



ICANN Under Fire on Eve of New GTLD Release

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The Internet Corporation for Assigned Names and Numbers (ICANN) plans to accept new applications from **January 12, 2012 to April 12, 2012** for hundreds of new generic top-level domains (gTLDs, e.g., .com, .net, .org), in the wake of recent urging from the Department of Commerce and anxious brand owning stakeholders to reevaluate its plan and implement measures to enhance consumer protection. When the application period opens Jan. 12, entities that meet ICANN's background and technical operations requirements (along with the \$185,000 evaluation fee) may apply to run their own registry. For example, applicants may apply for new top-level domains containing a brand name or a generic term.

Many trademark owners question whether they need to file defensive applications at the top-level even though they may have no interest in operating a registry. ICANN advises that, while operating a top-level domain registry offers exciting opportunities and rewards, it carries significant risks and responsibilities as well. Potential benefits include: the opportunity to establish a new business around the TLD; increased control over the rules and prices for registration of domain names under the TLD; ongoing revenue streams for maintenance and renewals; marketing opportunities to build better brand awareness; establishment of innovative business models; and expanded geographic area, including use of languages containing non-latin characters.

Some risks and responsibilities include: investment of not only the \$185,000 evaluation fee, but also ongoing registry operating costs; potential loss of investment during the evaluation process in which there is no guarantee that an applicant will get the new TLD; significant contractual restrictions and obligations for running a TLD; requirement for highly skilled technical operators; and lack of applicable business models for guidance in this relatively new sector.

Even if they do not apply for a new gTLD, trademark owners are advised to monitor the new applications for TLD strings containing their generic industry term (e.g. .hotel or .music), or their brand. In addition to traditional remedies under the Uniform Domain Name Resolution Policy (UDRP) and other trademark laws, ICANN will establish some new protection mechanisms against cybersquatting and trademark abuse, including the following:

1. Trademark Clearinghouse. ICANN intends to contract with a neutral third party to establish a Trademark Clearinghouse for registered marks and other marks protected by court order or statute. New gTLD registry operators ("Operators") will be required to provide trademark claims services and sunrise services to owners of marks in the clearinghouse.
2. Sunrise Services. Operators of generic industry extensions must offer sunrise services only to owners of marks in the clearinghouse. This differs from previous sunrise registration periods, where registry operators have been required to offer sunrise periods to all registered trademark owners. Operators will not be required to offer a domain name under a new gTLD *unless* the trademark owner: (a) applies for entry in the Trademark Clearinghouse prior to publication of the new gTLD; and (b) registers the subject marks prior to execution of the registry agreement between ICANN and the Operator.
3. Trademark Claims Services. Within 60 days of the launch of a new gTLD, Operators must provide prospective domain name registrants under the new gTLD with notice of marks in the Trademark Clearinghouse. Operators must require the prospective registrant to confirm that he/she has read and understood the notice and that the prospective domain name does not infringe on any rights in the notice. Operators must also notify owners of the marks in the Trademark Clearinghouse if a domain name containing an identical mark ultimately registers under the new gTLD. Notifications will not include misspellings or variations of the mark as registered with the clearinghouse.
4. Uniform Rapid Suspension (URS). ICANN will offer URS as a cheaper and faster dispute resolution remedy for domain name registrations under the new gTLDs. URS complaints are only recommended for clear-cut cases of trademark abuse, and will be limited to 500 words with a proposed \$300 filing fee. Trademark owners must support complaints with both proof of use of the mark and an allegation of bad faith supported by reasonable evidence. If a trademark owner is successful under URS, Operators must freeze the domain name, but they will not be required to transfer the domain name to the trademark owner.

The new gTLDs could dramatically change the scope of the Internet in the very near future. Although, the expansion may become irrelevant due to search-based web navigation, trademark owners should be wary of some potential short term implications and take steps to protect against cybersquatting and trademark abuse.

For more information about this topic, please contact Amy Marino, 757.473.5393 or amarino@williamsmullen.com, or any member of the Williams Mullen Intellectual Property Team.

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