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Peter Giddens leads off with a discussion of the creation of new top level domain names – TLDs – on the Internet.

In our second article, Matt Thurlow looks at the Java Café trade mark case, which discusses the effects of descriptiveness of trade-marks.

.YourTrademarkHere – Is Your Brand Domain Worthy?

Peter Giddens

Following a consultation period,[1] the Internet Corporation for Assigned Names and Numbers ("ICANN")[2] has confirmed that it intends to introduce new generic top-level domains ("gTLDs") in 2010. Although 21 gTLDs[3] are currently available (the most common being .com, .net, .org), ICANN believes that expansion is necessary to the continued success of the Internet; the desire to increase diversity, choice and competition are all cited as factors driving the decision.

On October 24, 2008 ICANN released a draft gTLD *Applicant Guidebook*[4] for public comment and review, setting out the information for those who are considering applying for a new gTLD. The public consultation period concerning this document will close December 8, 2008. It is expected that the finalized *Applicant Guidebook* will be released in early 2009, followed within four months by the formal commencement of a limited application period. After the application evaluation process is completed, the first new gTLDs are expected to be approved and ready for use in the first half of 2010. It is presently intended that additional application rounds will take place after the conclusion of the initial application period.

Two types of gTLD applications will be permitted: (1) those seeking to establish a gTLD endorsed by a particular restricted community (i.e. a particular industry (e.g. .flowers), or a particular geographic region (e.g. .toronto)); and (2) those wanting to establish a gTLD that can be used for any purpose consistent with the requirements of the evaluation criteria and registry agreement. This second type of gTLD may or may not have exclusive registrants or users and may or may not employ eligibility or use restrictions. It is anticipated that the latter group will include a large number of applicants wishing to secure gTLDs that match the name of the applicant or its trade-marks (e.g. .yourpersonalname, .yourcompanyname or .yourtrademark). In addition to roman characters, applicants will be able to apply for gTLDs in languages that use other character sets, thus truly internationalizing the domain system.

Applicants must be an established corporation, organization or institution; individuals and sole proprietorships may not apply. All applicants must demonstrate that they have the organizational, technical and financial capabilities of operating a gTLD. The cost of an application has been set at US$185,000, although applicants may be required to pay additional fees in certain cases. It is

intended that the fees will be used to recover all of the costs associated with running the application process.

Naturally, the gTLD expansion process is of great interest to trade-mark owners who are concerned that other entities may apply for gTLDs that are identical or confusingly similar to the brand owner's trade-marks. Given the global nature of the Internet and the more restricted national scope of protection afforded by trade-mark registrations, such concern is well founded. For example, if Company A owns trade-mark X in Canada, and Company B owns the same trade-mark X in Australia, should either company be entitled over the other to secure .X as a new gTLD? Even in a single country, there may be two or more companies that can legitimately claim trade-mark rights in the same mark if no confusion would be likely to arise. Company C may have rights in Canada to trade-mark Z for use with beer and Company D may contemporaneously have rights in Canada to trade-mark Z for use with airline services, and both companies may wish to have the .Z gTLD. Accordingly, the new gTLD evaluation process will contain a mechanism by which trade-mark owners will have an opportunity to object to applications for gTLDs on the basis of existing legal rights.

Brand owners need to be aware that once a TLD is allocated during the first application round, no confusingly similar TLDs will be permitted in later application rounds.

ICANN intends to post all applications for new gTLDs, and all brand owners – whether they are applying to secure a gTLD or not – should plan to monitor the applications filed by others to determine if they wish to file an objection prior to the posted deadline date. Not only should brand owners be concerned about preventing their trade-marks from ending up in use as someone else's gTLD, but they need to be aware that this is one party they don't want to be late for; once a TLD is allocated during the first application round, no confusingly similar TLDs will be permitted in later application rounds. This is expected to result in thousands of applications and objections alike being filed in the first round.

An application may also be denied on the basis that the proposed gTLD is offensive[5] or is comprised of a character string that is confusing with one of the existing TLDs, or is objected to by a significant portion of the community to which the gTLD may be explicitly or implicitly targeted.

If there are multiple competing applications for the same gTLD (or for different gTLDs which contain very similar strings, e.g. .sport *vs.* .sports) which otherwise clear any objections raised and are not resolved by other means, it is anticipated that the gTLD will be auctioned to the highest bidder.

Trade-mark owners should also note that it is expected that all new gTLDs will be subject to ICANN's existing Uniform Dispute Resolution Policy ("UDRP") for domain names or a modification thereof. Accordingly, if the successful applicant of a new gTLD permits second level domains to be registered within that TLD which are confusingly similar to a brand owner's trade-mark (e.g. <yourtrademark.newgtld>), it is expected that, at the option of a complaining trade-mark owner, the domain registrant will be required to participate in a mandatory arbitration proceeding, with the remedy for a successful complaint being the transfer or cancellation of the domain name.

In deciding whether to apply for a new gTLD that corresponds to its name or trade-marks, brand owners should consult with each of the areas of the company that will have a stake in the project and consider what it is that they hope to accomplish. Will securing a corporate gTLD lead to increased visibility as a global brand? Will it allow a better connection with customers? Will it provide a unifying platform through which disparate corporate segments can be effectively merged? Will it enhance the company's brand protection and security/risk management strategies? Can goodwill be increased by allocating domain names to customers or affiliates? Will becoming a gTLD registry operator permit the company to eventually reduce dependency on third party service providers? Where should the registry be located and how will it be structured? Who will maintain the registry? These are only some of the points that need to be considered.

Given the high cost, as well as the operational and technical requirements associated with securing a gTLD, it will certainly not be every company that will seek to file an application. However, the new gTLD allocation process will provide a unique opportunity for many trade-mark owners, and will require an increased level of vigilance for all trade-mark owners, both during and after the application period.

1 ICANN consulted with a variety of stakeholders in the global Internet community including representatives from commerce and business, gTLD registries, Internet service providers, domain name registrars, non commercial constituencies, governments, and the IP community.

2 ICANN is the not-for-profit public-benefit corporation responsible for coordinating the Internet's addressing system.

3 In addition to gTLDs, there are more than 240 country code top-level domains (ccTLD) available, such as .ca and .uk.

4 The draft document is available for download at http://www.icann.org/en/topics/new-gtld-comments-en.htm

5 ICANN advises that offensive names will be subject to review on the basis of public morality and order, using criteria drawn from international treaties.

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Court Says Consumers Know Their Java


Matt Thurlow

On September 19, 2008, the Federal Court of Appeal ("FCA") allowed the appeal by Shell Canada Limited ("Shell") of a decision of the Federal Court, which had upheld a decision of the Registrar of Trade-marks refusing Shell's opposition of P.T. Sari Incofood Corporation's ("P.T. Sari") application for registration of the trade-mark JAVACAFE.

Before the Registrar and in the Federal Court, Shell unsuccessfully opposed P.T. Sari's trade-mark application on the basis that the trade-mark was not distinctive of P.T. Sari, and was not registrable in view of Section 12(1)(b) of the *Trade-marks Act* as being clearly descriptive or deceptively misdescriptive of some of the wares in the application. While P.T. Sari's application covered a wide variety of wares, Shell's opposition on this basis related only to a variety of coffee-related wares, namely coffee powder, cooked coffee beans, instant coffee, freeze-dried coffee and granular coffee. A trade-mark does not conform to Section 12(1)(b) if, when depicted, written or sounded, as a matter of immediate impression for consumers, it is either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used.

Using only dictionary definitions the Federal Court found that JAVACAFE to be descriptive of coffee-related wares. There were no surveys linking these definitions with likely immediate impressions of consumers. The use of JAVA and CAFE were said only to lead to the impression that it describes coffee related wares.

While P.T. Sari's mark is not presented as two separate words – but rather a single coined word – the trial Court found this distinction to be irrelevant when the word is sounded in the French language, and the descriptiveness analysis was conducted as if the mark had been two separate words.

Considering the mark in the French language, the element "Café" is descriptive, as it literally means "coffee"; however, the Registrar noted that there was no evidence as to the meaning of the word JAVA in French. The only French language definition considered by the Registrar was one found by the Registrar and indicating "Java" to be a type of dance (in addition to materials indicating Java to be an Indonesian island). Accordingly, the Registrar found the mark not to be descriptive, and refused the opposition.

In appealing the Registrar's decision to the Federal Court, Shell submitted additional evidence regarding the meaning of the term "Java." This evidence included French-language dictionary definitions of this word indicating "Java" to be an Indonesian island, and various encyclopedia entries indicating that island to be known for its coffee. The Federal Court found that, even if such evidence had been submitted during the opposition proceeding, it would not have materially altered the result and denied the appeal of the Registrar's decision.

The FCA disagreed and held that this additional evidence demonstrated that the word "JAVA" is known to French-speaking Canadians as an Indonesian island that is known for its coffee. As such, the FCA ruled, if presented with such evidence, the Registrar would have found the trade-mark, in French, to be descriptive of the character of P.T. Sari's coffee-related wares.

The FCA came to this conclusion without the benefit of any survey evidence to link that single possible interpretation of the term "Java" with the likely immediate impression of consumers, and any association that would be made by such consumers with related wares. Instead, in allowing Shell's appeal, the FCA found that such evidence was not necessary as no other impression was likely in the context of the wares, and the use of "Java" with "Café." P.T. Sari unsuccessfully argued that a particular definition or encyclopaedic description of a term does not mean a consumer would come to such an interpretation as a matter of first impression.

The FCA held the mark to be descriptive of the character, quality or place of origin of the coffee-related wares and, by extension, not to be distinctive of P.T. Sari's coffee products, and directed that the Registrar accept Shell's opposition in respect of the aforementioned coffee-related wares and thereby deny registration of the trade-mark for those wares.

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News

Dale Schlosser, is the new Chair of the Intellectual Property Group. Dale has been a partner with the firm since 1999 and is a certified Specialist in Intellectual Property Law (Patents, Trade Marks, and Copyright) by the Law Society of Upper Canada. He is also a registered Canadian Trade Mark Agent, Canadian Patent Agent and is registered to practice before the United States Patent and Trademarks Office.

Mark Mitchell, a partner in the Toronto office, was named Editor of the IP Brief in September 2008.

Rosamaria Longo, an associate in the Toronto office, was elected to the Executive Committee of the Toronto Intellectual Property Group

Donald MacOdrum and Donald Plumley Recognized as *Best Lawyers in Canada* 2009

Lang Michener is pleased to announce that **Donald MacOdrum** and **Donald Plumley** were recognized for their achievements as Intellectual Property lawyers in the *Best Lawyers in Canada* 2009 edition. The *Best Lawyers* listings are determined by conducting exhaustive peer-review surveys in which thousands of leading lawyers confidentially evaluate their professional peers. Lang Michener also had 17 other lawyers listed in a variety of practice areas.

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