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Navigating ICANN's New gTLD Program: The Next Big Branding Idea or a Brand's Worst Nightmare?

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After years of discussion and ongoing debate, the Internet Corporation for Assigned Names and Numbers ("ICANN") will begin accepting applications for new generic Top-Level Domains ("gTLDs") beginning on January 12, 2012. Up until now, only 22 unrestricted gTLDs have existed across the Internet, among the most popular and well known being .com, .org, and .net. With this new initiative, ICANN is establishing a process for companies and organizations to apply for new gTLD extensions, which may consist of any term or word, from company, firm or individual names and trademarks (e.g., digitalhhr, hugheshubbard, etc.), to generic categories of goods and services (e.g., law, .music, .baldguys, etc.). To many, the decision to open up the top-level of the Internet's namespace has been a long time coming, creating a powerful tool to launch and/or expand brand marketing, promotion and overall recognition into a whole new realm. However, taking advantage of these new opportunities will not be a simple process, and unfamiliarity with the complexity of registration and application protocols, as well as the array of technical, operational and legal issues that will arise, may be overwhelming to brand leaders and legal representatives alike. Further, applying for and obtaining a new gTLD is not only time-consuming, but also extremely costly, with initial application fees of \$185,000, coupled with overall integration and implementation fees, as well as ongoing yearly maintenance fees in the event that your application is approved at all. So what does this mean for you, and your company or association? Below is a brief overview of the gTLD process, which should help you identify and analyze the associated benefits and risks that may present themselves. Navigating the gTLD Application Process Many are familiar with the registration of a Second-Level Domain ("SLD"), the name, term or phrase to the immediate left of the "dot" in a web address. For example, in digitalhhr.com, "digitalhhr" is the SLD. The process for registering an SLD is simple, and in most instances, merely requires a brief search on the internet and payment of a small fee to one of several registrars like register.com or godaddy.com. The new gTLD application process is considerably more complex. Unlike a simple SLD registration, any entity applying for and (if approved) operating a gTLD will ultimately become a registry itself. ICANN has therefore established a comprehensive and lengthy approval process. As part of the submission,

applicants are required to provide substantial background information, including information related to corporate and legal structure and financial resources. In addition to such background screening, the initial evaluation period consists of two primary areas of review: (i) applicant review—where the entity applying for the gTLD (including all individuals named within the application) will be subject to assessment, including an overall examination of technical, operational and financial capabilities, and (ii) string review—where the applicant's proposed gTLD string will be evaluated. The applicant review focuses on the applicant itself in order to assess whether it has the means necessary to operate a registry, and whether applicant's registry services would adversely affect the security or stability of the Domain Name System ("DNS"). The string review, on the other hand, focuses on the applied-for gTLD string in order to assess such issues as whether the proposed gTLD string would create a user confusion, adversely affect DNS security or stability, etc. According to ICANN, this initial period of evaluation may take up to 5 months or more and includes a public comment period. Applicants who successfully complete this process (including surviving any formal objections that can be filed after publication of the completed application) will then be required to enter into a registry agreement with ICANN, as well as pass certain technical tests before the proposed gTLD is activated. Overall the application process can take anywhere from 9 to 20 months, depending on the complexity of the application. In addition, all applicants will be required to pay a gTLD evaluation fee of \$185,000, which shall be payable by the applicant as follows: \$5,000 deposit upon applicant's request for an application and the remaining \$180,000 upon submission of the completed application. Furthermore, applicants may be required to pay additional fees in certain cases, including where extended review is requested by those applicants that do not pass the initial evaluation. The New gTLDs and its Affect on Trademark Owners and Brands. For many entities, the financial expenditure, coupled with the time, resources and personnel necessary to operate a gTLD registry may deter them from moving forward with the process at all. But even if a decision is made not to affirmatively use the gTLD process to launch and/or expand a brand, companies must still be concerned with protecting their trademarks. In the tangled web of major stakeholders, complex processes and potential pitfalls, companies are faced with the daunting task of assessing and implementing new protection and monitoring mechanisms in order to protect their trademarks and brands. ICANN itself has integrated several mechanisms within the gTLD program to help provide comfort to trademark owners, including:

- **Formal Objection to gTLD Applications:** At the close of the initial submission process in April, 2012, ICANN will publish a list of all applications to the general public, which will launch a period for filing formal objections to any application. A formal objection may be filed on one of the following four grounds: (i) String Confusion Objection, (ii) Legal Rights Objection, (iii) Limited Public Interest Objection, or (iv) Community Objection. All properly filed objections will be subject to dispute resolution proceedings, which shall be administered by one of the following service providers, depending on the grounds for such objection: the Arbitration and Mediation Center of the World Intellectual Property Organization, the International Centre for Dispute Resolution, or the International Center of Expertise of the International Chamber of Commerce. In the event that a gTLD is delegated, there will also be a post-delegation procedure to address issues that arise. Such objection procedures are set out in much greater detail in ICANN's [gTLD Applicant Guidebook](#).
- **Trademark Clearinghouse:** The Trademark Clearinghouse is a centralized database, which will be provided, operated and maintained by ICANN, in order to store information in connection with third party trademarks. All trademark owners will be able to register their trademarks with the Trademark Clearinghouse. The Trademark Clearinghouse will be supported by individual registry operators through the establishment of individual Trademark Claims Services, as well as a "Sunrise" Process, as further described below.
- **Trademark Claims Service/Domain Name Registration During the "Sunrise" Period:** In accordance with ICANN's procedures, all new registry operators must implement both Trademark Claims Services and a "Sunrise" Process during the initial period of general registration. The Trademark Claims Services will provide prospective gTLD registrants with notice of any third party trademark rights in and to the desired domain name, provided that such third party has registered with the Trademark Clearinghouse. However, such notice does not completely prevent the prospective registrant from registering such domain name. If the prospective registrant moves forward with the registration of such domain name, and it is registered in the Trademark Clearinghouse, the registrar will have to provide notice to the rights holder that such domain name has been

registered. In addition to such Trademark Claims Services, a "sunrise" period during the start-up phase for registration must be implemented in order to allow for eligible rights holders in the Trademark Clearinghouse first opportunity to register an SLD at the specific gTLD if a third party is seeking a sunrise registration thereof. Notice to rights holders registered in the Clearinghouse will be provided by the registry operator upon requested registration by a third party.

These are only some of the means that trademark owners, companies and brands can use in order to protect their marks. However, careful monitoring of ICANN's application process and individual registrations, and prompt action, will ultimately be necessary on a moving forward basis in order to properly defend against the potential issues that may arise. What Now? Whether you are an entity ready and willing to take on the challenge of registering a new gTLD, or simply looking to go on the defensive to protect your brand, devising the right strategy in response to the arrival of ICANN's gTLD program is crucial for all brand owners. The DigitalHHR team has been working with clients to assist them in understanding the gTLD initiative, evaluating the potential benefits and pitfalls of moving forward with an application and assessing their brand protection needs, and are available to answer any questions you might have. We will continue to monitor the progress of ICANN program as we near the start of the application window, particularly as details are made available regarding the Trademark Clearing House.