

BRANDING TO THE RIGHT OF THE DOT: New Generic Top-Level Domain Names Are About To Change The Face Of The Internet. Is Your Company Ready?

On June 20, 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) gave its final approval to dramatically expand generic top-level domain names (gTLDs). For the first time ever, organizations will be able to obtain their own customized gTLDs such as .bank, .music, or .hotel. Additionally, along with the generic terms, organizations will be able to obtain top-level domain names (TLDs) that are geographic locations (.Paris) or brands (.pepsi or .norrismclaughlinandmarcus). While this can lead to many opportunities for marketing and branding, it can also lead to potential cybersquatting and trademark infringement. Thus, even if companies do not intend to apply for new gTLDs, they must be ready to enforce their rights on the Internet against those of "cybersquatters" who steal their brands to use in these new gTLDs (as in .insertyourcompanyname). Additionally, the new gTLDs also pose a risk of infringement of company brands to the left of the dot (e.g. insertyourcompanyname.newgTLD).

A gTLD is an Internet extension which appears to the right of the dot in a domain name such as .com, .org or .net. Currently, there are 22 gTLDs. Today, individuals or organizations who want their own Internet space must register second-level domains within an existing top-level domain – for example, nmmlaw.com. Individuals and organizations can customize only what is to the left of the dot. However, parties will soon be able to control what is to the right of the dot. This significant change in domain names will present new opportunities for conducting business, marketing and branding, and searching for information online. A business could register a type of product or service (such as .accounting or .film) as a gTLD, then sell its services as a registry so that other businesses operating in that industry could obtain second or third level domains. At the same time they present these opportunities, the new gTLDs may also create many intellectual property issues for organizations seeking to protect their trademarks and brands.

ICANN's Applicant Guidebook, which has undergone multiple revisions over many years, details the policies and procedures for new gTLD applicants. The current version of the Applicant Guidebook specifies what documents and information are required to apply, the financial and legal commitments, and what to expect during the application and evaluation periods. Now that the new gTLD program has been approved, ICANN will initiate a communication campaign to educate potential applicants and the Internet community about the new gTLD program. By January 2012, ICANN is expected to begin accepting applications for a limited three-month period. Once the application window has closed, ICANN will then begin to evaluate the applications submitted for new gTLDs, and the first new gTLD registries could become fully operational by 2013.



In order to apply for a new gTLD, applicants must be “[e]stablished corporations, organizations or institutions.” Entities that are not yet formed are not eligible to apply. Applying for and obtaining a new gTLD will not be cheap. The full evaluation fee for an application 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 is due when the full application is submitted. According to ICANN, applicants may have to pay additional fees in cases where specialized process steps apply.

However, applying for a domain name within a new gTLD, (for example, if the new gTLD is “.manufacturing” and you want to register yourcompanyname.manufacturing), would not likely cost more than applying for domain names under the established gTLDs, such as .com and .net. Therefore, even an organization that does not apply for a new gTLD should still consider monitoring gTLDs and applying for domain names in categories appropriate to its business (e.g., .manufacturing, .medical, .industrial, .computersoftware, .insurance, or .banking).

Additionally, even if an organization does not intend to apply for its own gTLD, it must still be proactive in protecting its trademarks and brands while other organizations are seeking their own gTLDs. ICANN will provide an objection-based process that will allow individuals and entities to object on the following grounds: (a) if the applied-for gTLD is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications; (b) if the applied-for gTLD string infringes on the existing legal rights of the trademark owner; (c) if there is a substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted; and (d) if the proposed gTLD is contrary to general principles of international law for morality and public order. (A gTLD “string” means the terms comprising the gTLD – the text to the right of the dot.)

Applications must be submitted electronically on a TLD Application System, where applicants will be required to answer questions and upload supporting documents. The applications are, thereafter, subject to multiple levels of review, which could last from 8 to 18 months. An initial String Review (review of the proposed address string or terms to the right of the dot) will look at whether the applied-for gTLD is similar to any existing strings or will have an adverse impact on Internet security and stability. During an Applicant Review, ICANN will determine whether the applicant has the technical, operational and financial ability to operate a registry. An applicant will also be screened for general business diligence, criminal history, and any previous cybersquatting behavior. ICANN will also conduct the same screening on the applicant’s officers, directors and controlling shareholders.

If more than one applicant applies for the same gTLD, ICANN has in place String Contention procedures so the parties can resolve the dispute. If the dispute is not resolved, ICANN will hold an auction for the string.

Public portions of all applications considered eligible for evaluation will be posted on the ICANN website within two weeks of the close of the submission period. Owners of marks (or their legal counsel) should check the posted application list for any strings that could potentially infringe on their marks.

Operators of new gTLDs will be required to implement, at a minimum, a Sunrise process or a



Trademark Claims service during the start-up phases for registration in the gTLD, which will help to protect the marks of third-parties at the second level, that is, those who seek to register terms “to the left of the dot” of a top level domain already registered as a new gTLD. The sunrise period allows eligible rights holders an early opportunity to register second level domain names in the gTLD. So, for example, if a new gTLD applicant registers .entertainment, the trademark owner, such as “NBC” may apply to register nbc.entertainment.

A “Trademark Clearinghouse” will be used to support new gTLD registries with the pre-launch Sunrise and Trademark Claims services and will serve as a repository of authenticated and validated registered marks. Owners of registered marks should consider including their marks in the Trademark Clearinghouse prior to the addition of the new gTLDs and even to register second level domains within the new gTLDs, as appropriate. Legal counsel can assist with this process. The Clearinghouse will afford registrants the benefit of being notified if a third party attempts to register a second-level domain name in a new gTLD using a mark that is an identical match with a mark from the Clearinghouse. For example, if NBC registered its mark with the Clearinghouse, it would be notified if someone tried to register nbc.entertainment. However, the Clearinghouse will only be in effect during the sunrise period so it is important for brand owners to continue to monitor their brands and consider preemptively registering within the new gTLDs to avoid cybersquatting.

The addition of new gTLDs is one of the biggest changes ever to the Internet’s Domain Name System. Virtually every organization with an online presence could be affected in some way. Companies may benefit from new business and branding opportunities and potential customers may feel an extra sense of security. For example, customers visiting [xyz].nike will likely feel comfortable that they are on the Nike website and not on a website selling counterfeit Nike products. Furthermore, if an organization requires a higher level of security for its new gTLD – for example, .bank – online consumers may have more confidence in and trust only the banking websites that have the .bank gTLD. Accordingly, the owner of the .bank gTLD would likely be approached by banking institutions wanting to register their second-level domains within the .bank gTLD.

Still, the new gTLD program can also create opportunities for cybersquatters, counterfeiters, and others to cause confusion in the marketplace by registering new gTLDs that infringe on third party trademarks. Thus, whether or not companies apply for their own gTLDs, they should take precautions and ensure the protection of their marks as other organizations apply for and obtain new gTLDs. Trademark owners should include their registered marks in the Trademark Clearinghouse, monitor the list of applications once posted on the ICANN website, consider applying for names within a new gTLD that is appropriate for them, and budget for the costs of potentially increased enforcement activities. Experienced legal counsel can assist with the entire process.

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