

[Read this online](#)

Allen Matkins

Intellectual Property Alert



[Philip C. Schroeder](#)
Orange County
(949) 851-5413
pschroeder@allenmatkins.com

About Allen Matkins

Allen Matkins Leck Gamble Mallory & Natsis LLP is a California law firm with more than 220 attorneys practicing out of seven offices in Orange County, Los Angeles, Century City, San Diego, Del Mar Heights, San Francisco and Walnut Creek. The firm's broad-based areas of focus include intellectual property, real estate, construction, land use, environmental, corporate, finance, business litigation, tax, bankruptcy and creditors' rights, and labor and employment. [More...](#)

[Technology & Intellectual Property Practice](#)

FOLLOW US



Managing Your Brand Online - Historic Expansion of the Internet Domain Name System

The approval of a new class of generic top level domains may impact your rights in your trademarks and brands as well as transform your on-line marketing strategies.

June 30, 2011

On June 20, 2011, the International Corporation of Assigned Names and Numbers ("ICANN") approved the launch of a new class of generic top level domains ("gTLD's") (i.e., the string of letters to the right of the dot in a domain name, such as .com, .net and .gov) that may change the landscape of how we search for information on the Internet.

Currently there are only 22 gTLD's in addition to about 250 country code top level domains, such as .eu (European Union), .ca (Canada) and .jp (Japan). At this time, if an organization wants to create a website, it contacts a domain name registrar to acquire ownership of a second level domain (i.e., the string to the left of the dot) in connection with one of the existing top level domains (e.g., company.com).

Under the newly-adopted plan, any established public or private organization can apply for its own gTLD, which will allow an organization to control a gTLD for its trademarks (e.g., .kodak or .microsoft) or its goods or services (e.g., .camera or .hotels) or a topic of interest (e.g., .football) to name just a few examples. The new gTLD's may include diacritical marks (accent marks) and non-Western characters, such as Chinese and Arabic characters.

If your application for a gTLD is accepted, then you will run the registry for your gTLD and will be able to control the registration of all future second level domains for that gTLD. As an operator of a registry, you can sell second level domains to the public at any price, or not sell them at all, or perhaps make them available only to persons within your own organization.

Application Timing and Fees

ICANN will accept applications for new gTLD's for a three month period beginning January 12, 2012 and ending April 12, 2012. The ICANN application fee is \$185,000, and expected total costs associated with the application are about \$500,000. The application process is expected to take between nine months, for applications with relatively few issues, and up to 20 months for more problematic applications.

Some of the main aspects of the application review are: (i) whether the proposed gTLD string is likely to result in user confusion due to similarity with any reserved name, any existing gTLD, or any new gTLD string applied for in the current application round; (ii) whether the proposed gTLD represents a geographic name, in which case the applicant must be the relevant governmental or public authority; and (iii) whether the applicant is technically, operationally and financially capable of operating a gTLD registry.

Costs and Benefits of Applying for Your Own gTLD

You may want to consider owning your own gTLD to better control your brand. If Internet users become aware of the new gTLD's, they may put more trust in websites with a brand name as the gTLD (e.g., .brand). Cybersquatters and counterfeiters using second level domains in connection with gTLD's other than the .brand gTLD may not be as effective if customers know to look for the .brand websites. Alternatively, owning a more general gTLD can be an effective way to control the dialogue on a broad topic; for example, a hotel owner may want to own .hotels, and then limit the sale of second level domains using that gTLD to its strategic partners.

If the new gTLD's are widely accepted by Internet users and attract high levels of Internet traffic, owning a gTLD may increase an organization's credibility and legitimacy. Given the expense of applying for a gTLD and running a registry, Internet users may feel that organizations who own a gTLD are more stable. Owners of a gTLD may also be seen as technical leaders in their industries.

On the other hand, there is a risk that the new gTLD's will not be widely adopted. While there are currently 22 gTLD's in use today, .com is by far the most popular and many of the gTLD's, such as .coop and .pro, attract comparatively little Internet traffic.

Further, in addition to the high application costs, there will be ongoing costs associated with operating a domain name registry, including an annual \$25,000 fee paid to ICANN. As an operator of a domain name registry, the gTLD owner will be responsible for maintaining a piece of Internet infrastructure that may be separate and apart from the owner's core business. The owner may not possess the technical, operational and legal skills required to run a domain name registry so additional management expenses will likely be required.

Most of the \$185,000 ICANN application fee is non-refundable once the application review has begun. Therefore, if the gTLD application is rejected for any reason, then the applicant will have spent a few hundred thousand dollars with nothing to show for it.

I Don't Want My Own gTLD. Do I Need to Do Anything?

Even if you have no intention of owning your own gTLD, you should still monitor the gTLD process. During the application phase, ICANN will publish a list of the proposed new gTLD's. Third parties will then have

the opportunity to file an objection to a proposed gTLD string based on the following grounds:

- The string is confusingly similar to another proposed gTLD applied for by the third party;
- The string infringes the existing rights of the third party (such as trademark rights); or
- The string is unacceptable to the community affected by it.

Developments in use of gTLD's may also impact your online marketing strategies. You may want to monitor whether any of your competitors have applied for a gTLD with their brand. If another organization applies for a gTLD incorporating a frequently used term in your industry, you may want to consider applying for a second level domain under that gTLD. In the future, you may also need to monitor the new gTLD's for cybersquatters and counterfeiters who may apply for second level domains confusingly similar to your company name, trademarks or brands.

While it is expected that only a few hundred organizations will apply for their own gTLD, adoption of the new gTLD's may impact the trademark and marketing strategies of a much broader group.

Please contact us if you would like more information about the application process for the new gTLD's or have any other questions surrounding these developments.

© 2011 Allen Matkins Leck Gamble Mallory & Natsis LLP. All rights reserved. This email is intended for general information purposes only and should not be construed as legal advice or legal opinions on any specific facts or circumstances. This email was sent by: Allen Matkins Leck Gamble Mallory & Natsis LLP, 515 S. Figueroa Street, 7th Floor, Los Angeles, California 90071. To stop receiving this publication, click on the "unsubscribe" button.