

Nonprofits

Intellectual Property

Global Sourcing

April 12, 2011

Clock is Ticking on ICANN gTLD Process: As More Entities Seek New Domain Names, Others Should Doublecheck Their Trademarks

by John L. Nicholson

The board of the Internet Corporation for Assigned Names and Numbers (ICANN) has scheduled a June 20th meeting to approve the process for proposing new generic top-level domains (gTLDs). If this date holds, the application process will begin in late October, with new gTLDs being approved and added to the Internet starting around July 2012. As more organizations announce their plans to apply for a specific domain, the clock is ticking for other organizations who might want to apply for a TLD or who may need to react to TLDs being registered by competitors or other entities. Chief Marketing Officers, with the assistance of other senior executives, legal and external advisors, should be evaluating whether to apply, defend or do nothing, and how to prepare for the consequences of each decision.

Pillsbury, in cooperation with [Architelos](#) and [CollectiveIntell](#), is offering a webinar on the gTLD process on April 14 titled, "[New Generic Top Level Domains: Why Should You Care and What to Do Now.](#)" To register, please visit [WebEx](#).

For additional background on the gTLD process see our March 10, 2011, alert, "[New Generic Top-Level Domain Application Process Brings Business Opportunities, Issues.](#)"

As discussed previously, there are currently 21 TLDs (.com, .org, and .net being the most popular), and more than 270 country code top-level domains (ccTLDs). After years of debate, a set of policy recommendations for creating new gTLDs was adopted in October 2007. After a succession of drafts for an [Applicant Guidebook](#) for the would-be operators of new gTLDs, and unprecedented back-and-forth with representatives of various governments, ICANN has proposed the following timeline for the gTLD process:

May 30	Final Applicant Guidebook Posted
June 20	Approval of New gTLD Program
June 21	Announcement of date on which Application Window will open
Late June – Late Oct	4-Month "Communications Period"
Late Oct – Jan 2012	Application Window
Feb 2012	Application "Completeness" Review
Mar 2012	Applications Made Public
April – July 2012	Evaluation Period
Aug – Sept 2012	Approved Extensions added to Internet

Specific dates for the periods after the June 21 announcement have not been finalized. However, the key dates for potential applicants are the June 21 announcement, the application window, and the date that new extensions are added to the Internet.

For those who plan to resist applications, the key dates are when the applications are made public and the evaluation period, when the public will be able to comment on the proposed new extensions and potentially object to them. For trademark owners who are facing the prospect of defending their brands against the registration of identical or confusingly similar domain names in potentially dozens of new gTLDs, the key dates will be towards the end of the process when the approved domain names announce their plans for "sunrise" periods and how they propose to handle IP-related claims.

Applicants

More and more organizations are announcing their intention to register various gTLDs. Numerous brand owners are known to be considering applying or in the process of lining up partners for their applications, but so far the only brands who have announced their plans to apply are Deloitte, Canon, Hitachi and UNICEF. The list of generic terms various organizations plan to apply for is more diverse. Some of the domains already proposed include:

- .hotel, proposed by the [International Hotel and Restaurant Association](#);
- Several potentially competing real estate-related domains:
 - .mls, proposed by a group of real-estate multiple listing services;
 - .home, proposed by [Domainmonster.com Incorporated](#); and
 - .real, proposed by the [Global Real Estate And Technology Consortium](#);
- Competing cinematic domains: [.film](#) and [.movie](#), proposed by different industry groups;
- Various proposed domains that have raised concerns in the intellectual property industries, including [.music](#) and [.videos](#); and
- Competing proposals for geographic gTLDs like [.paris](#) (2 potential applicants), [.berlin](#) (2 potential applicants), and [.nyc](#) (3 potential applicants).

The complete list of known potential applicants is maintained [here](#).

Those who are considering applying are already formalizing partnerships with registries and registrars, as well as consultants and other advisors. Organizations that could be affected by the domains already being proposed have an increasingly limited window to decide whether they will allow those new domains to be proposed uncontested or to apply themselves.

The decision to apply is not one that should be taken lightly – the application fee alone is a non-refundable \$185,000 per gTLD and estimates of other costs associated with the application process run into the hundreds of thousands of dollars. However, if an organization launches a domain that creates a significant disruption in the competitive environment in a given industry, competitors might be unable to respond with a similar platform until ICANN holds another gTLD expansion round, which could be a matter of years. The potential for a competitor's disruptive application and the cost of the application process are major reasons why decisions regarding the gTLD application process should be evaluated by the Chief Marketing Officer or another high-level executive with strategic insight regarding the organization's competitive environment, rather than by those tasked with the day-to-day management of an organization's domain name portfolio.

Non-Applicants

If an organization is not applying for its own gTLD, then the choice is to try to oppose an application or allow the application process to happen and see how it plays out (or both). ICANN has provided a very limited list of reasons for objecting to an application and who can raise the objections:

- *String Confusion Objections* – The applied-for gTLD string is confusingly similar to an existing TLD or to another applied for gTLD string in the same round of applications. Objectors can be existing TLD operators or gTLD applicants in the current round.
- *Legal Rights Objections* – The applied-for gTLD string infringes the existing legal rights of the objector. Objectors can be rights holders, for example, trademark holders.
- *Community Objections* – There is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted. Objectors can be an established institution associated with a clearly delineated community.
- *Limited Public Interest Objections* – The applied-for gTLD string is contrary to generally accepted legal norms of morality and public order recognized under principles of international law. (Note that the current version of the Applicant Guidebook states that this objection category is under review.)

Objections will be resolved in various forums, depending on the nature of the objection. The International Centre for Dispute Resolution in New York is the likely forum for resolving String Confusion Objections. The Arbitration and Mediation Center of the World Intellectual Property Organization in Geneva is the likely forum for Legal Rights Objections; and the International Chamber of Commerce in Paris is the likely forum for resolving Community Objections and Limited Public Interest Objections.

The breadth of these objections, particularly as they involve intellectual property rights, is one of the issues still being resolved between the ICANN Board and the representatives of the governments that participate in ICANN's Government Advisory Committee (GAC). However, in the discussions with the GAC, the ICANN Board is generally taking the position that places fewer restrictions on new domains, so it seems likely that rights owners should prepare for these Objections to be fairly limited in scope and assume that most new gTLDs will be approved, except in rare (and likely egregious) cases where the Objection will be upheld. This means that rights owners will have to battle infringing second-level domains in generally the same way they have dealt with infringing domains in the current set of domains, but the new gTLD process does provide a marginal improvement – the "Trademark Clearinghouse" and the "Uniform Rapid Suspension System."

The current draft of the Applicant Guidebook envisages a repository of authenticated and validated marks that can be used to support pre-launch trademark sunrise and claims procedures for each new gTLD – the "Trademark Clearinghouse." The Applicant Guidebook also contemplates a streamlined and cheaper version of the current Uniform Dispute Resolution Policy (UDRP) to challenge the registration of domain names in any of the new gTLDs that are identical or confusingly similar to registered marks or marks that have been validated in court proceedings, by treaty or by the Trademark Clearinghouse – the "Uniform

Rapid Suspension System" or "URS." The operators of registries for the new gTLDs will also adopt residual dispute resolution policies, which will likely be modeled on the UDRP.

It is important to note that, as proposed by ICANN, these procedures favor registered or adjudicated marks, while many U.S. companies and individuals have traditionally relied on unregistered common-law marks in domain name disputes. Therefore, organizations should review their trademark portfolios and consider proceeding with trademark registration applications. Holders of registered marks will want to include them in the Trademark Clearinghouse before the new gTLDs are added to the Internet, but organizations will need to balance the need for registered marks against the cost and effort of registration when a gTLD in which they could be used might not get approved. Trademark holders should work with industry advisors to ensure they are aware of new gTLDs and update their enforcement policies and procedures so they can decide quickly whether to register domain names based on their marks in some or all of the new gTLDs, and respond quickly in the short timeframes typically involved in pre-launch "sunrise" and claims procedures, and in URS proceedings.

Using the Trademark Clearinghouse to support sunrise registrations and URS claims can save time and money for rights owners, as well as avoiding potential confusion in the marketplace, as contrasted with an approach of waiting to see if infringing domain names are registered and then contesting them in court or in UDRP or similar administrative dispute resolution proceedings.

Conclusion

The countdown to the approval of the gTLD program has already begun, and the time to make the decision to apply, defend or do nothing is now. For many organizations the decision should be made at the Chief Marketing Officer-level, in cooperation other strategic decision-makers and legal. Potential applicants have a shrinking window to develop the strategy and business case for operating a new domain and line up the team necessary to make it successful.

Those who have chosen not to apply (and even those who have), also have a shrinking window to evaluate existing trademark portfolios and consider registration so they can be submitted to the Trademark Clearinghouse. Rights owners will need to be prepared for numerous "sunrise" procedures and potential disputes as between 200 and 500 new gTLDs are approved and come on line in 2012.

No one is sure how the new gTLDs will affect businesses around the world – some may fizzle like certain previous gTLDs and some may be a disruptive influence that reshapes an industry. Although ICANN has indicated that this is only the first round of new gTLDs, no one is certain when the next round will be, and many suspect it will be at least 4-5 years away. The strategic decisions made now whether to apply, defend or do nothing will need to be defensible through that period.

If you have questions, please contact the Pillsbury attorney with whom you regularly work or the author:

John L. Nicholson [\(bio\)](#)
Washington, DC
+1.202.663.8269
john.nicholson@pillsburylaw.com

This publication is issued periodically to keep Pillsbury Winthrop Shaw Pittman LLP clients and other interested parties informed of current legal developments that may affect or otherwise be of interest to them. The information contained herein does not constitute legal opinion and should not be regarded as a substitute for legal advice.
© 2011 Pillsbury Winthrop Shaw Pittman LLP. All Rights Reserved.