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Stay on the Inside Line: Recent Developments in Intellectual Property and Securities Laws

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How to Protect Your Brand in Preparation for the Dot Something Land Rush

You are familiar with domain names that end with .com, .org, .net and .edu. As of today, there are only 22 generic top-level domains (gTLDs). However, the Internet Corporation for Assigned Names and Numbers (ICANN) has now allowed over 1,900 applications for new gTLDs, and is currently in the reviewing process prior to their launch. Some examples of new applications for gTLDs are:

- Geographic-specific, such as .amsterdam, .miami and .africa;
- Brand-specific, such as .google and .chanel;
- Industry-specific, such as .doctor, .energy and .sex;
- Category-specific, such as .faith and .film. and .gay; and,
- Description-specific, such as .sucks and .rocks.

These new gTLDs are expected to launch as early as this summer. This increase of new gTLDs on the Internet will dramatically increase the likelihood of infringement of your trademark on the Internet. Third parties may try to register domain names that use your trademark or similar variations of your trademark in connection with one of the many gTLDs that will become available. Instead of responding to trademark infringement after the fact, it is advisable to take preventative measures now by implementing a brand protection strategy.

Clearinghouse Registration: One Method to Prevent Trademark Infringement

The first question you should ask is which trademarks you want to protect as domain names in the new gTLDs. Once you have identified these trademarks, you should consider registering such domain names *before* they become available to the public. For instance, if your brand is ABC SHOES, and you want to have priority in registering WWW.ABCSHOES.SHOES, you will need to register your trademark ABC SHOES in the Trademark Clearinghouse.

The Trademark Clearinghouse is a "one-stop shop" that will verify and validate your trademark for all of the new gTLDs. Since its launch on March 26, 2013, many trademark owners have taken advantage of this new system by registering their trademarks. By registering your trademark in the Clearinghouse, you get priority to register domain names that include your trademark to the new gTLDs. You will be notified before a new gTLD launches (a "Sunrise Period") and domain names become available to the public. Although your registration in the Clearinghouse will not block third parties from registering domain names comprised of your trademark, it will send you a warning when a third party attempts to do so. Since no one knows how long the Clearinghouse registration process will take, Troutman Sanders' Intellectual Property group advises clients to act as early as possible. The costs for a Clearinghouse registration can range from $150 to $750 per mark, depending on the term of the registration.

Can Your Trademark be Registered in the Trademark Clearinghouse?

You may register the following types of trademarks in the Clearinghouse:

- Nationally registered trademarks, such as U.S. Patent and Trademark Office registrations, EU community trademarks and those with protection under the Madrid Protocol;
- Trademarks validated by a court of law or judicial proceedings (may include common law and state trademarks); and,
- Treaty-validated or statute-validated trademarks, such as Olympic trademarks.

Check List for Your Brand Protection

Here are some questions we advise that you ask yourself and your organization:

- Which trademarks or its variations do I want to register as domain names in the new gTLDs?
- Which trademarks or variations do I need to block others from registering as domain names?
- Are my trademarks eligible for registration in the Clearinghouse? If so, which trademarks do I want to register in the Clearinghouse?
- Which domain name registration applications will I need to file when the gTLDs launch? For a full list of proposed gTLDs as of today, please visit *http://newgtlds.icann.org.*
- Do I want to retain a watch service to monitor applications for domain names that include my trademarks or their variations?

Corporate Disclosure Through Tweets and Facebook? Not so Fast.

After a lengthy investigation into a posting by Netflix's CEO on his personal Facebook page – a possible violation of Regulation FD – on April 2, 2013, the SEC issued a Report of Investigation on its findings. The essence of the Report is that if investors expect disclosure of important information to be made through a channel such as Facebook or Twitter, and if investors have access to that channel, disclosures of material information through that channel are permitted. This is entirely consistent with the SEC's 2008 Regulation FD guidance on website postings.

Most commentary on the Report focuses primarily on what a company must do in order to create the required level of expectation to use such channels for communication of material non-public information. We believe a different focus may be appropriate. Should companies really be relying on non-traditional communication channels for the disclosure of important information – information that is material and non-public? While there may be some instances where it may be appropriate, we believe that the vast majority of the 13,000+ public companies should steer clear of this approach, at least for now.

Disclosure of material non-public information is all too often a liability creating event. A misstatement, or even a slight overstatement, can provide the poisonous quote essential to a class-action attorney's condemnation of a company and its management or the invitation for a SEC investigation. Disclosure of material non-public information must not be cavalier; it must be the product of careful thought and review by appropriate accounting, finance and legal functions. Indeed, many public companies have disclosure committees for this very purpose. Through a thoughtful process, risk can be controlled and companies can make good and timely disclosures without undue cost or effort. Most importantly, through this process companies can mitigate against these potential costly and time-consuming strike suits and investigations.

We certainly can imagine exceptions. Facebook and other advocates of evolving technology have a vested interest in using the newest communications channels as widely as possible. Similarly, a well-disciplined CEO, who either carefully crafts his posts (and has them appropriately reviewed), or posts items prepared for him, can control the process well enough so that it should not generate unreasonable exposure. (Query, where do you put any needed "safe harbors?") But we believe these should be the exceptions, not the rule. Our experience is that most management-Facebook postings and tweets are spontaneous and often are by the person in every organization whose enthusiasm is the hardest to contain, the CEO. This is understandable given that the nature of these communications channels invites off-the-cuff disclosures. For this reason, these disclosures often do not include a balanced presentation with appropriate caveats. Most likely, they are not reviewed by others. In fact, they usually violate the cardinal disclosure rule of "never be wrong alone."

For now, we urge companies to stick to tried-and-true IR practices. Broadly disseminated announcements and presentations that are Regulation FD-proof remain the best forums for communicating prospects and recent results. Company IR policies should continue to contain appropriate limitations on the use of social media. Perhaps in time, social media will have its due, but for most companies that time is not yet here.

About Troutman Sanders

Troutman Sanders LLP is an international law firm with more than 600 lawyers and offices located throughout North America and in Asia. Founded in 1897, the firm's lawyers provide counsel and advice in practically every aspect of civil and commercial law related to the firm's core practice areas: Business Law, Real Estate, Finance, Intellectual Property, Energy and Industry Regulation and Litigation. Visit *www.troutmansanders.com* for more information.

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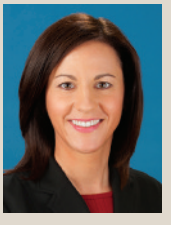

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