

EXPANSION OF GENERIC TOP LEVEL DOMAIN NAMES COMING SOON



In December 2009, the Internet Corporation of Assigned Names and Numbers (“ICANN”) will begin implementing a plan to expand dramatically the number of generic top level domain names (“gTLDs”). Currently, there are only 21 gTLDs, including .com, .net and .org. Under the plan, applicants willing to pay the steep registration and maintenance fees will be able to register a gTLD of their choice, including the name of their company or a generic word, such as “.television” or “.radio.” In essence, an owner of a new gTLD will operate its own domain name registry, under which multiple second level domains can be registered.

ICANN published a gTLD Draft Application Guidebook in October 2008 for public comment. This Guidebook laid out proposed fee structures, the application process, and dispute resolution procedures, among other things. Over 300 comments were filed, reflecting concerns about registration and maintenance fees, confusion caused by a potentially exponential proliferation of gTLDs, enhanced opportunities for malicious conduct on the Internet, and overall security and stability of the expanded gTLD system. ICANN incorporated these comments in the revised gTLD Draft Applicant Guidebook, which was published for additional comment in February 2009 (<http://www.icann.org/en/topics/new-gtlds/draft-rfp-redline-18feb09-en.pdf>). The most salient points of the revised Guidebook are as follows:

Fees. The fee for processing an application to register a new gTLD will be \$185,000. Owners of gTLDs also will have to pay an annual base registry fee of \$25,000. Registries with more than 50,000 second level registrations (i.e., the information to the left of the “dot”) will pay an additional fee of \$0.25 per year for each second level domain name registered over 50,000.

Application Process. All applications will be subject to a two-part evaluation. The initial evaluation will consist of (i) a “string review” to determine if the gTLD string is confusingly similar to other existing or applied-for gTLDs, (ii) a Domain Name System (“DNS”) stability review to determine whether the proposed gTLD will adversely affect the security and stability of the DNS, and (iii) an applicant review to determine if the applicant has the requisite technical, operational and financial ability to operate the proposed gTLD registry. In addition, if a proposed gTLD incorporates a geographic name, ICANN will confirm that the applicant has the authority from the relevant governmental or public authority to register that geographic name.

Following the initial evaluation, ICANN will post a public notice of the application to give third parties the opportunity to file objections based on any of the following four enumerated grounds:

- Confusion with another gTLD string;
- Infringement of another party’s legal rights;

- Morality and public order (*i.e.*, whether a gTLD string is contrary to generally accepted legal norms of morality and public order recognized under principles of international law); and
- Objections from a significant portion of the community to which a particular gTLD string is targeted.

Such objections will be resolved according to dispute resolution procedures similar to the Uniform Domain Name Dispute Resolution Policy (“UDRP”) currently used to resolve domain name disputes.

Trademark Infringement Still a Concern

Notwithstanding the evaluation and dispute resolution procedure set forth in the Draft Applicant Guidebook, the potential for trademark infringement and cybersquatting under the expanded gTLD system remains an issue. ICANN therefore convened an “Implementation Recommendation Team” (“IRT”) to make specific recommendations to address the concerns of trademark holders. These recommendations, issued on April 24, 2009 but not yet adopted, include:

- Creation of an IP Clearinghouse, which would hold information on registered and unregistered trademark rights submitted by the rights owner and be available to the new gTLD registries.
- Establishment of a Globally Protected Marks List, which would block applications proposing the use of such marks as top and second level domains if those marks are “globally protected,” as judged by application of certain criteria described in the IRT report, including registration in multiple countries.
- Establishment of a Rapid Suspension System that would evaluate complaints and force registries to take down domain names that infringe a third party mark.
- Establishment of a robust “WHOIS” system, *i.e.*, electronic databases that identify the owners of new gTLDs and corresponding domain names.

It is not yet known whether these recommendations will be implemented.

For those willing and able to incur both the initial registration fee and annual base registry fees, ICANN’s plan to expand the number of gTLDs presents significant opportunities. At the same time, however, that expansion will impose a significant burden on trademark holders, who will have to monitor a potentially infinite number of new registries to ensure that their marks have not been incorporated into new generic top level or corresponding second level domains. The registration of new gTLDs in this fashion also is subject to abuse. For example, a person or entity not legitimately associated with the radio broadcast industry could register the generic gTLD “.radio” and thereafter control or manipulate the assignment of, and price charged for, second level domain names within the “.radio” registry. Similarly, a single company within the television broadcast industry could register the corresponding “.television” gTLD and either block or hinder the ability of competitors to register second level domains within that registry.

Given the implications of ICANN’s gTLD plan on trademark holders, and the obvious incentives to abuse the registration process, we strongly recommend that you closely monitor the implementation of the expanded gTLD system as it moves forward.

Should you have any questions concerning ICANN’s expanded gTLD plan, please contact

Lou Levy in our office at 202-416-6748 or llevy@lermansenter.com.

This memorandum is intended only as a general discussion of these issues and should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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