

Addisons FocusPapers

Domain Name System Revolution Part 1: Generic Top Level Domain Names

Introduction

As detailed in our previous FocusPapers,¹ extensive changes to the domain name system are on the horizon.

Held to be the biggest change to domain names since the emergence of the Internet in the late 80s, the introduction of new generic Top Level Domain Names (**gTLDs**) will enable companies and organisations to apply for and operate their own personalised domain space.

From early 2011, companies and organisations with the necessary expertise and financial capability will be able to embark on the application process to secure and operate their own personalised gTLDs containing their brand or product name, for example .addisons or .law.²

Given the program's impending roll out, companies and organisations need to prepare now and decide if they want to pro-actively participate in the new domain space by applying for a new gTLD. Those who decide not to do so nevertheless need to understand the possible risks posed to their brands and businesses by others seeking particular gTLDs, and put in place new strategies to protect against their brand, trade marks and other important terms being used by others. Recent developments in the proposed application process and ICANN's³ new announcement that the final Applicant Guidebook will be released in approximately one week's time make the following update timely.

¹ See FocusPapers "Watch This (Expanding Internet Domain Name) Space - An Initial Report on the New Generic Top Level Domain Names", FocusPaper No. 88 available here: <http://www.addisonslawyers.com.au/focuspaper/88>, and "Call to Trade Mark Owners to Have Their Say – New Proposed Generic Top Level Domain Names", FocusPaper No. 107 available here: <http://www.addisonslawyers.com.au/focuspaper/107>.

² On current information. The final Applicant Guidebook to be released in early November 2010 will set out in detail the timing of the program and when applications will be open for companies and organisations to apply for a new, personalised gTLDs.

³ The Internet Corporation for Assigned Names and Numbers: the private, USA based non-profit technical co-ordination body for the Internet's name/numbering systems which manages and co-ordinates the domain name system to ensure each address is unique and all users of the Internet can find valid addresses. ICANN oversees the distribution of IP addresses and domain names, ensuring each domain name maps to the correct IP address.

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Background

gTLDs are the suffixes at the end of an IP address used to identify a type of organisation, association or activity instead of a complicated series of numbers recognisable only to computers.

There are currently 21 gTLDs in operation. These are approved by ICANN, and include .com, .edu, .info and .gov.⁴

In our last report, we analysed the first tranche of ICANN's proposal to open the domain name system's geography by introducing the program.⁵ At that time (in late 2008), ICANN reported that one of the main drivers of the program was to alleviate fears that it would run out of IP addresses by 2013. In 2008, ICANN estimated only 17 percent of the original 4 billion network addresses remained available.

Versions of the DAG

Since announcing the program, ICANN has released for public comment four Draft Applicant Guidebooks (**DAG**), covering in depth the:

- technical, financial and operational criteria;
- evaluation fees;
- required documentation;
- evaluation process; and
- objection procedures,

involved in applying for and establishing a new gTLD.

The latest **DAG** Version 4 (**DAG 4**) was released on 31 May 2010. It is expected that the final guidebook will be released in the first week of November 2010. The information set out below is based on the content available in the DAG 4, which is the most up to date information currently available.

The Application Process

When they open in 2011, applications for new gTLDs will be limited to corporations, organisations or institutions in good standing. Applications from individuals or sole proprietors will not be considered in the first round.

The timeframe for an application to be processed has been estimated to be anywhere between 5 to 18 months, depending on the complexity of the application and any opposition received by ICANN. The application process is complex and will require significant information to be

⁴ A full list of the 21 gTLDs currently in operation in the domain name system can be viewed at http://en.wikipedia.org/wiki/List_of_Internet_top-level_domains. Under the new gTLD program, the number of these gTLDs will eventually be expanded from its current list of 21 to include almost any word, in almost any language.

⁵ In our FocusPaper titled "Watch This (Expanding Internet Domain Name) Space - An Initial Report on the New Generic Top Level Domain Names".

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submitted by the applicant, including financial information and confidential and commercially sensitive material.

Fees

The evaluation fee is currently proposed to be US\$185,000, paid by way of a:

- US\$5,000 deposit on registration on the online TLD Application system; and
- US\$180,000 on completion of the application.

Applicants may also be required to pay additional fees for services rendered outside the scope of the application process. These include for dispute resolution services, priority evaluation services and the costs for other services rendered by ICANN. It is anticipated that refunds of these fees will only be available in certain cases and a cascading percentage refund will apply.

Evaluation

Immediately following the application submission, ICANN will check all application details, including if all mandatory questions have been answered, that the required supporting documentation has been provided and the evaluation fees have been paid.

Following this, an initial evaluation will be conducted, consisting of two main elements: the string review and the applicant review.

The string review concerns whether the string (the letters to be used in a new gTLD):

- are the same or similar to an existing gTLD, Reserved Name⁶ or other applied-for gTLD or IDN ccTLD⁷ that would cause confusion;
- would adversely affect the domain name system's security or stability; or
- requires governmental or public authority approval (and, if so, whether sufficient evidence has been provided to that effect).

The applicant review concerns whether the applicant:

- has the necessary technical or operational capability to operate the registry;
- has the necessary financial capability to operate the registry; and
- has established a system that will not adversely affect the domain name system security or stability.

⁶ The proposed Reserved Name list is annexed and marked "A".

⁷ Internationalised Domain Name country code Top Level Domain.

Objecting to a gTLD Application

Following the initial evaluation it is currently proposed that third party organisations may object to the establishment of a particular new gTLD on four primary grounds, namely that the proposed gTLD:

- is confusingly similar to an existing Top Level Domain or another proposed gTLD in the same round of applications;
- infringes the existing legal rights of the objector. Registration of a trade mark is an example of such a legal right;
- is contrary to generally accepted legal norms of morality and public order; or
- has substantial opposition from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.

Trade Mark Protection Issues

Trade mark infringement issues have been raised by stakeholders as a major concern in the public comment process to date surrounding the new gTLD program. Many working groups have been working to ensure there are adequate ways for trade mark holders to protect their trade marks from infringement by a new gTLD applicant. It is important for all trade mark holders to understand the ways in which they can seek to protect their trade marks before, during and after the roll out of the new gTLD program.

In addition to the proposal that trade mark holders have rights to object to an applied for gTLD when an application is commenced, three main mechanisms have also been proposed in the DAG 4. These mechanisms are:

- a **Uniform Rapid Suspension System** which will enable complaints to be electronically filed by trade mark holders instigating prompt action to be taken in relation to identified misuse or infringement of registered trade marks. ICANN has now resolved that a domain registrant faced with a complaint made via the system must respond to the complaint within 14 days, with one opportunity for an extension of seven days if there is a good faith basis for such an extension. The proposed suspension system is explained in greater detail in the draft proposal attached to the DAG 4 available on the ICANN website;⁸
- a **Trademark Clearinghouse**, a central repository of authenticated information on the rights of trade mark holders to be utilised by all new gTLD registries in their initial pre-launch phases. Under the proposed rules for the Trademark Clearinghouse, all New gTLD registries will be required to:
 - recognise nationally or multi-nationally registered trade marks which are contained in the Trademark Clearinghouse database; and

⁸ <http://www.icann.org/en/topics/new-gtlds/draft-rfp-clean-28may10-en.pdf>

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- use the Trademark Clearinghouse to support pre-launch rights protection mechanisms which must consist of either a sunrise or a pre-launch trade mark claims service providing notice to potential registrants of currently existing trade marks and which notifies rights holders of registered trade marks. This is further addressed in the draft report attached to the DAG 4;⁹ and
- the **Trade Mark Post-Delegation Dispute Resolution Procedure**, a process which will give trade mark holders the right to proceed against registry operators who have acted in bad faith or with the intent to profit from the systemic registration of infringing domain names (or systemic cybersquatting), or who have otherwise set out to use the gTLD for an improper purpose. This procedure will allow trade mark owners to take action against a gTLD registry operator where it believes its trade mark has been infringed. ICANN will not be involved in this procedure.¹⁰

The final details of these proposed trade mark protection mechanisms and relevant timeframes will be set out in detail in the final Applicant Guidebook.

The New gTLDs and You

Possible Opportunities

It is foreshadowed that by establishing your company or organisation's name as a new gTLD (rather than using one of the 21 gTLDs already in operation) an opportunity for consumers to readily locate and visit your company or organisation's website with the knowledge that it is a genuine website operated by your company will be created. It is suggested that this could advance the potential of a gTLD applicant's company or organisation to gain market leverage over competitors.

Operating a new gTLD could also serve to provide opportunities for your company or organisation to run a centralised place for Internet users to access information and resources for a particular subject. For example, it is conceivable that .law may become the central point to access general legal information.

In addition, the combination of second level domains and new gTLDs available may offer opportunities for businesses to develop previously unavailable brand expansion and advertising strategies. Companies could, for example, register their gTLD (.addisons), or a domain name and gTLD (addisons.law). Brand holders and organisations seeking to manage their own name as a gTLD may also have an interest in securing the rights to a certain gTLD early for future branding purposes, and to protect against a competitor registering a gTLD which the company or organisation may be interested in operating.

Perceived Challenges

The proposed gTLD program has faced opposition from companies who have reported to ICANN that they believe the program is unnecessary, and who do not want to spend hundreds of thousands of dollars re-branding and protecting their IP in the expanded domain name sphere.

⁹ At this stage, the recommendation is that no Common law rights are included in the Trademark Clearinghouse Database, except for court validated common law marks.

¹⁰ A registry operator will not be liable merely for having domain names within its gTLD that infringe a trade mark.

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Also, as companies and organisations begin to operate new gTLDs it has been suggested that there is a distinct possibility of an explosion of cyber squatting, phishing and online fraud. To protect against this, trade mark owners endeavouring to protect their brands should be vigilant and be planning now.

Despite the varied challenges posed, the program will on current estimates be implemented in early 2011, with a number of companies and organisations already stepping up to the plate, having indicated they will apply for a new gTLD in the first round.

Conclusion

ICANN is expecting it will delegate 200 to 300 new gTLDs in the first year of the program.

When the first application period is closed, in addition to actively ensuring all registered trade marks are securely contained in the Trademark Clearinghouse, companies and organisations should closely monitor all new gTLD applications posted on the ICANN website to identify any applications which infringe their mark, and should consider whether to file an objection on that basis.

Companies and organisations also need to decide whether a new gTLD will form part of their marketing and advertising strategy, although many of the formalities and costs involved with applying for a gTLD stipulated under the DAG 4 will make the procedure financially and technically unattainable for the majority of businesses.

As we have broadly noted, the registration and opposition of a new gTLD are technical and costly procedures. DAG 4 is a long and complex document and we have only been able to give you a brief outline in the confines of this paper. Addisons IP team is able to provide advice on the procedures involved in both registering trade marks in the Trade Mark Clearinghouse, and applying for and opposing gTLD applications.

Please do not hesitate to contact any member of the Addisons' IP team for any further information or assistance.

Part 2 of our FocusPapers on the Domain Name System Revolution will address the new capability for companies and organisations to register domains written completely in non-english language scripts. This further expansion, which is being facilitated concurrently with the gTLD program, is important for companies planning to reach non-english speaking countries online. The new 'Internationalised Domain Name Country Code Top Level Domains' dealt with in our separate paper will enable companies and organisations around the world to register domain names never before possible, as active branding strategies and/or as protective measures to secure intellectual property interests into the future.

Appendix “A” – List of Reserved Names

Top-Level Reserved Names List

<i>AFRINIC</i>	<i>IANA-SERVERS</i>	<i>NRO</i>
<i>ALAC</i>	<i>ICANN</i>	<i>RFC-EDITOR</i>
<i>APNIC</i>	<i>IESG</i>	<i>RIPE</i>
<i>ARIN</i>	<i>IETF</i>	<i>ROOT-SERVERS</i>
<i>ASO</i>	<i>INTERNIC</i>	<i>RSSAC</i>
<i>CCNSO</i>	<i>INVALID</i>	<i>SSAC</i>
<i>EXAMPLE*</i>	<i>IRTF</i>	<i>TEST*</i>
<i>GAC</i>	<i>ISTF</i>	<i>TLD</i>
<i>GNSO</i>	<i>LACNIC</i>	<i>WHOIS</i>
<i>GTLD-SERVERS</i>	<i>LOCAL</i>	<i>WWW</i>
<i>IAB</i>	<i>LOCALHOST</i>	
<i>IANA</i>	<i>NIC</i>	

Note: that in addition to the above strings, ICANN will reserve translations of the terms “test” and “example” in multiple languages. The remainder of the strings are reserved only in the form included above.

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Karen Hayne has expertise in all facets of litigation and dispute resolution and also maintains a specific trade marks practice (both contentious and non-contentious). Karen is involved in maintaining the integrity of the trade marks of some of the world's most well-known brands and provides advice concerning trade mark portfolios, intellectual property strategies and brand protection issues, including infringement issues, parallel importing and piracy matters.

Karen plays an active role in intellectual property issues in Australia and abroad, is a member of the Intellectual Property Society of Australia and New Zealand (IPSANZ) and a Committee Member of the International Trademark Association (INTA) in the United States.