

The New gTLDs**

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In 2011, the ICANN Board of Directors intends to create an unlimited number of new gTLDs. ICANN considers these additions to the Internet as its number one priority. The introduction of these new gTLDs, according to ICANN, will promote competition in registry services, increase consumer choice, and allow for diverse service providers.¹

Types of Names

These new gTLDs would cover the following types of names:

1. Branded gTLDs, such as .Nestle;
2. Industry-related gTLDs, such as .bank, .lawyer, .rockandrollmusic, etc.;
3. Geographically specific names, such as .Chicago, .Beijing, etc.; and
4. gTLDs which use non-Latin scripts such as Chinese, Japanese, Cyrillic, or Arabic characters.²

Application Process

The application process would work in the following way:

- Only corporations, organizations, and institutions can apply for a new gTLD; an individual or sole proprietorship cannot apply;
- Applications will only be submitted during a certain time period, though there will most likely be subsequent filing periods;

- ICANN will examine each application for valid information, fee payment, and technical ability to operate a proposed gTLD registry services with a Rights Protection Mechanism and administrative proceedings under the Uniform Name Dispute Resolution policy for second-level domains (if the applicant chooses to do so);
- Applicants must submit proof of its legal establishment and good standing;
- The application must be marked as an open gTLD or a community-based gTLD and must show an ongoing relationship between the applicant and the relevant community and/or an endorsement by an established institution representing the community;
- Applications for geographic names must include a letter from all relevant government entities that have authority over that jurisdiction;
- Applications with non-Latin characters must comply with ICANN's Internationalizing Domain Names in Applications Protocol;
- Applications will be reviewed for string confusion against other gTLDs, ccTLDs, or reserved names;³ and
- Applications which pass the Initial Evaluation must enter into a registry agreement with ICANN within 90 days of the decision. The successful registrant will then delegate names into the root zone database

Extended Evaluation

ICANN may determine that there is a need for an Extended Evaluation if the gTLD threatens string stability or registry service stability. An independent panel, called the Registry Services Technical Evaluation Panel (RSTEP), will determine if the string will have an adverse effect on Internet security or stability. RSTEP will also evaluate failed applications from the initial evaluation based on the applicant's technical, operational or financial qualifications.

If RSTEP decides against registration of the gTLD, then the applicant can either withdraw the application or proceed without the registry services.⁴

Dispute Resolution

Once ICANN posts the Initial Evaluation results, a third party can object to the string during a given time period based on one of four grounds:

1. The string is confusingly similar to an existing or concurrent TLD;
2. The string infringes existing rights of the third party;
3. The string violates international norms of morality and public order; or

4. The string is unacceptable to the community affected by it.⁵

An Independent Objector with considerable experience can also file a morality and best interest of the public objection.

The factors to be considered if the string may infringe existing rights include:

- Similarity in appearance, sound and/or meaning;
- Use of the objector's rights;
- Recognition by the relevant sector of the public of the objector's rights, the applicant's string, and rights belonging to a third party;
- The applicant's intent behind applying for the string, including whether it has knowledge of the objector's rights;
- Applicant's use or preparation to use the string that does not interfere with the objector's use of its rights;
- Applicant's other related rights; and/or
- Any confusion as to source, sponsorship, affiliation or endorsement of Applicant's string.⁶

If the two parties do not settle a filed objection, then the applicant files a response within thirty (30) days. Dispute Resolution Service Providers (DRSPS) then review the objection. Different entities review different types of objections. The DRSP will encourage negotiations and mediation to resolve the matter. If there is no resolution, then the DRSP will appoint a qualified panel to adjudicate the matter.

The DSRP will submit an "expert" determination. The panelists may then request a limited document exchange between parties, appoint experts (paid for by the parties), and conduct a hearing of no more than one day.

Once the DRSP delivers its determination, ICANN then makes a final decision on the future of the application.⁷

String Contention

Another type of resolution is the string contention process when two or more applied for gTLDs are either identical or confusingly similar. The String Similarity Examiners will handle both direct and indirect (two gTLDs are in direct contention with a third gTLD but not each other) disputes.

There are three methods to resolve string contentions:

1. A voluntary agreement where one or more of the parties withdraws its application;

2. A comparative evaluation or auction conducted by ICANN for community-based applications; and
3. An auction as a mechanism of last resort. ICANN will determine what happens to the proceeds.⁸

Fees

The applicant must pay US\$185,100 to cover the online registration fee and the initial evaluation. The applicant may receive an US\$86,000 credit if the gTLD is the same as an application filed in 2000 for the proof-of concept application process.

Additional fees include the following:

- US\$50,000 and up for an Extended Evaluation;
- US\$1-5,000 to respond to an objection;
- US\$2-8,000 for Dispute Resolution for string confusion and/or legal rights objection;
- US\$32-122,000 for a morality and public order and/or community objection from both parties (prevailing party payment will be refunded);
- Partial refunds may be available when applications are withdrawn depending on the time frame; and
- US\$25,000 or more annual registry fee depending on registry transaction revenue.⁹

Implementation Recommendations Team Report

Many trademark owners and organizations have voiced serious concerns as to how owners will defend their marks against a plethora of new gTLDs and in particular second-level domains. In order to address these concerns, the ICANN Board of directors appointed a trademark task force called the Implementation Recommendation Team (IRT) in March 2009. This group was composed of practitioners (both in-house and in firms), academicians, and domain name registrars. Their mission was to identify needed protections and safeguards.

Their recommendations, as finalized with input from the trademark community, are as follows:

1. An IP Clearinghouse of protected names, specially noting major global brands in a Globally Protected Marks List;
2. An Uniform Rapid Suspension System (URS) for taking down Web sites displaying clear abuse of the system;

3. Improved postdelegation dispute resolution procedures against the gTLD register, based on the World Intellectual Property Organization (WIPO) model;
4. A thick Whois requirement for all new domains; and
5. An expanded algorithm which will stop more infringing strings to proceed by evaluating them based on sound, sight, and commercial impression.¹⁰

Applicant Guidebook

The ICANN Board of Directors has implemented a third and fourth version of the Applicant Guidebook during 2009-2010, ending with the Proposed Final Applicant Guidebook in November 2010. The fourth version was open to comment until January 15, 2011.

This version includes the following items:

- Enhanced background checks of new gTLD applicants, including exclusion of those found guilty of intellectual property offenses;
- Rights Protection Mechanisms (RPMs) which include the Trade Mark Clearinghouse (TM Clearinghouse). The TM Clearinghouse will accept all national and multinational registered marks as part of a repository of rights and marks that will act as a bases for claims against third parties in some instances, regardless of whether a substantive review of the marks occurred;
- All gTLD registries will implement prelaunch RPMS which could be a Trade Mark Claims service (recognize all marks in the TM Clearinghouse) or a Sunrise process (recognize all text marks that conducts a substantive review prior to registration or validated by the TM Clearinghouse);
- Under the Uniform Rapid Suspension (URS), a complainant must prove that the domain name is identical or confusingly similar to a mark the complainant owns from a jurisdiction that conducts substantive review or has been validated by the TM Clearinghouse or a court procedure;
- The respondent in an URS can file an appeal up to two years after the notice of default;
- The URS must be reviewed after a year of implementation;
- The Post Delegation Dispute Resolution Policy (PDDRP) provides a recourse for trademark owners against registry owners that may act in bad faith and profit from systemic registration of infringing domain names for profit or use the registry for other improper purposes;
- The PDDRP is open to trademark owners who claim one or more of their trademarks have been infringed;

- The Panel for the PDDRP can have three members if one of the parties requests it; and
- The Panel will not award monetary damages.¹¹ Registration of gTLDs will most likely occur in 2011, with registration of second-level domain names for the new gTLDs coming in 2012.

Advantages of The New gTLDs

Advantages of the new gTLDs include the following:

- Solid protection for trademark owners from infringements from any party using brand for both top and second level domains;
- Authentic Web sites for consumers from which to get all information and genuine goods;
- New marketing platforms for trademark owners;
- Greater opportunities to increase Internet presence;
- Easier access for consumers to brands;
- Trademark Clearinghouse to protect existing rights;
- Trademark Claims Service to notify trademark owners of possible problems;
- Prevention of fraud, counterfeiting, and infringement;
- Limited access for registrants on the second domain level;
- Determination of its own eligibility rules by the gTLD owner;
- Ownership of generic names (.dog, .housebuilding) to attract more customers;
- Elimination of cybersquatters because of high costs; and
- Secure networks.

Disadvantages of The New gTLDs

Disadvantages of the new gTLDs include the following:

- Protection of trademark rights both at the top and second level;
- Clash of trademark owners who use an identical name (APPLE I-PHONES and APPLE records);
- Plethora of Web sites for consumers to find information about a given brand;

- Costs involved instructing consumers which Web site to use;
- Costs involving the upkeep of numerous domain name registrations;
- Costs for submitting an application could exceed \$500,00 after all relevant issues are evaluated since a registrant will run a registry;
- Potential for competitors to keep consumers away from competing brands, goods, services;
- No procedure for typosquatting (registering common misspellings);
- Increased confusion from consumers as to which site is the official site; and
- Consumer confusion over what site is official for a particular brand.

Strategies for Trademark Owners in Light of The New gTLDs

Trademark owners need a strategy both for registration of marks as domain names and quite possibly a separate strategy for registration of a gTLD. Merely considering what marks to register at the second level (to the left of the dot) of gTLDs and ccTLDs is insufficient in light of the new gTLDs. However, what becomes quite clear is that the two strategies will most likely overlap.

In addition to every day management issues for a domain name portfolio, trademark owners must now view their trademark and domain name portfolios with an eye toward registering for a new gTLD, registering as part of one, or adopting a “wait and see” approach.

Registration of Domains in General

For the current portfolios, the following elements should be considered:

- A trademark strategy which defines major marks and their uses;
- Registration of major marks as domains and common misspellings of those marks, if appropriate;
- Need to register domains under irrelevant gTLDs (.pro, .aero, etc.);
- Registration of domain names to target customers;
- Measurement of user traffic for existing domains;
- Ease of use of the primary Web site;

- An assessment for use of generic domain names like .tv, .co, .aero, and future gTLD registrations for easy access;
- Access of Web site(s) from mobile phones;
- Use of abbreviated names for texting and Tweets (e.g., limited spaces);
- Use of marks on social media sites, e.g., Facebook, Twitter, Second Life, etc.;
- Use of ccTLDs for access for users in specific geographic areas;
- Use of internationalized domain names;
- Use of category names to denote certain activity, e.g., Kia.charity;
- Use of mark(s) for advertising purposes, e.g., diet.Coke to tie-in with advertising on other media (TV, radio, etc.), on packaging;
- Use of mark to designate site as official, e.g., .COKE;
- A determination of monitoring use of marks on the Internet;
- A regular update of both gTLD and second-level strategies as economic and marketing considerations change;
- Policies on enforcement of which infringements (phishing, malware, use of a mark on a Web site, use of a mark as a domain name, nature of content, number of users, possible transfer of the domain, etc.); and
- Regular update of strategies as new TLDs appear.¹²

Registration of gTLDs

Many of the same factors which apply to management a domain name portfolio also apply to whether or not a trademark owner should register its marks as a gTLD.

The unique considerations for this new registration level on the Internet are as follows:

- Use of a gTLD domain as easier for users than a second-level domain registration (.brinkshofer as opposed to brinkshofer.com);
- Use of multiple marks with the company name, e.g., Buick.GM, Cadillac.GM, etc.;
- Use of current second-level domains possibly not as effective as a gTLD, e.g., applerecords.com as opposed to .apple);

- Current use of confusing second-level domains by third parties, e.g., mark1.com, mark2.com, mark3.com as opposed to .mark; Need for enhanced security (banking or online transactions);
- Return on investment (estimates of US\$ 2 million for one-two years of operations);
- Use of a gTLD that negatively impacts current marks, e.g., .Jones for people with the surname of Jones could negatively impact JONES apparel;¹³
- Return on investment (estimates of US\$ 2 million for one-two years of operation);
- Development of a legal, technical (data back-up, hardware, etc.) business and a three-year financial plan (projections, costs, capital expenditures, funding, contingency planning, timelines, etc.) to run a gTLD;
- Preparation of financial statements for submission to ICANN;
- Preparation for background checks;
- Compliance with ICANN policies and procedures;
- Implementation of a postlaunch rights protection mechanism;
- Protection for country and territory names;
- Deposit of data into escrow;
- Delivery of monthly reports to ICANN;
- Hosting of Whois services;
- Maintenance of relationships with ICANN-accredited registrars;
- Maintenance of an abuse point of contact;
- Cooperation with mandatory compliance audits;
- Implement the availability of TLD zone files;
- Enabling of domain Name System Security Extensions (DNSSE); and
- Determination of community for community-based TLDs.¹⁴

Defensive Strategies for The New gTLDs

A “wait and see” approach may be the best one for those trademark owners who are not in a position to run a gTLD. This type of approach allows for the following considerations:

- Review of submission submitted by third parties during the 60 day application period once published by ICANN four weeks later;
- Objection filings to any submission that infringes a trademark owner's rights for a 5.5 month period;
- String confusion objection (similarity to an existing TLD or another applied for TLD);
- Legal rights objection based on existing rights in a mark;
- Morality and public order objection based on generally accepted legal norms of morality and public order recognized under international principal of law;
- Community objection based on a significant portion of a community targeted by a Community-based gTLD.
- Dispute policies and procedures similar to the Uniform Dispute Resolution Process (UDRP), mostly likely handled by the Arbitration and Mediation Center of the World Intellectual Property Organization (WIPO);
- Allocation of budget expenditures to object to gTLD applications in 2011; and
- Allocation of budget expenditures for second-level registrations in 2012.¹⁵

Whatever course a trademark owner may take, the time is now to evaluate the role of its marks on the Internet. ICANN quite possibly could take definitive action on this issue in 2011.

ENDNOTES

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