

# What Does the Expansion of New gTLD Domain Names Mean for Your Company or Organization?

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Avoid a nightmare! Don't wait until several months from now when your company or organization learns that its key competitors are some of the first applicants to file for new generic top level domains (gTLDs) to be asked why your company did not know about this new branding innovation. Raise the issue now so your company or organization can make a timely, informed decision.

After a long pattern of public discussion, furor, and lulls, 2011 appears to be the year in which the Internet Corporation for Assigned Names and Numbers (ICANN) finally expands cyberspace to introduce new gTLDs that may be of interest to your company, industry, or association.

Branding opportunities in cyberspace will change from [www.your-brand.com](http://www.your-brand.com) to [www.\\_\\_\\_\\_.your-brand](http://www.____.your-brand), where a brand owner does not merely register a domain name, but operates its own domain name registry similar to GoDaddy. The benefit of moving from dot com (.com) to dot your brand (.yourbrand), is that your company or organization will be able to create a large, unified Internet presence, where consumers could go directly to your retailer, distributor, or career sites ([www.name-of-retailer.your-brand](http://www.name-of-retailer.your-brand) or [www.careers.your-brand](http://www.careers.your-brand)) or form consumer groups, communities, and fan sites ([www.johndoe.your-brand](http://www.johndoe.your-brand)). Industry and product gTLDs such as .pharma, .food, and .banks will now be available. The downside is the corresponding operational expenses and opportunities for infringers. The initial application fee alone for one gTLD is tentatively \$185,000 with a yearly renewal fee of \$25,000, and there are stringent technical and operational requirements. Your company may need to expand its domain name monitoring and enforcement program. Also, ICANN will not approve gTLD domain names that are identical or will result in consumer confusion so if your company name is the same or similar to another, you need to be aware that someone else could obtain your gTLD of choice. **Is your company or association ready? Read on to learn about what this Internet expansion means for you, and how the gTLD application and enforcement process will work. At the very least, check out the "As a brand owner, what should I do" section which tells you what you should consider now.**

## Why are new gTLDs being created?

The Internet Corporation for Assigned Names and Numbers ("ICANN") announced a plan to establish the new generic top-level domain ("gTLD") program and consulted with the global Internet community to develop related policies, which are still being discussed today. One of the reasons for introducing the new gTLDs is to offer more choices within the Internet's addressing system, which is currently represented by only 21 gTLDs (e.g., .com, .net, .org, .info) and roughly 273 country-code top-level domains ("ccTLDs") (e.g., .us, .cn, .de, eu).

## What types of gTLDs are being introduced?

The program will provide new branding opportunities (e.g., .insert-your-brand-here), industry gTLDs (e.g., .fashion, .oil, .cars), and geographic gTLDs (e.g., .kansas, .madrid, .boston).

## As a brand owner, what should I do?

The proposed expansion of new gTLDs has caused a great deal of excitement as well as uncertainty for brand owners. While they will provide novel ways of establishing companies as Internet marketing innovators, the gTLDs also will create more opportunities for piracy, cybersquatting, and consumer confusion.

Make an informed decision. This process should involve key employees from different groups within the company or organization (top executives, marketing, legal, and information technology) and perhaps consultants to advise on the technical and operational requirements of the domain name system ("DNS"). Identify brands that are a priority to maintain and protect, and consider whether or not to participate in the new gTLD system by evaluating the branding opportunities, application procedure, costs, risks, and technical and operational requirements of operating a gTLD.

Marketing would need to determine whether to incorporate this into its branding plans, and if so, how. The gTLD site could operate as an Intranet of sorts with sections devoted to functions or departments, e.g., [www.distributors.your-brand](#) or [www.legal.your-brand](#), or as something more robust where retailers, fans, and others could register their domain names with the gTLD, e.g., [www.yourdistributorsname.your-brand](#) or [johndoe.your-brand](#). Some companies and organizations may prefer to build a presence around a key industry term such as .clothing, .perfume, or .golf, rather than around a brand name.

The economics and technical requirements could vary greatly so meetings should involve information technology specialists at the company who have reviewed the technical operational requirements that will be required of gTLD applicants who are approved to become a Registry Operator like GoDaddy.com, Inc. and eNom Inc. Your company would need to demonstrate that it can operate the gTLD in a stable and secure manner, deliver monthly reports to ICANN, operate a domain name registry for those applying for domain names within the gTLD, and provide a means for dispute resolution. Much of this can be outsourced, but will take time. Unless your company has made plans to lay this groundwork, it may not be in a position to apply for a gTLD if the application process opens in Summer/Fall 2011, and future rounds may not open until 2013.

Undoubtedly, management would need to approve the branding strategy and the increase in costs and personnel. It is a long-term commitment since, if approved, the company would need to sign a 10-year agreement with ICANN. Developing and maintaining the technological platform requires a lot of money. The initial application fee alone for one gTLD is tentatively \$185,000 with a yearly renewal fee at \$25,000. There assuredly would be costs associated with new branding strategies. Enforcement costs are likely to rise whether or not the company applies to register a gTLD since the company may need to stop infringers from registering the company's brands.

Legal should advise on the registration and enforcement process. Stay apprised of developments in the Applicant Guidebook as it is re-drafted and published with an eye towards upcoming launch dates and the rights protection measures. If your key brands are the same or similar to others, know that ICANN will not approve gTLD domain names that are identical or will result in consumer confusion, and let the team know how such conflicts will be resolved. It can involve an auction,

where the highest bidder gets the gTLD. Be prepared to object to applications that would threaten the company's brands by understanding what monitoring services are needed and how the objections may be raised.

We can assist you with this process. As a first step, this Advisory introduces or updates you on what the intra-company team should know in deciding whether to pursue a gTLD.

## What is the difference between applying for a new gTLD and simply buying a domain name?

In order to buy a second-level domain name such as [www.kelleydrye.com](http://www.kelleydrye.com) or [www.your-brand.net](http://www.your-brand.net), one goes to an accredited registrar such as Verisign Global Registry Services or NeuStar, Inc., complies with their terms and conditions, and pays an annual fee. The new gTLD application process is much more complex since an applicant is essentially applying to create and operate a registry business and sign a contract with ICANN.

## Who may apply for a new gTLD?

Any public or private organization worldwide may apply to create and operate a new gTLD, however, applications from individuals or sole proprietors will not be accepted due to the level of complexity and resources required. Applicants for new gTLDs will need to satisfy detailed operational and technical criteria established by ICANN in order to preserve the security and stability of the Internet.

## What is a Standard gTLD and what is a Community-Based gTLD?

Applicants are required to designate whether their application is a Community-Based or Standard application. A Community-Based gTLD is a gTLD that is operated for the benefit of a delineated community (e.g., .museum (restricted to museums and related persons), sponsored by the Museum Domain Management Association International). An applicant for a Community-Based gTLD is expected to:

- demonstrate an on-going relationship with a clearly delineated community
- apply for a gTLD string related to the community name
- propose registration and use policies for registrants in its proposed gTLD
- have its application endorsed in writing by one or more institutions representing the community

All applications that are not Community-Based are termed Standard applications.

## When does the application process start for new gTLDs?

The program is still under development so ICANN probably will not open the application period until Summer/Fall 2011, following the publication of the final Applicant Guidebook. When the application round opens, candidates must apply via an online application system called the gTLD Application System ("TAS").

Although ICANN is not yet taking applications for new gTLDs, on November 16, 2009, it opened a Fast Track Process to countries and territories seeking ccTLDs in their respective official language (domains for country names incorporating local language characters, including non-Latin scripts or

accents, e.g., Chinese .??, or Arabic .??). To date, applicants have filed 33 Fast Track requests representing 22 languages. If your company or organization registers domain names with various ccTLDs, e.g., your-brand.cn, this may be of interest.

## What is the Applicant Guidebook?

The Applicant Guidebook is a detailed manual for gTLD applicants comprised of the process, rules, and requirements for applying for a new gTLD.

The Proposed Final Applicant Guidebook ("AGB") was released on November 12, 2010. While ICANN cautions against strictly relying on the proposed details of AGB since it is subject to change, it does provide guidance on many details of how the new gTLD application process will work.

The comment period for the AGB closed on January 15, 2011. A diverse mix of brand owners (LEGO Juris A/S, W.W. Grainger, Inc., and RE/MAX, LLC), companies and associations servicing brand owners (MarkMonitor Inc. and the International Trademark Association), and communities (dotGAY, llc.) have submitted comments throughout the process. While brand owners have been polled as to whether they intend to apply for a gTLD, to date, we are only aware that Canon Inc., the camera company, has publicly announced that it intends to do so with regard to .canon. ICANN has stated that it will delegate up to 1000 gTLDs in the first year. Comments submitted by various brand owners, member associations, registrars, and private individuals on the various Applicant Guidebook drafts are available at <http://www.icann.org/en/topics/new-gtlds/comments-5-en.htm>.

## What is the current application process under AGB?

The gTLD application process has four parts: Initial Evaluation, Objections and Dispute Resolution, String Contention, and Delegation.

### 1. Initial Evaluation

All applicants will undergo an Initial Evaluation, and those that do not pass may request Extended Evaluation. During Initial Evaluation, ICANN assesses the gTLD string, applicant's qualifications, and its proposed registry services. The Initial Evaluation is comprised of three parts: String Reviews, Applicant Reviews, and Extended Evaluation (required only in certain instances).

#### **i. String Reviews**

##### String Similarity

This review involves a preliminary comparison of the proposed gTLD string (e.g., your brand, .numberonemobile) against existing TLDs (e.g. .mobi or .mo) and other pending and registered strings that are the same or similar to the proposed string to prevent user confusion and loss of confidence in the DNS. The review will be conducted by an independent String Similarity Panel who will be informed in part by an algorithmic score as to the visual similarity between the application string and pending and registered TLDs (ccTLDs and gTLDs will be compared altogether). Applicants will have the ability to test their strings and obtain algorithmic results prior to submitting their applications. The algorithm and user guidelines are available for testing and information purposes at <http://icann.sword-group.com/algorithm/>.

In performing string confusion review, the panel will create contention sets (containing at least two identical or similar application strings) that may be used in later stages of evaluation. See Section 3

below.

#### Reserved Names

The Reserved Names review will check that the gTLD application string does not appear on the list of top-level Reserved Names, including:

AFRINIC, IANA-SERVERS, NRO, ALAC, ICANN, RFC-EDITOR, APNIC, IESG, RIPE, ARIN, IETF, ROOT-SERVERS, ASO, INTERNIC, RSSAC, CCNSO, INVALID, SSAC, EXAMPLE, IRTF, TEST, GAC, ISTF, TLD, GNSO, LACNIC, WHOIS, GTLD-SERVERS, LOCAL, WWW, IAB LOCALHOST, IANA, and NIC.

#### DNS Stability

This review involves a technical check of the gTLD string to ensure the stability of the DNS.  
for Geographical Names

A Geographic Names Panel will identify whether the gTLD application string represents a geographic name.

### **ii. Applicant Reviews**

#### Technical/Operational Capability

Each applicant will supply information about their technical capabilities and plans for operating the proposed gTLD to demonstrate that they understand and have laid some groundwork for the technical operations of a gTLD registry.

#### Financial Capability

Technical and financial panels will evaluate each applicant's financial capabilities for operating a gTLD registry to ensure its long-term stability.

#### DNS Stability Issues

Each applicant will be required to provide a list of proposed registry services in its application that ICANN will review for any adverse impact on the security or stability of the Internet.

### **iii. Extended Evaluation**

An applicant will have 15 calendar days to request Extended Evaluation if the application has failed to pass the Initial Evaluation relating to:

- Demonstration of Technical/Operational Capability
- Demonstration of Financial Capability
- DNS Stability
- Registry Services
- Geographical Names

If such a request is not filed, the application will not proceed. The evaluation criteria remains the same as for the Initial Evaluation period, but the applicant is permitted to submit clarifications.

## **2. Objections and Dispute Resolution**

A formal dispute resolution proceeding is initiated by filing it with the appropriate Dispute Resolution Service Provider - not with ICANN. The four grounds on which it may be based are:

- i. **String Confusion Objections** arise if the gTLD application string is confusingly similar to an existing TLD or to another gTLD application string in the same round of applications. To have standing, the objector must be an existing TLD operator or gTLD applicant in the applicable round.
- ii. **Legal Rights Objections** may be raised if the gTLD application string infringes the existing legal rights of the objector. To have standing, the objector must provide documentation of the registered or unregistered rights the objector claims are infringed by the gTLD application string.
- iii. **Limited Public Interest Objections** allege that the gTLD application string is contrary to general principles of international law for morality and public order. There are no limitations as to who may file this type of objection although ICANN will conduct a quick, preliminary review to try to readily conclude frivolous objections.
- iv. **Community Objections** must be launched by an established institution or community and would be brought against a gTLD that explicitly or implicitly targets that community.

A timely objection must be filed with the appropriate Dispute Resolution Service Provider (DRSP). Applicant's whose gTLDs are the subject of an objection may: (i) try to settle with the objector so the objection or the application is withdrawn; (ii) file a response to the objection; (iii) withdraw their application; or (iv) file no response to the objection such that the objector will prevail by default.

### 3. String Contention Procedures

String contention occurs when two or more applicants for identical or similar gTLD strings successfully complete all previous stages of the evaluation and dispute resolution process.

ICANN will identify and publish contention sets (groups of applications containing identical or similar gTLD application strings) during the Initial Evaluation and update them as necessary during the evaluation and dispute resolution stages.

ICANN will not approve gTLD application strings that are identical or will result in user confusion so applicants in a contention set are strongly encouraged to settle once ICANN publicly posts them. String Contention may be resolved by one or more applicants withdrawing their applications, but not by selecting a new string or replacing an applicant with a joint venture. Material changes in applications will require re-evaluation.

Although ICANN expects that most String Contentions will be resolved by agreement, they will use an auction to break impasses where resolution is not reached. The auctioneer increases the prices associated with the applications in the contention set, and the applicants indicate whether they are willing to pay these prices. As the prices rise, applicants will exit the auction. The remaining applicants will pay the increased prices and proceed to the Delegation stage of the application process.

### 4. Delegation

This is the final stage of the evaluation process where the applicant enters into a registry agreement with ICANN and accepts responsibility for administering the new gTLD in the DNS root.

Before entering into the agreement, ICANN may request that applicant provide updated or additional evidence, including applicant's ability to fund ongoing registry operations for its future registrants for a period of three to five years in the event of registry failure, default, or until a successor operator can be designated.

Applicants also will be required to complete pre-delegation technical testing to verify that they have operated a registry in accordance with technical and operational criteria. Once testing is completed, an applicant will be delegated a gTLD and become a "Registry Operator" by executing a Registry Agreement with ICANN. Registry Operator obligations include the ability to:

- Operate the gTLD in a stable and secure manner
- Implement start-up and post-launch rights protection measures
- Pay recurring fees to ICANN
- Deliver monthly reports to ICANN
- Provide Whois services
- Maintain an abuse point of contact

## When will the list of newly applied-for gTLDs be available to the public?

After the application period has closed, ICANN will verify that the applications are complete before posting on its web site the list of gTLDs, applicant names, and all non-confidential portions of the application.

## How much will it cost to apply for and maintain a gTLD?

ICANN will not evaluate an application until it has received the \$185,000 application fee, and they will charge an annual maintenance fee estimated to be \$25,000. In addition, once the gTLD has passed a threshold size, a variable fee based on transaction volume will be charged.

## Is there a "Sunrise" Period for the gTLD application process?

Applicants need not own a trademark application or registration in order to apply for a new gTLD, and there will be no sunrise period where trademark owners may apply for new gTLDs. Currently, the application process is not expected to open until this summer/fall, and future rounds may not open until at least 2013. That being said, successful gTLD applicants who are approved to become Registry Operators will be required to implement a Pre-Launch Claims Service or a Sunrise Registration Procedure as explained below.

## What is the Trademark Clearinghouse and when will it be operational?

The Trademark Clearinghouse is a central database of validated trademarks that will be independent from ICANN although ICANN will contract with a neutral service provider to operate the Trademark Clearinghouse. The two primary functions of the Trademark Clearinghouse will be to authenticate and validate trademarks and serve as a database to provide information to the new gTLD Registry Operators to implement their respective Pre-Launch Claims Service or Sunrise Registration Procedure. The Trademark Clearinghouse will collect fees from those who use its services. Criteria is still being established for the trademarks that will be included in the Trademark Clearinghouse database. The proposed standards are for:

- i. Nationally or multi-nationally registered word marks from all jurisdictions, including countries where there is no substantive review; or
- ii. Any word marks that have been validated through a court of law or other judicial proceeding; or
- iii. Any word marks protected by a statute or treaty currently and in effect on or before June 26, 2008.

The exact timing of when the Trademark Clearinghouse Service Provider(s) will be selected and operational has not been set although it is anticipated that ICANN will announce their appointment at ICANN's open meeting in San Francisco, California on March 13-18, 2011.

## What Rights Protection Mechanisms (RPMs) will successful gTLD applicants be obligated to implement for their new gTLDs?

Each gTLD applicant who is approved as a Registry Operator will be obligated to implement at least one of the following RPMs:

- i. **Pre-Launch Claims Service** - The Registry Operator will send notice of a registration of a domain name that matches a trademark within the Trademark Clearinghouse to (i) potential registrants of domain names that identically match trademarks within the Trademark Clearinghouse and (ii) owners of trademarks contained within the Trademark Clearinghouse.
- ii. **Sunrise Registration Procedure** - During this time period, trademark owners who have registered their mark with the Trademark Clearinghouse will have an exclusive period of time to register domain names within the gTLD prior to the opening of a registration period to the general public.

## What Dispute Resolution Mechanisms (DRMs) will successful gTLD applicants be obligated to implement for new gTLDs?

Each successful gTLD applicant who becomes a Registry Operator must comply with the following DRMs:

- i. **Uniform Rapid Suspension System (URS)** - This is a process for trademark owners in cases of clear-cut, blatant trademark infringement. They will electronically file a complaint with an ICANN approved URS Provider to suspend the domain for the balance of the registration period as a quick and efficient way to remove abusive content. If the complainant does not satisfy the burden of proof, the URS proceeding is terminated, and control of the domain name registration will be returned to the registrant of the allegedly infringing domain name. A URS Determination will not preclude other available remedies, such as a Uniform Dispute Resolution Proceeding (UDRP), and a URS Determination for or against a party shall not prejudice it in UDRP or other proceedings. Determinations resulting from URS proceedings must be issued no later than 14 days after a response is filed by the Registrant.
- ii. **Trademark Post-Delegation Dispute Resolution Procedure (PDDRP)** - This procedure is intended to cover trademark post-delegation dispute proceedings generally. In PDDRP, a third-party files a complaint electronically with an ICANN approved PDDRP Provider asserting that the complainant is a trademark holder, and the Registry Operator's manner and operation or use of the gTLD infringes the complainant's registered or unregistered marks. Since actual registrants of domain names with the Registry Operator are not a party to these actions, the remedy cannot be to delete, transfer, or suspend any registrations. Thus, an Expert Panel may recommend a variety of remedies, including ordering the Registry Operator to employ remedial measures to ensure against allowing future infringing registrations or requiring the Registry Operator to monitor registrations.
- iii. **Registration Restriction Dispute Resolution Procedure (RRDRP)** - This procedure will cover

disputes between third-party complainants harmed by a Community-Based gTLD Registry Operator that is not complying with the registry agreement. Established institutions and individuals associated with defined communities are eligible to file RRDRP complaints electronically with an ICANN approved provider. As with PDDRP, since registrants of domain names are not a party to this type of action, a recommended remedy cannot be to delete, transfer, or suspended registrations made in violation of the registry agreement. An Expert Panel may recommend a variety remedies against the Registry Operator, including measures to ensure that future registrations comply with the Community-Based limitations or suspension of its right to accept new domain name registrations within the gTLD until the violations are cured.