Navigating the Internet’s So-Called “Next Big Thing”

Richard S. Stockton
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Webinar Agenda

- Introduction to gTLD process
- Recent updates
- Players and pitfalls
- Strategies for brand owners
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Overview: Domain Name System

- Domain Name System (DNS)
  - Hierarchical Distributed Naming System for Internet ("Phone Book")
  - converts human-friendly domain names to computer-friendly numerical addresses
  - 3 Conceptual Layers: Domain names, TLDs, Root Zone

- Top Level Domain (TLD)
  - Middle Level of DNS
  - Generic TLDs (gTLDs) and Country Code TLD (ccTLDs)

- Root Zone
  - Apex of DNS
  - Conceptually, bannerwitcoff.com[.root]
Overview: DNS Operation

Where's www.domain.com?

Try 205.178.190.1!

198.41.0.4: Root Nameserver

Try 167.127.160.180!

205.178.190.1: .com Nameserver

Inside Your Desktop Computer: DNS Recursor

It's at 167.127.109.101!

167.127.160.180: domain.com Nameserver
Overview: gTLD History

- 1980s (pre-ICANN): .com, .edu, .gov, .int, .mil, .net, .org, .arpa
- 2000: Added .aero, .biz, .coop, .info, .museum, .name, .pro
- 2004: Added .asia, .cat, .jobs, .mobi, .tel, .travel
- 2011: .xxx
- Present: 22 gTLDs in “root zone” (Restrictive)
Overview: DNS Status

- 215m domain name registrations across all TLDs (e.g., .com, .uk)
- 17m new domain name registrations in last year
- Leading TLDs: .com, .de, .net, .cn, .uk, .org, .info
- 22 gTLDs and more than 250 ccTLDs
Overview: New gTLD Process Formulation

• 2005-2007: gTLD Policy Studied
• 2008: ICANN “Green Lights” Policy
• June 2011: ICANN Formally Approves Policy
• Sept. 19, 2011: Applicant Guidebook Released
Overview: gTLD Application Process

- Application Period: Jan. 12 to April 12, 2012
- Objection Period: May 1 to Dec. 1, 2012
- Extended Evaluation Period: December 1, 2012 to Apr. 30, 2013
- New gTLDs Operational Beginning late 2013
- Application Fee: $185k
- Estimated applicants: 100-1000 (~500)
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Updates: Dec 2011 US Congressional Hearings

• Topic: Delaying new gTLD process
• Washington Post: “What’s the .Rush?”
• ICANN moving forward regardless
• Limited US control of Internet remains:
  – ICANN administers (at least until March 2012), but US Department of Commerce ultimately controls, root zone file
  – US presence of root servers, operators
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Players: ICANN

- **Warm and Fuzzy**
  - Saved the Internet from fracturing due to US hegemony
  - Giving businesses a choice
  - Multi-stakeholder process

- **Dark and Evil (per Association of National Advertisers)**
  - Registry and registrar payments comprise 93% of ICANN’s 2011 revenue of $69.3m
  - 500 gTLD apps at $185k = $92.5m
  - $30m litigation risk fund
  - Conflicts of interest
Players: gTLD Applicants

- 190 Potential gTLD Applicants Identified (source: .nxt)
- Many More Likely Lurking
- Seek Four Types of gTLDs:
  - Brands
  - Generic Terms
  - Community
  - Geographic
Players: Brands: .canon

- March 16, 2010: Canon announces .canon gTLD interest
Players: Brands

- .aigo (Aigo Digital Tech. Co., Ltd.)
- .canon (Canon)
- .deloitte (Deloitte)
- .hitachi (Hitachi)
- .motorola (Motorola)
- .post (Universal Postal Union)
- .unicef (UNICEF)
- Not players: Hewlett Packard, Procter & Gamble

(Source: Bloomberg)
Players: Generic Terms

- .app
- .bank
- .bike
- .board
- .car
- .dental
- .earth
- .eco
- .ego
- .film
- .food
- .free
- .game
- .games
- .green
- .health
- .homes
- .horse
- .hotel
- .jewelers
- .kids
- .love
- .mail
- .money
- .movie
- .music
- .news
- .phone
- .poker
- .radio
- .real
- .restaurant
- .secure
- .sell
- .shop
- .site
- .skate
- .ski
- .sport
- .surf
- .taxi
- .tree
- .videos
- .web
- .wiki
- (others)
Players: Community

- .arab (League of Arab States)
- .gay (DotGay LLC)
- .irish (Dot-Irish LLC)
- .kurd (dotKurd)
- .scot (Scotnom Ltd)
- .zulu (Dot Zulu)
- (others)
Players: Geographic

- .africa
- .athens
- .basel
- .bayern
- .bcn
- .berlin
- .bkk
- .bog
- .boston
- .bourgogne
- .bud
- .california
- .chicago
- .china
- .dallas
- .dubai
- .egypt
- .eng
- .fra
- .hamburg
- .hong kong
- .iran
- .kön
- .korea
- .london
- .madrid
- .melbourne
- .miami
- .moscow
- .mumbai
- .nyc
- .oman
- .palestine
- .paris
- .pdx
- .qatar
- .quebec
- .riga
- .roma
- .saarland
- .seattle
- .seoul
- .sfo
- .syd
- .syria
- .taiwan
- .thailand
- .tokyo
- .toulouse
- .tunisia
- .usa
- .vegas
- .рф/.RF
- .日本
- .عربي
- (others)
Major Pitfalls

- Only one application period currently planned (Jan. 12, 2012-Apr. 12, 2012)
- ICANN will not publicize applications until after application period ends
- 10-year registry contract with presumption of renewal (but ICANN is not prohibited from transferring the gTLD to another entity)
- If a gTLD fails, must have 3-year contingency plan (and gTLD could be transferred)
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Strategies for Brand Owners

- Applying for a gTLD
- Handling others’ gTLD applications
Applying for a gTLD: Why?

- Increase Brand Promotion
- Leadership—Stand Out from Competitors
- Increase Affiliate/Licensee Control
- Reduce Fraud/Piracy
- Increase Security
- New Customer Engagement Opportunities
- New Internal Corporate Network Possibilities
- Reduce Effects of Cybersquatting/Warehousing?
Applying for a gTLD: Why Not?

- Expensive
- Difficult to bring everybody together internally
- Will Internet users migrate from .com?
- Conflicts with others
Applying for a gTLD: Steps

• Internal Brainstorm
  – Marketing, Product Development, Legal, Management

• Budgeting
  – $185k ICANN fee
  – Technical and Admin fees
    • Outside Operators (some as low as $25k/year)
  – Annual fees (e.g., $25k to ICANN)
  – “Continued operation” fee escrow?
Applying for a gTLD: Steps (Continued)

• TLD Application System Demo:
  – http://newgtlds.icann.org/applicants/tas/demo

• Applicant Guidebook Governs Procedure
gTLD Application Process: Flow Chart
gTLD Application: ICANN Evaluation of Proposals

- “Administrative Completeness Check”
- Applicant Evaluation
  - Technical Evaluation
  - Financial Evaluation
  - Registry Services Technical Evaluation
- gTLD String Evaluation
  - String Similarity
  - DNS Stability
  - Geographic Names
- Extended Evaluation studies these matters more closely
gTLD Application/Handling Others’ Applications: Objections/String Contention

- **Objections**
  - **String Contention**
    - International Centre for Dispute Resolution (ICDR)
  - **Legal Rights**
    - World Intellectual Property Organization (WIPO)
  - **Community**
    - International Chamber of Commerce (ICC)
  - **Morality & Public Order**
    - International Chamber of Commerce (ICC)

- **String Contention**
  - Community priority
  - Auction
Handling Others’ gTLD Applications

- **Announced gTLDs**
  - Internal Brainstorm
- **Unannounced gTLDs**
  - Publicized May 1, 2012
  - Objection period begins
- **All gTLDs**
  - Use Rights Protection Mechanisms (RPMs)
<table>
<thead>
<tr>
<th></th>
<th><strong>Current gTLD Names</strong></th>
<th><strong>Future gTLD Names</strong></th>
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<tbody>
<tr>
<td><strong>Top Level</strong> (e.g. .name)</td>
<td>• Declared RPM</td>
<td>• Declared RPM</td>
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<tr>
<td></td>
<td></td>
<td>• Legal rights objection</td>
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<td>• Post-delegation dispute (PDDRP)</td>
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<td>• Enhanced vetting of applicants</td>
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<tr>
<td><strong>Second Level</strong> (e.g. myco.name)</td>
<td>• UDRP</td>
<td>• UDRP</td>
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<td>• Various RPM policies</td>
<td>• Required/standardized processes:</td>
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<td>• Thick and Thin Whois</td>
<td>o URS</td>
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<td>o TM Clearinghouse (claims or sunrise)</td>
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<td>o PDDRP</td>
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<td>o Thick Whois only</td>
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Source: “Brand Management in the Age of New gTLDs,” Brussels ICANN Conference 20-25 June 2010