



*ACC-NE Presents:*

## **The Domain Name Deluge:**

What In-House Counsel Need to Know About ICANN's New gTLD Program

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The Domain Name Deluge: Opportunities and Risks |

## **The Domain Name Deluge** What In-House Counsel Need to Know About ICANN's New gTLD Program Part 1: The Twisted Web We Weave December 12, 2011



**YAHOO!**

## Background

### ▪ June 2008:

- › ICANN Board approves expansion of generic top level domain names “gTLDs” (.com, .net, etc.)

### ▪ October 2008:

- › ICANN releases Draft Applicant Guidebook (“DAG”)
  - Application fee \$185,100 per gTLD
  - Unlimited expansion with multiple rounds of additions
  - Originally, applications expected before end of 2009 or q1 2010

2



## Background

### ▪ October to December 2008:

- › ICANN receives over 375 public comments on first DAG

### ▪ Criticisms

- › Not enough protection for brand owners
- › ICANN has not made sufficient economic justification for expansion of DNS (other open gTLDs like .biz and .info viewed as failure)

3



## Background

### ▪ February 18, 2009:

- › ICANN releases 2<sup>nd</sup> Draft of DAG along with analysis of public comments on 1<sup>st</sup> DAG

### › Minimal changes

- › Clear ICANN is forging ahead with DNS expansion
- › Trademark issues acknowledged, but no concrete solutions
- › ICANN to consult with brand owners
- › Open issues remain around single registrant registries (e.g., .yahoo)

4



## Background

### ▪ March 2009:

- › ICANN convenes IRT

### ▪ June 2009:

- › IRT releases final report

### ▪ October 2009:

- › GNSO convenes STI

### ▪ December 2009:

- › STI issues final report & GNSO approves recommendations

### ▪ March 2010:

- › ICANN Board directs Staff to incorporate STI recommendations

5



## RPM's

- **Globally Protected Marks List**
  - › Not adopted
- **Trademark Clearinghouse**
  - › Modified by STI
- **Uniform Rapid Suspension System**
  - › Modified by STI
- **Post Delegation Dispute Mechanism**
  - › Modified by STI

6



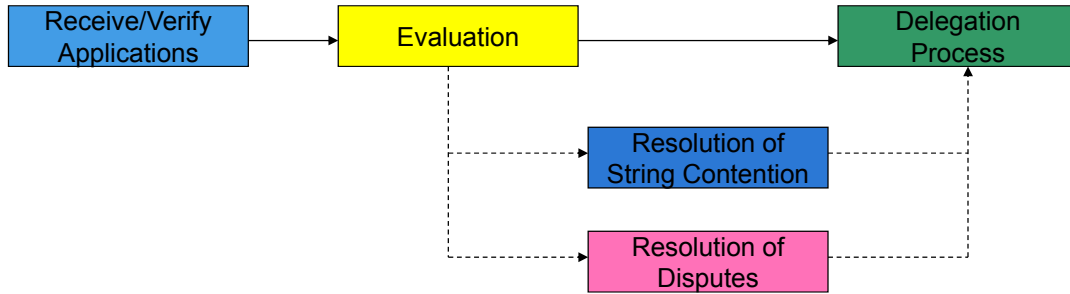
## Current Plan

- **Application Window**
  - › January 12, 2012 – April 12, 2012
- **Application Fee:**
  - › \$185,000.00
- **Application Process:**
  - › 12 to 18 months
- **Application Types:**
  - › Open
  - › Community
- **Application Assumptions:**
  - › Process presumes applications will pass

7

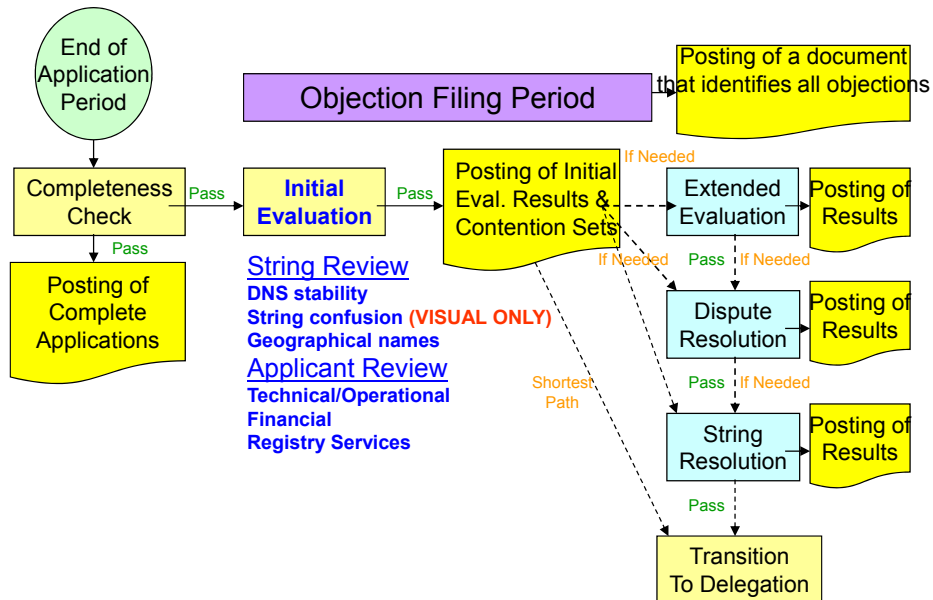


## Simplified Application Process



8

## Full Blown Application Process



9

## Application Process

- **November 2012**

- › Evaluation and Objection Resolution Complete

- **December 2012 – January 2013**

- › New gTLDs available for use

10



## Application Process

- **Four Areas for Objection Filing:**

1. String confusion – broader definition of confusion
2. **Legal rights**
3. Morality & public order
4. Community Objections

11



## Application Process

### Extended Evaluation (Additional \$50,000 fee)

- If failed Initial Evaluation & if requested by applicant
- If ICANN requests for DNS stability or registry services evaluation process (RSEP) regarding a possible security and stability issue

### Transition to Delegation

1. Contract negotiation
2. Board review
3. Contract execution
4. Pre-delegation check

12

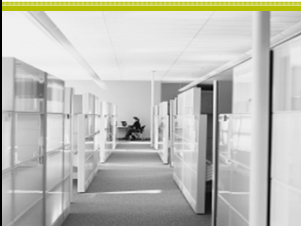


## Rumors, Gossip and Innuendo

- **Senate Hearing 12/08/11**
  - Much Ado About Nothing?
- **House Hearing 12/14/11**
  - Pipe dreams?
- **Lawsuits?**
  - Whispers in the Wind

13





## The Domain Name Deluge:

What In-House Counsel Need to Know  
About ICANN's New gTLD Program

### Part 2: Opportunities and Risks

December 12, 2011

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The Domain Name Deluge: Opportunities and Risks |



## New gTLD Ownership Opportunities

- Why would my company want to own a .brand gTLD?
  - Owning and controlling your own branded space
    - Build brand loyalty
    - Control of genuine branded merchandise
    - Enhance relationships with franchisees, business partners, agents, or fans.
  - Keeping up with competitors who are applying for .brand domains
  - Application process relatively simple compared to a .generic gTLD

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The Domain Name Deluge: Opportunities and Risks | 15





## New gTLD Ownership Opportunities (Cont.)

- Why would my company want to own a true .generic gTLD?
  - A new business opportunity
    - Establishing and operating a registry
    - Popular registries may make \$\$\$
    - Potential to create new “avenues” of the Internet open to the public or dedicated to particular themes or communities



## New gTLD Ownership Risks (Cont.)

- Why might I pass on the New gTLD Program?
  - Application costs
    - Beyond the \$185,000 application fee:
      - Legal fees
      - Business technology/consulting fees; registry provider fees
      - Contingency fees
    - Total application cost \$300,000 (optimistic) to \$600,000 and likely much more for highly desirable generic terms



## New gTLD Ownership Risks (Cont.)

- Why might I pass on the New gTLD Program?
  - Maintenance costs
    - Your company is not simply buying a domain name; it's committing to running a domain name registry for 10 years.
      - Annual ICANN registry fee: \$25,000
      - “Domain tax” of \$0.25 for each domain registered over 50,000
      - Service provider fees (back-end registry services)



## New gTLD Ownership Risks (Cont.)

- Why might I pass on the New gTLD Program?
  - Other costs
    - Ongoing commitment, diverts company resources
    - Potential forced redelegation:
      - Exception for single-registrant registries, but many .brands won't qualify
      - Attendant trademark risks: naked licensing, no quality control, abandonment
    - Active participation in ICANN community and policy development



## The gTLD Ownership Question

- To apply or not to apply? Other considerations:
  - Buying into the untested new gTLD process
  - Opportunity cost: although ICANN hopes for a second round of gTLDs, it's far from certain
  - Even in the first round, questions remain
  - How would operating a gTLD registry complement or replace your existing Internet presence?



## The gTLD Ownership Question (Cont.)

If your company is considering applying, time is of the essence.



## The gTLD Ownership Question (Cont.)

### 1. Determine if you're in or out

- Engage counsel
- Discuss opportunities, risks, costs, and timelines with internal department representatives
- If .brand, which brand?
- Prepare business and implementation plans
- Know the gTLD Applicant Guidebook inside and out
- Make a decision as soon as possible



## The gTLD Ownership Question (Cont.)

### 2. Prepare a budget

- Allow for contingencies; prepare for:
  - Extended evaluation
  - Additional ICANN application fees
  - Auction
  - Additional delays to delegation



## The gTLD Ownership Question (Cont.)

### 3. Identify and select additional partners

- “Back end” registry services
- Data escrow services
- Domain name management
- Registrar management
- ICANN reporting partner



## The gTLD Ownership Question (Cont.)

### 4. Prepare your application

- Again, timing is critical
- Application is lengthy and detailed:
  - Financial capabilities
  - Technical capabilities
  - Operational capabilities
  - In essence, a scaled-down business plan that demonstrates to ICANN that the applicant is capable of long-term management of a domain registry



## New gTLDs: Managing TM Risks

- ICANN's New gTLD Program presents significant trademark risks:
  - Top-level domains (e.g., .disney)
    - Risk that others could apply for TLDs similar to your valuable brands
  - Second-level domains (e.g., disney.movies)
    - Cybersquatting
    - Trademark infringement
    - Counterfeiting

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The Domain Name Deluge: Opportunities and Risks | 26



## New gTLDs: Managing TM Risks (Cont.)

- Intellectual property risks
  - Already an enormous problem for brand owners in a world where the majority of websites are located on domain names in a single domain name registry – .com
  - Past introductions of new gTLDs (e.g., .tel) were controlled responses to the requests of certain narrowly defined groups
  - The new program could result in the introduction of hundreds – or thousands – of new gTLDs over the next few years. ICANN now estimates up to 1000 for the first round of applications

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The Domain Name Deluge: Opportunities and Risks | 27



## New gTLDs: Managing TM Risks (Cont.)

- The gTLD program constitutes a sea change, going from 21 gTLDs to hundreds.
- Cybersquatting and related trademark violations could increase exponentially
- Companies must develop a comprehensive, overarching strategy for dealing with the anticipated increased trademark abuse



## New gTLDs: Managing TM Risks (Cont.)

1. Take stock: conduct an audit
  - Identify company trademarks and trademark registrations
  - Shore up rights where necessary
  - Categorize brands by relative importance
  - Identify current domain name ownership and domain name acquisition and policing strategies
  - Engage outside counsel for assistance



## New gTLDs: Managing TM Risks (Cont.)

2. Look forward: create a comprehensive domain name acquisition and policing strategy
  - Defensive domain name registrations:
    - When, what, why?
  - Policing and Enforcement:
    - Prioritize: can't go after every domain
    - Does the company need the domain?
    - Identify exacerbating factors



## New gTLDs: Managing TM Risks (Cont.)

3. Closely monitor applications filed for new gTLDs.
  - Applications will be published by ICANN when the application period closes in April 2012
  - Companies have the opportunity to file a legal rights objection to applications for top-level domains that incorporate, or which are confusingly similar, to company trademarks
  - Objection process is not yet finalized, but will be conducted via an arbitration proceeding administered by WIPO





## New gTLDs: Managing TM Risks (Cont.)

### 4. Prepare for and take advantage of gTLD launch phase rights-protection mechanisms

- Record trademarks with the Trademark Clearinghouse
- Take advantage of “sunrise” periods for active and defensive registrations
- Be prepared to act upon receipt of Trademark Claims Service notices



## New gTLDs: Managing TM Risks (Cont.)

### 5. Understand and Use post-launch enforcement mechanisms in accordance with the company’s domain name policing strategy

- Uniform Rapid Suspension (URS)
- Uniform Domain-Name Dispute Resolution Policy (UDRP)
- Post-Delegation Dispute Resolution Policy (PDDRP)



## New gTLDs: Managing TM Risks (Cont.)

### 6. Don't forget alternative policing methods

- Informal requests to registrants
- Cease-and-desist letters
- When the registrant is unknown, requests to privacy protection services
- Litigation
  - Anticybersquatting Consumer Protection Act (ACPA)
  - Traditional trademark claims



## New gTLDs: Managing TM Risks (Cont.)

### 7. Stay in the loop

- Monitor ICANN developments regarding the gTLD process and subsequent rounds
- Monitor legislation for new and updated tools for dealing with domain name cybersquatting and online trademark infringement
- Participate in the ICANN policy development process
- Periodically review and revise domain name acquisition and policing strategies, coordinating with outside counsel as necessary.



## Resources

- ICANN New gTLD website: <http://newgtlds.icann.org/>
- ICANN Public Comments Forum:  
<http://www.icann.org/en/public-comment/>
- Intellectual Property Constituency (IPC):  
<http://www.ipconstituency.org/>
- International Trademark Association (INTA) New gTLD Policy and Advocacy:  
<http://www.inta.org/Advocacy/Pages/gTLDs.aspx>
- Foley Hoag Trademark & Copyright Law Blog:  
<http://www.trademarkandcopyrightlawblog.com/>