

## Important Changes on the Horizon for Domain Names

### 1. Introduction

Given the exponential increase in the registration of domain names over the past few years and the gradual introduction of new top levels such as .EU and .TEL, ICANN<sup>1</sup>, the not-for-profit corporation responsible for the management of generic top level domains (gTLD) has now started a process whereby anyone who has the money and ability to run their own brand or name-specific gTLD will soon be able to do so.

1.1 This is an important development for brand owners to consider as although the cost may be prohibitive for having your own .brand gTLD, there will be an increased need for vigilant policing and watching of domain name registrations by others, particularly potential cybersquatters. Protecting your brand on the Internet will become harder to do but equally, essential to continue.

### 2. Background

2.1 There are currently 22 gTLDs of potential interest to businesses but when ICANN came into existence in 1999, there were only 7 operational such as .com and .net. These have gradually been added to, often for specific target groups like .tel for those operating in the telecommunications field.

2.2 As the controller of all gTLDs and therefore a significant proportion of the Internet, ICANN believes that there is a need to provide for the ever increasing number of Internet users by opening up the gTLD process to anyone, effectively allowing any new gTLD, within reason<sup>2</sup>, to be created and managed.

2.3 This process, which ICANN began in 2006, looked at awarding gTLDs to any

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<sup>1</sup> Internet Corporation for Assigned Names & Numbers, based in California

<sup>2</sup> Geographical terms will not be permitted or those that risk confusion with existing levels. Also, issues of public morality and decency will have to be considered so offensive terms as gTLDs are highly unlikely to be permitted.

applicant who can pay the required fees and pass the evaluation procedures.

2.4 Many large brand owners are already putting bids together and this may see the importance of the .com level decrease over time as new levels such as .ebay, .google and .coke take shape. Eventually, the domain name system may become more like a telephone directory where typing the brand straight into the browser takes you straight to the relevant .brand gTLD.

2.5 The process will include 'open' applications literally open to all comers 'for any purpose.' All applicants will need to pay a proposed \$185,000 application fee plus \$25,000 per annum and a per domain name transaction levy if there are more than 50,000 names in that new level. By the time one has factored in legal fees, marketing fees, research and the actual official fees, applicants could easily be spending from \$500,000 to \$1 million for a new gTLD. For some huge household name brands, this will not present a substantial problem and will be an essential investment but for the majority of brand owners, the cost currently looks to be prohibitive.

2.6 The beginning of this process is still a way off with guidelines to be published for public comment and problems to be ironed out. However, it is not a case of 'if' this happens, but 'when' as ICANN is determined to press on with the process. Current predictions are that the first round of applications may be received by early 2010 and by the time these are evaluated, the actual new gTLDs that have applied may be launched by late 2010 or early 2011.

### 3. IP issues

3.1 Many concerned parties have raised the question of how brand owners will be protected when the gTLD floodgates open. The need for owners of the new gTLDs to have Rights Protection Management in place for IP owners and some kind of dispute policy for IP owners to take action is clear.

3.2 For example, 'sunrise' periods where only brand owners can apply at the outset should

be present. Third parties will have the right to object to an application for a gTLD based on legal rights and appropriate objection fees will apply. These legal rights objections will be decided by a panel appointed by WIPO (World Intellectual Property Organisation) but there is no clarity yet on a number of points including the precedential value of prior decisions or if a term will be blocked if an objection is won.

3.3 Part of the ongoing process before applications for new gTLDs are possible is considerations by the Implementation Recommendation Team, set up by ICANN. They are considering IP-specific issues such as:

- An IP clearinghouse to hold validated IP data. In other words, one centralised database of valid IP which, once checked, will mean third parties cannot apply for gTLDs that conflict with that IP. This will mean you will only need to validate your IP once rather than for every relevant new gTLD that may arise- Valid IP will only be registered trade marks and moreover, those that are for the words per se rather than logo marks. It is likely that copies of registration certificates will be required to validate such trade marks;
- Automatic blocking of applications for 'globally well-known marks';
- Rapid suspension of names when cybersquatting is clear;
- A notification service to inform applicants of existing IP rights that conflict with a term applied for;
- Sanctions on any new Registry that appears to be operating in a way that materially contributes to trade mark infringement and abuse

3.4 These ideas are reassuring and helpful to brand owners and it can only be hoped that they will be approved and remain in place to offer at least some level of protection.

#### 4. Your Brand

4.1 It is important to realise that as your brand is vital to your business, it should be registered both as a trade mark and as a domain name. If this is not done promptly, you may suffer 'Permanent String Preclusion'

which means that if someone else opens a Registry and gTLD level for your .brand, you will never be able to own it. Whilst you may not be able to afford the time or resources to run your own .brand level, at least if you have registered IP rights in place, this should act as valid IP data that should block a third party from operating that brand as a new gTLD.

4.2 The finalisation of the rules and processes and protection in place for IP owners is not yet complete and will not be for some time due to the consultation process. We will endeavour to keep clients up to date on this important area as and when significant developments occur.

4.3 We can offer commercial domain name watching services to clients so that you will be notified as and when a third party applies for an identical or closely similar domain name or level.

4.4 If you are concerned and have specific feedback, you should also consider engaging in the process by sending in comments to ICANN whilst the guidelines are still open for comments. Click [here](#) for further details.

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