

# Review



## Launch of the new Generic Top-Level Domain names

On 20 June 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) - which manages the domain name system - approved the launch of a procedure for introducing new generic top-level domain name extensions (gTLDs). Under the current system there are 22 gTLDs and 253 country code TLDs available for purchase. In theory, the newly announced system will allow any established corporation, organisations or institutions in good standing to apply for new gTLD extensions such as “.london”, “.sport” or “.pepsi” in any language or script.

We say “in theory” that anyone will be able to apply for a gTLD extension because the reality of the situation is that when making an application, the applicant is in fact applying to create a domain name registry business for the suggested extension and will have to comply with a substantial number of technical and financial requirements. Also, the process will consist of a lengthy electronic application form and an initial fee of US\$185,000 with additional fees of \$50,000 plus being likely. This does not include the costs of preparing the application or of either setting up or maintaining a registry business. Predictions about the number of applications vary. It is currently estimated that about 400 to 1000 applications will be filed within the first 90-day application window, which is due to start in January 2012. With so many new gTLDs floating around, critics point out that only a few will prove profitable, the others will be left struggling to market their new extensions.

ICANN decided to proceed with the introduction of the new gTLD system on the basis of the current Applicant Guidebook despite concerns from the Governmental Advisory Committee (GAC). The GAC acts as an intermediary on behalf of governments and strongly believed that a number of concerns with the new gTLD system required resolution prior to the approval and introduction by ICANN of the application procedure. In addition to the GAC, the U.S. government’s NTIA and Justice Department expressed antitrust concerns in a letter sent to ICANN on 16 June, and alluded to a similar letter from the European Commission. Moreover, ICANN’s own stakeholder groups have flagged numerous issues including system stability, protection of rights-holders’ interests, and guidance on marketing requirements. However ICANN has pressed ahead on the basis that any necessary charges can be made before and during the process. ICANN claims that the new gTLD system:

- will provide Internet users with new opportunities for creating digital entities;
- will introduce a greater choice of gTLD extensions given the growing number of Internet users worldwide;
- will accommodate new American Standard Code for Information Interchange (ASCII) and Internationalised Domain Name TLDs; and
- will allow entities to adopt new TLDs where they have been unable to obtain the “.com” domain extensions in order to satisfy their marketing needs.

ICANN intends that the procedure for an unchallenged application to control and oversee a particular gTLD will take no more than a year. The procedure is expected to start with a 90-day application window from 12 January until 12 April 2012, followed by a completeness check period. Valid applications will be published on ICANN's website when they have been checked but no earlier than two weeks after the expiry of the application window.

A public comment mechanism will be put in place. Comments filed within 60 days of the publication of the application on ICANN's website will be taken into consideration for the initial evaluation (comments made later will only be considered for stages, such as a dispute resolution process). A 60-day GAC early warning period will run in parallel to the public comment mechanism, allowing governments to flag applications that are potentially sensitive or problematic for them.

An initial evaluation period will then be opened. The results of the evaluation are expected to be published within seven months of the application window expiry.

A filing for objections period will run alongside the public comment and GAC early warning period until about two weeks after the posting of the initial evaluation results. An objection to a proposed gTLD application will have to fall within one of four categories:

- string confusion objection - only for existing TLD operators or gTLD applicants in the current round when more than one valid application is filed for the same or similar gTLDs. This procedure could lead to gTLDs being auctioned between the applicants, which could substantially increase the cost of the application for those gTLDs.
- legal right objection - right holders only;
- morality and public order objection - no limitation as to who can object; or
- community objection - established institutions only.

Objectors will have to file their objections with the dispute resolution service provider (DRSP) in charge of the relevant category of objections, not with ICANN. It is expected that all disputes will be settled within a five month time frame. Each DRSP will publish their decisions on their website.

If an applicant gets through all these stages but other applicants have applied for the same gTLD, a period of self-resolve will begin where the applicants are encouraged to determine a solution to the issue, failing which, an auction process will begin for the gTLD extension in question. Given the sums involved in applying for and setting up a registry to create a gTLD, the auction sums are likely to be substantial for popular extensions.

Successful applicants will be obliged to enter into a registry agreement with ICANN and complete a pre-delegation technical test before they can offer and use their gTLDs. This process is expected to take up to 2 months. As a result, uncontested applications could go live as early as January 2013. The owner of a gTLD will then pay a US\$25,000 annual fee to ICANN.

For a large proportion of our clients, making an application to be the operator of one of these gTLDs is unlikely to be appealing. If right holders apply for gTLDs themselves, it is clear that the acquisition of the domain name extension could be very expensive and time-consuming, especially in the event of an auction process. However, the introduction of this application process, which is intended to be repeated periodically, will have a significant affect on most, if not all businesses.

From a rights holder's point of view, the new system allows for customised domain names and also offers a higher degree of flexibility in communication on the Internet. Historically, only one rights holder has been able to hold a .com domain name for a particular brand, despite a third party having an equally valid right to that domain for different goods/services. The obvious example is POLO, which is a trade mark validly owned and used by a car manufacturer, a clothing company and a confectionery company. The introduction of the new gTLD extensions would allow these brand owners to use .fashion, .motor and .confectionery and accordingly, distinguish their businesses using their domain names.

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While some brand owners see this as an advantage of the new system, critics contend that these extensions are largely unnecessary, and will clutter the Internet, confuse consumers, and create headaches for brand owners.

For the majority of rights holders, however, it is imperative that they carefully monitor the introduction of the new gTLDs, as and when application windows are opened. ICANN's procedures provide for a Trademark Rights Clearinghouse (details are still being discussed) and an accelerated domain dispute system (Uniform Rapid Suspension System - URS) - to assist rights holders but if a particular gTLD extension is infringing a rights holder's rights, it needs to know quickly so that it can initiate the appropriate dispute procedure.

It is clear that certain benefits will arise from the extension of the domain name system. However, for most clients, the new system will require them to:

- review and evaluate their trade mark and service mark portfolios to protect key brands;
- monitor their domain name portfolios on a more frequent basis;
- evaluate continually their domain name strategy; and
- evaluate continually their domain name protection and enforcement measures.

In short, rights holders will have a significantly increased workload and increased costs in relation to domain names whether they decide to apply for a new gTLD or not.

The main message for rights holders is that throughout 2012, they must pay close attention to the updates and implementation of the application process and comment on or oppose the new gTLD extension applications, as necessary within the available time periods.

If you require any further information about applying for a new gTLD or the consequences of the new gTLDs for your business, please contact:

**PHILIP ZENDER**

**PARTNER**

San Francisco

E:philip.zender@ssd.com

**SUSAN BILLHEIMER**

**SENIOR ASSOCIATE**

Northern Virginia

E:susan.billheimer@ssd.com

**LIANNE BULGER**

**ASSOCIATE**

London

E:lianne.bulger@ssd.com



+Independent Network Firm

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