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NEWSLETTER

New Generic Top-Level Domains Nearing Launch Date

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Companies soon will have an opportunity to own a piece of the Internet and control use of their trademarks. The Internet Corporation for Assigned Names and Numbers (ICANN) will be overseeing the roll-out of approximately 500 new "generic" Top- Level Domains (gTLDs)-domain name extensions such as .com, .net and .org-in 2011 and 2012. Having fought considerable battles to protect their marks in the currently existing 21 gTLDs and more than 270 country code top-level domains (ccTLDs), trademark holders may find the prospect of defending their brands against the registration of identical or confusingly similar domain names in hundreds of new gTLDs particularly worrisome.

The development of new gTLDs, however, also provides an exciting business opportunity for mass media companies. The ability to, in essence, become a private registrar could enable development of new social media platforms. New gTLD owners also might allow their domain name owners to develop personal websites on a linked network-for example, coordinating the websites of dozens of company-owned radio and television stations under a corporate gTLD umbrella.

Proposed Operation of the Roll-Out

The new gTLD program will allow applicants to register four kinds of names as TLDs:

- Generic word TLDs (*e.g.*, .film, .radio);
- Corporate TLDs (*e.g.*, .canon) owned by corporations to control use of their marks;
- Community TLDs (*e.g.*, .irish) where domain holders are limited to members of a defined community; and
- Geographic TLDs (*e.g.*, .paris) owned by cities and geographic regions to promote business and tourism in their areas.

A new gTLD operator will own both the name and control the ability to register domain names and "second-level" domains under the gTLD-in effect becoming its own registrar. For those that are interested in acquiring a new gTLD, ICANN has proposed a nonrefundable application cost of $185,000, plus a fee of $6,250 per calendar quarter and a per-domain-name registration fee once the gTLD reaches a 50,000 domain-name registration threshold. Registration of a gTLD will last for a minimum of 10 years and will be subject to automatic renewal. These do not include the costs to develop (and possibly defend) the application, build or outsource the registry infrastructure, and ongoing maintenance. Estimated costs of setting up the registry have ranged from $1 million to $2 million. However, owning a gTLD may simplify ongoing domain name enforcement by enabling easy identification of infringers (*e.g.*, anyone who is not using a domain name under the new gTLD) and developing a cohesive network of authorized users.

The opening of acceptances of applications for the new gTLDs currently is expected in mid-2011, starting a 45-day period for companies to submit applications for a new gTLD. Shortly after the closing date for applications, ICANN will publish a list of the proposed gTLDs for public comment, after which its initial evaluation of all applications will take place. ICANN then will publish the final list of proposed gTLDs and permit parties to file formal objections against registration of a proposed gTLD (for example, based on "string confusion" with another gTLD application or preexisting trademark rights). The approved gTLDs currently are expected to go "live" approximately one year after the opening of the application period-currently, this is estimated to occur in mid- to late 2012.

Trademark Owners Be Wary!

Trademark owners should be preparing for the onslaught of new gTLDs. Companies should review the proposed list of new gTLDs during the public comment and formal objections periods to determine whether to mount an objection. The proposed time period for each activity is severely attenuated, so trademark owners must stay on top of these deadlines and be prepared to act quickly.

Companies also must be concerned with enforcement of their marks in the domain names that will be registered under the anticipated 500-plus new gTLDs. The current draft of ICANN's Applicant Guidebook proposes a registry of nationally registered or court-validated trademarks that will support prelaunch sunrise and claims procedures for domain names in each new gTLD-notably, this "Trademark Clearinghouse" explicitly excludes common law trademarks except for those that have been validated by a court or "other judicial proceeding" (likely not a Uniform Domain-Name Dispute-Resolution Policy (UDRP) decision) or are protected by statute or treaty.

Owners of registered or validated marks will want to record them with the Trademark Clearinghouse as soon as that registry opens; such registration will confer the valuable benefit of a cheaper and more streamlined Uniform Rapid Suspension System (URS) to challenge the registration of identical or confusingly similar domain names in any of the new gTLDs. Companies also should now be reviewing their trademark portfolios and considering additional trademark applications for registration in order to be able to include them in the Trademark Clearinghouse (trademark applications generally take a minimum of six months to register in the United States, and often much longer). Companies also should review their annual registration renewal schedules with an eye toward inclusion in the Trademark Clearinghouse.

In addition, in the somewhat longer term, trademark owners should establish or update their: (1) domain name registration guidelines to determine the extent of desired new registrations in new gTLDs; and (2) enforcement policies to enable quick action in the typically short time frames involved in prelaunch sunrise and claims periods, as well as bringing URS, UDRP and litigation actions.

In December 2010, ICANN began accepting comments from the public on the Proposed Final Applicant Guidebook (which can be found on ICANN's website, www.icann.org), and then delayed its final approval of the proposed process and timeline from its scheduled January 2011 meeting to sometime later in the year. ICANN will discuss the new gTLD program at its meeting in mid-March 2011. We anticipate that final approval of the program is rapidly approaching, and companies should take this additional time to consider the decisions and mitigation of risks outlined above.