

June 20, 2011

ICANN Formally Adopts New Generic Top-Level Domain Name Program, Postpones Application Period

As expected, the ICANN Board of Directors voted to approve the New Generic Top-Level Domain Name Program at its annual meeting in Singapore. ICANN has postponed the application period, however. ICANN will accept applications between January 12 and April 12, 2012. Before the meeting, the application period was expected to open in November 2011 and close in February 2012. This postponement will give ICANN more time to market the New gTLD opportunity to its numerous stakeholders.

It is hoped that allowing Internet domain names to use any words, in any language, will foster new creativity and economic growth for both commercial and non-profit Internet enterprises.

For additional detail, please see our Legal Alert from last week, reproduced below.

LEGAL ALERT

June 14, 2011

New Generic Top-Level Domain Name Application Procedures Are in the Home Stretch

Assuming that the ICANN Board of Directors gives its final approval on June 20, Internet users will have their first opportunity to branch out beyond the familiar, limited set of Internet top-level domains (*e.g.*, .com, .org, .net, .edu, .biz). With limited exceptions, these new flexible domain names—known as “New generic Top-Level Domains,” or “New gTLDs”—can use any terminology the applicant desires, including the non-ASCII characters needed to accommodate languages that do not use Latin script. Although the exact timetable remains subject to change, ICANN plans to open an application window for the first group of applications in November 2011 that will last for up to three months. Trademark owners need to monitor this program for potentially infringing gTLDs, even if they do not intend to apply for any brand-based gTLDs. ICANN is taking a “speak now or forever hold your peace” approach to trademark protection, requiring the trademark owner to object to the registration of any potentially infringing gTLD.

History & Goals of the New gTLD Program

ICANN—the Internet Corporation for Assigned Names and Numbers—has considered expanding the gTLDs since 2005. The program is meant to promote innovation and competition in the domain name market, resulting in more consumer choice. While ICANN does not expect these New gTLDs to have a material impact on how the Internet operates, they are likely to change the way people search for information or structure their online identities. This process has been a long one; on May 30, 2011, ICANN issued the most recent version of the Proposed Applicant Guidebook, after numerous revisions spanning several years. ICANN watchers predict that the program will be approved on June 20, but the Applicant Guidebook containing the detailed application requirements and procedures will remain a work in progress while ICANN launches its Communications Plan to encourage the submission of applications.

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Potential Uses of New gTLDs

These new, flexible gTLDs provide numerous advantages. The first is control. Any entity seeking a commercial global Internet presence needs a “.com” address, and a single registry, VeriSign, provides access to that domain. A company wanting more control over how its identity is used on the Internet can become its own registry, and prevent the selling of second or third level domains using its brand. Depending on the value of a company’s brands, it may make sense to register several brand names as gTLDs. At a cost of \$185,000 in filing fees alone, however, there are good reasons to plan those applications carefully.

Another advantage is creativity. Once granted, a gTLD registration gives the owner the rights and privileges of an Internet registry. A business could register a type of product or service, such as “.insurance” or “.computers” as a gTLD, then sell its services as a registry to allow businesses operating in that industry to have second or third level domains. A more generic gTLD such as “.web” could become an attractive general purpose domain with commercial appeal. Geographic names, such as the names of cities, states or provinces can be used as gTLDs, but applications to register those names must be supported by the relevant local government or authority.

Application Process & Requirements

Applying for a New gTLD is more complex than requesting a domain name from an existing registry. An applicant for a new gTLD is, in effect, applying to create and operate a registry business supporting the Internet’s domain name system, which involves significant responsibilities. Applicants must be “[e]stablished corporations, organizations or institutions.” Individuals, sole proprietorships, or legal entities to be formed in the future are not eligible to apply.

Application fees are significant—the full Evaluation Fee is \$185,000. The first \$5,000 is due when an applicant becomes a Registered User and requests an application slot when the application period opens. The balance must be paid when the full application is submitted. An applicant who withdraws an application before the evaluation is complete will be entitled to a refund of the fee, subject to a reduction based on how much evaluation has been performed at the time of withdrawal.

All applications will be submitted electronically and subjected to multiple levels of review. The Initial Evaluation consists of String Review for similarity to existing strings, adverse impact on Internet security and stability, any required geographic approval and Applicant Review. In the Applicant Review, ICANN will determine whether the applicant has the technical, operational and financial ability to operate a registry, while also ensuring that those registry services will not adversely affect the security and stability of the Internet. ICANN will screen the applicant for general business diligence, for criminal history and for its previous cybersquatting behavior. The applicant’s officers, directors and controlling shareholders will receive the same screening.

Handling Overlapping Applications

If more than one commercial applicant applies for the same or a confusingly similar gTLD string or set of related strings, String Contention procedures will commence. If the parties cannot resolve the dispute themselves, ICANN will hold an auction for the string or string set. A different mechanism will be

available for “community-based” applicants who claim to represent the same community and propose using the same or similar strings.

Protection for Mark Owners

ICANN is using an objection-based process, which allows a trademark owner to make a Legal Rights Objection demonstrating that a proposed gTLD would infringe its legal rights. Public portions of all applications considered eligible for evaluation will be posted on the ICANN Web site within two weeks of the close of the submission period. Similarly, the String Confusion Objection also protects trademark owners by allowing an objection to an applied-for gTLD string on the grounds that it is confusingly similar to an existing Top-Level Domain (TLD) string, or to a co-pending TLD string. All trademark owners should check ICANN’s posted application list for strings that present infringement or other legal rights issues. An administrative procedure will be established to resolve these disputes, which will require paying a filing fee.

ICANN also requires all applicants to provide a rights protection mechanism that meets specified minimum requirements, including a Sunrise Period and a Trademark Claims service. The Trademark Clearinghouse will support those rights protection mechanisms, but it will require that the mark be registered, validated through a judicial proceeding, or protected by statute or treaty. Common law rights are not protected as fully as they would be under U.S. law. All successful applicants for new gTLDs also must ensure that second-level registrations are subject to ICANN’s Uniform Domain Name Dispute Resolution Policy (UDRP), and to the Uniform Rapid Suspension (URS) procedure, and that they comply with the Trademark Post-Delegation Dispute Resolution Policy (PDDRP). All of these mechanisms require diligence by the mark owner to register marks in the Trademark Clearinghouse, and to invoke the UDRP, URS and PDDRP when needed.

Other Grounds for Objection

Interested third parties may raise Public Interest Objections and Community Objections. The Public Interest Objection is the vehicle for opposing the applied-for gTLD as offensive to generally accepted legal norms of morality and public order as recognized by international law. The Community Objection allows a significant portion of the community targeted by an applied-for gTLD to object to the applicant’s ability to fairly represent that community as a domain name registry.

Next Steps for Mark Owners

Organizations with significant trademark assets should, at the very least, monitor ICANN’s gTLD process developments. They should plan to review the posted string applications list, likely to be posted sometime in February 2012 or later, and prepare to object to any applied-for strings that are identical or confusingly similar to the organization’s marks or existing domain name strings. Because these procedures are all evolving, trademark owners will need sound advice before making any such objections. While legal proceedings may be possible to attack cybersquatters after an infringing TLD is granted, the objection process is expected to be less expensive and faster than federal court litigation. Considering the high filing fee and extensive application requirements, organizations considering applying for a New gTLD should have a sound marketing plan supporting the desired gTLD, and should study the application requirements closely. An applicant must supply a significant amount of information that could prove difficult to collect within the three-month application window.



If you have any questions about this development, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

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