

ICANN Moving Forward With New Top-Level gTLD Program; Launch Date Still Uncertain

**Karol A. Kepchar
and Laura Geyer**

**AKIN GUMP STRAUSS HAUER &
FELD LLP**

Today, there are 21 generic top-level domains (gTLDs), including .com, .net and .org, in the domain name system. But that is expected to change shortly. Under a policy adopted in 2008 by the Internet Corporation for Assigned Names and Numbers (ICANN), the governing body for domain names, companies will soon – for substantial fees – be able to register their own trade names as gTLDs. While the program’s launch, initially expected to take place in 2009, has yet to occur, ICANN reaffirmed its commitment to the proposed program at its annual meeting in March 2010 in Nairobi; ICANN’s current timeline for the program envisions launch in the spring of 2011.¹ As proposed, this program will provide greater choices for legitimate, Web-based businesses and users. Yet it is also of concern to trademark owners already negotiating the difficulties of policing their trademarks against cybersquatters and other would-be infringers.

The proposed expansion would allow companies and organizations to apply to register any alphanumeric string as a gTLD. According to the final draft of the

Karol A. Kepchar is a Partner and Laura Geyer is a Senior Attorney in the intellectual property practice group of Akin Gump Strauss Hauer & Feld LLP in Washington.

Draft Applicant Guidebook, issued this month, during the initial rollout of the program, sale is to be limited to “[e]stablished corporations, organizations, or institutions in good standing,” and not “individuals or sole proprietorships.” Owners of one of the new gTLDs will be able to sell “subdomain” names, just as current gTLD registries do. The owner of the new gTLD will set its own rules for who can register a subdomain, such as restricting registration to members, licensees or associates.

The process differs from registering a domain name in terms of both ease and expense. The costs of obtaining a new gTLD are considerable; the application fee is \$185,000, with additional costs associated with handling disputes, as well as significant renewal fees. Additionally, ICANN will consider an applicant’s technical and financial ability to operate an ongoing registry. With the price tag so high, it remains to be seen whether the commercial attraction of “the right” gTLD will result in a “land rush.”

The New gTLDs and Rights Owners

Any new online procedure that could potentially increase trademark violations on the Internet – as well as the cost of enforcement – is of great concern to brand owners. What mechanisms in the new gTLD registration process will address trademark violations resulting from the new gTLDs? ICANN proposes to offer trademark rights assessment procedures in two stages of the application process.

At the initial application stage, ICANN will perform its own examination, during which it will consider the likelihood of confusion with existing or

applied-for gTLDs. Later, during an objection phase, rights holders and other parties with standing will be able to object to an applied-for gTLD on various grounds, with disputes to be resolved by independent Dispute Resolution Service Providers.

As of this writing, ICANN has identified these objections:

String Confusion. Existing gTLD operators or applicants have standing to object that an applied-for gTLD string of alphanumeric characters is confusingly similar to an existing gTLD or to another applied-for gTLD.

Legal Rights Objection. Rights holders, such as trademark owners, have standing to object that an applied-for gTLD string infringes legal rights.

Community Objection. “Established institutions” have standing to object that there is substantial opposition within the targeted community to the applied-for gTLD.

Limited Public Interest Objection.² Anyone has standing to object that a gTLD is contrary to generally accepted legal norms of morality and public order.

Concerns

Certain companies concerned about the increasingly smaller set of commercially reasonable domain names are pleased at the prospect of access to more options. Some fear expansion will increase the already-considerable burden of policing their marks on the Internet. Others worry that the cost and technical investment required for obtaining a new gTLD may be beyond the reach of smaller companies.

Conclusion

It will be critically important for clients to understand both the process and the opportunities offered by the anticipated application process for new gTLDs as the program's parameters further develop in 2010. Clients need to formulate a strategy for their business, be it a defense against infringement of trademark rights or the creation of or participation in a custom domain for select

constituencies. In either circumstance, clients considering applying for a new gTLD should consider whether the anticipated return on such investment is acceptable. Regardless of the outcome of the new gTLD program, for clients with valuable online presence and significant trademark portfolios, policing the Internet will continue to be challenging. Companies should therefore consider this development as an opportunity to reeval-

uate their domain name and trademark protection as well as their monitoring and enforcement strategies in order to optimize and protect their valuable brands in the most efficient and cost-effective way for the years ahead.

¹ <http://www.icann.org/en/topics/new-gtlds/new-gtld-work-plan-28oct10-en.pdf>.

² The objection was known as the "Morality and Public Order Objection" in earlier drafts.