

## DOT BOMB: BE PREPARED FOR THE NEW WEB ADDRESSING SYSTEM

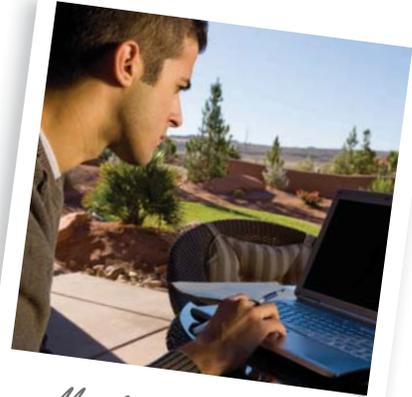


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In June 2008, ICANN, the organization responsible for coordinating the internet's addressing system, approved a policy that would loosen its control over the nature and number of generic top-level domains (gTLDs). This new policy will present a new internet landscape and has the potential to drastically change the way businesses, organizations, and other institutions market and present themselves on the internet.

Historically, ICANN has maintained strict control over the nature and number of gTLDs. Currently, there are only 21 gTLDs. Examples of current gTLDs include .com, .org, .biz, .net, etc. Given the current structure of gTLDs, businesses and other organizations seeking an internet address have had to select from this limited number of gTLDs. However, the vast number of internet users has led to increased demand for diversity and choice and, thus, demand for additional gTLDs.

Under ICANN's new policy, the sky is nearly the limit on possible gTLDs. Beginning in late 2009 or 2010, during a pre-set application submission period, applicants will be able to apply for almost any gTLD, including, for example, *.yourbrandname*, *.productcategory* (i.e., *.cars*), or *.geographiclocation* (i.e., *.chicago*), with certain restrictions. This opportunity allows for incredible creativity in marketing and presence on the internet. For example, a car manufacturer could seek to register *.carmanufacturername* as well as *.cars*, so that it could use the domain name *carmanufacturername.cars*.



*Market Your Domain*

This policy also includes several built in features to protect trademark owners in the new internet addressing landscape. One such feature is that individuals and sole proprietorships are not eligible to apply. Only established corporations, organizations, or institutions in good standing may apply for a new gTLD. Moreover, the application fee for a new gTLD is \$185,000, with potential costs reaching \$235,000 or more. Additionally, applicants will be required to provide information regarding their capacity to operate and maintain the new gTLD and corresponding registry, including documentary evidence of their ability to fund ongoing basic registry operations. Finally, applications will be subject to review, public comment, and objections. SEE SIDEBAR

The losing party of an objection would be required to pay the cost of the proceeding, which would likely range from \$2,000 to \$122,000, or more, depending on the scope of such proceeding.

In light of ICANN's new policy regarding gTLDs and its built in barriers to entry, businesses, organizations, and other institutions should weigh the costs and benefits and make informed business decisions regarding whether to apply for a new gTLD.

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Companies with substantial intellectual property rights in their brand name should strongly consider seeking registration of *.theirbrandname* and, possibly, *.theirproductcategory*. The benefits of obtaining such registrations are that the gTLD registry owner and operator will be able to control and decide the rules regarding who can obtain domain names under the gTLD. This will allow companies to utilize a new internet marketing landscape, including launching new marketing campaigns to draw consumers to their new websites. For example, these new marketing campaigns could focus on “Dot BrandName” or “BrandName Dot ProductCategory,” among others.

Many companies, however, do not have the experience or capacity to operate or maintain a registry (one of the requirements for seeking registration under ICANN’s rules). As such, these companies could consider forming alliances with established registry operators, such as, for example, VeriSign, Inc. (.com and .net) or NeuStar, Inc. (.biz and .us), to operate the gTLD registry, if such established registries are willing. This alliance would allow a company to team up with an experienced registry under agreed-upon terms and rules regarding what companies or organizations can obtain a domain name under the gTLD.

At a minimum, regardless of whether a company wishes to seek registration of a gTLD for its brand name, product category, or geographic region, brand owners need to institute a policy to monitor new gTLD applications when they begin and file objections where an application violates the brand owners’ rights. Despite the potentially high costs of objections, this defensive measure is essential to preventing infringement and/or dilution of trademark rights in this new internet landscape.

**Objectors with standing to object could base their objections on the following grounds:**

- 1 “STRING CONFUSION”—the applied-for gTLD is confusingly similar to an existing TLD or to another applied for gTLD string;**
- 2 “LEGAL RIGHTS OBJECTION”—the applied for gTLD infringes the legal rights of the objector;**
- 3 “MORALITY AND PUBLIC ORDER OBJECTION”—the applied-for gTLD string is contrary to generally accepted legal norms of morality and public order; or**
- 4 “COMMUNITY OBJECTION”—there is a substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.**

Currently, ICANN is still in the process of honing its new policy. Following ICANN’s June 2008 approval of its new gTLD policy, it sought public review and comment of its Draft Application Guidebook. Recently, on February 18, 2009, ICANN issued a summary and analysis of the comments received, noting four issues requiring more discussion: (a) security and stability, (b) malicious conduct, (c) trademark protection, and (d) demand/economic analysis. On that same date, ICANN issued a second Draft Application Guidebook that was subject to further public comment through April 13, 2009. Now that the April 13 deadline has passed, a third draft is anticipated, and the application period is expected to open in late 2009 or 2010.

For additional information, please see ICANN’s New gTLD Program website at: <http://www.icann.org/en/topics/new-gtld-program.htm>. ■