degrees of disclosure of information. The IRT also recommended that ICANN begin to explore the establishment of a central, universal WHOIS database to be maintained by ICANN.

Although the IRT was ambitious in its undertaking and proposed recommendations, the committee has itself noted that it does not have the final

solutions or details for its proposals in protecting valuable trademark rights. The IRC has requested additional comments and proposals from the domain name community before submitting its final report for consideration by the ICANN community at its meeting in Sydney in June 2009.

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copyright owner based on the purpose of the intended use, the nature of the copyrighted work, the amount of the work used, and the effect the use would have on the market value for the work. Google argued that its use of the copyrighted books was permitted under the fair use doctrine because search results only showed users a brief "snippet" of text from the books where the search term appeared, rather than large chunks or the whole book, and because the program would encourage sales of the books. Opponents argued, however, that this argument overlooked the fact that Google was copying the text of the entire books into its system, stating that it was not so much concern over what is delivered to the user, but the fact that the program copies the entire works in the first place without permission from the copyright owner.

Settlement

In October 2008, after two years of negotiation, Google reached a Settlement, dubbed "the biggest book deal in U.S. publishing history" with the individual authors, the Association of American Publishers, and the Authors Guild, under which Google is to pay \$125 million for the rights to display 20% of any copyrighted book covered by the agreement (not just a "snippet"). Although the parties never reached agreement as to the actual copyright infringement concerns at issue, it was mutually decided that finding a middle ground would benefit all

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concerned. By granting Google the rights to display chunks, rather than snippets, it was argued, hard-to-find books would be more accessible to the public.

Under the deal, Google is also permitted to sell access to individual texts and online subscriptions to individual users and institutions giving access to its entire collection of books. Thirty-seven percent of the profits gathered from the subscriptions, books sales, and advertising revenue are to be kept by Google, and the remaining sixty-three percent are to be collected by a non-profit entity created under the Settlement called the Book Rights Registry, and are to be contributed to a royalty system designed to compensate the authors and publishers involved for access to their works. The Book Rights Registry would also be responsible for making efforts to locate and register copyright owners so that they have a chance to agree or not agree to have their works included in the program. Remaining profits are to go towards settling claims by copyright owners and other legal fees.

Antitrust and Other Concerns

The Settlement has not been met lightly by others in the industry, however. Competitors and critics, including Internet Archive and Consumer Watchdog, are concerned that the Settlement essentially gives Google a monopoly over the digital book industry. In particular, there are concerns over the Settlement's "most favored nation" clause and "orphan works" provision.

A "most favored nation" clause is a contract clause in which a seller agrees to give the buyer the best terms it makes available to any other buyer. The inclusion of this clause in the Settlement means that the Book Rights Registry would be

prevented from offering better terms to Google's competitors. While this may not sound too bad on paper, critics worry that more advantageous terms will be necessary for smaller competitors such as Yahoo! or Microsoft to have a chance to enter the digital book market. Critics argue that the provision's restriction on the Registry's ability to do so, even if it believes it is necessary to enable fair competition, violates antitrust laws and should thus be removed.

Another concern stems from the Settlement's "orphan works" provision. Under the Settlement, authors and publishers are effectively opted into the agreement unless they expressly opt out of having their works included in the program. This is of special concern for those copyrighted works dubbed "orphan works". Orphan works are written materials still under copyright but for which the copyright owner cannot be found, and thus permission cannot be obtained. Millions of books fall into this category. Under normal circumstances, companies are discouraged from using these works for fear that the rights holder will eventually emerge and file suit for substantial copyright damages. Because this Settlement was negotiated as a result of a Class Action lawsuit, however, if passed, Google would not have this worry because it would not be required to seek consent from these authors. Once the class, including all copyright owners potentially affected, was certified by the Court, the representatives of the Class were given the ability to negotiate on behalf of the entire class, including authors of orphan works. Many fear the provision goes too far by essentially granting Google blanket and exclusive license to potentially millions of works. They argue that because the provision shields Google from liability for using these works, while providing no such protection to any other competitors, it is in essence a barrier for

other competitors seeking to enter the market. If this rings true, Google would have free reign to raise prices for access to the collection. Thus, critics argue that the provision should instead be extended to cover all who digitize books.

Critics also argue that that Settlement goes too far from a societal-standards perspective. With Google as the sole decider which works would or would not be offered to the public, some fear it will essentially become a primary designator of what is appropriate or not for public viewing. Moreover, the actual authors of works covered by the Settlement could potentially be prohibited from offering their works elsewhere.

Conclusion

These developments have prompted the Judge overseeing the Settlement to postpone the deadline for authors to opt out of the Settlement by four months, per the request of many authors and heirs of authors desiring more time to review the deal. Although the Court must have found reason to certify the parties who brought the lawsuit as fair representatives of the entire Class, the Settlement is still subject to Court approval, providing another chance for the Court to consider whether the representatives have fairly negotiated on behalf of the orphan works authors.

In the meantime, Google appears to be moving ahead, albeit at a slower pace, with development of the online book search. Google has faced antitrust allegations in the past and it has always been willing to take a step back. While the D.O.J.'s inquiries show that it believes there is something to the concerns raised by critics, it does not necessarily mean it will oppose the Settlement, or that the Settlement will be approved in the first place.

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become generic if it ceases or fails to serve as a source identifier.

Opposers contended that Fender's alleged marks, the guitar body shapes, had become generic due to industry-wide copying of the designs. Opposers submitted extensive evidence from over one dozen manufacturers demonstrating that the Fender guitar shapes had been copied essentially since the products were first launched. Evidence also indicated that Fender never policed or sought to enforce any alleged trademark in the body designs over the years. Specifically, though Fender often challenged use of word marks or logo designs, it never challenged use of a guitar body shape, even though competitor bodies were virtually indistinguishable from Fender's. Fender's own advertising over the years also demonstrated the shapes were generic. A number of ads explicitly referenced competitor guitars and implored consumers not to be "fooled by imitations" and to seek out "the original."

Lastly, though Fender first started marketing guitars in the shapes at issue in the 1950s and by its own admission became aware of widespread copying in the 1970s and beyond, it never claimed a trademark in the shapes until 2003 and 2004.

Opposers also argued the configurations were not registrable since they had not acquired distinctiveness. Here, too, the Board found that Fender failed. One consideration in the measure of acquired distinctiveness is length of and exclusivity of use of an alleged mark. Given industry-wide copying of Fender's body designs for the better part of fifty years, there was no such exclusivity of use. Further, Fender's failures to police its claimed mark over the years and to claim rights in same eroded any distinctiveness that Fender may have achieved. Thus, the applications were refused registration.

Based on this record, the Trademark Trial and Appeal Board found that the product designs had become generic for

the goods. The product designs failed to identify Fender as the source of the guitars at issue because over the years consumers have been exposed to a multitude of similar-appearing products in the market. Thus, the shape identified the product generally, and not the source of same. Therefore, registration was refused.

The Fender case demonstrates that when a company believes that a product configuration serves as a source identifier for its goods, the company should consider seeking trademark protection, claiming and enforcing rights from the beginning. Failure to take these steps early can lead to disastrous consequences down the line for potentially iconic designs. Though the burdens can be high and significant effort may be required to demonstrate acquired distinctiveness, the failure to seek protection may result in allowing a unique design to become generic, and the marketing value associated with a product design acting as a source identifier cannot be underestimated.