

Important Internet Development for Franchisors

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On November 16, 2000, the Internet Corporation for Assigned Names and Numbers ("ICANN") selected seven new generic top level domains ("TLDs") to join the more familiar ".com," ".org" and ".net." This development is important for franchisors who wish to protect their trademarks from being registered by others as domain names in these new TLDs.

Beginning next spring, domain names will become available in the following new TLDs:

TLD Eligible Registrants

- .aero Air-transport industry
- .biz Businesses
- .coop Non-profit cooperatives
- .info Unrestricted
- .museumMuseums
- .name Individuals
- .proAccountants, lawyers and physicians

The ".biz" and ".info" TLDs are particularly important to franchisors. These extensions will be available to broad classes of registrants. You should therefore consider registering, within these two new TLDs, domain names that include your trademarks or trade names. Otherwise, you may be forced to deal with "cybersquatters" who register domain names with your marks or names and then attempt to sell them—to you or others.

Despite recent anti-cybersquatter legislation and ICANN's dispute resolution policy, it is less expensive and more prudent to secure domain names at the outset than to deal with cybersquatters after the fact. In addition, if another company has a valid interest in a

domain name containing your mark (for example, because it sells different goods or services or operates in another country), neither federal law nor the ICANN policy may offer an effective remedy. Similarly, if your franchise agreements do not expressly prohibit your franchisees from registering infringing domain names, you may not be able to force them to transfer to you domain names that they register in the new extensions.

ICANN hasn't yet established registration procedures for the new TLDs. Two companies (Veri Sign and Register.com) are accepting "expressions of interest" for domain names in the new TLDs and have received a flood of responses. However, there is no guarantee that you will receive any domain name in which you "express interest." We are tracking the process and will advise clients about further developments.

Franchisors operating internationally should also consider obtaining domain names in certain country-code TLDs ("ccTLDs"). In addition to the current and new TLDs, each country has a two letter ccTLD (e.g., .us, .uk, .ca (Canada), etc.). Internet surfers around the world are using ccTLDs to find companies in their country, rather than relying on the ".com" extension. Therefore, we recommend that you consider registering domain names that include your trademarks and trade names in the ccTLDs for those countries in which you are operating or may expand.