



With ICANN's Controversial Decision to Expand the Number of Generic Top-Level Domains; Is Your Domain Name Safe?

In today's world of the Internet, a company's domain name is an extension of its brand and image. A company's website is a doorway to reach customers. A recent decision on generic top-level domain names may dilute a company's brand and cause confusion for its customers. The organization overseeing the operation of the Internet worldwide, known as ICANN, has decided to implement a long-considered plan to expand the number of generic top-level domains available to Internet users, and hence increasing the number of potential Internet domain names. The window for submitting new top-level domain name applications opened on January 12, 2012. The plan has drawn spirited opposition from private industry, the Congress, the Federal Trade Commission, various international intergovernmental organizations and, most recently, the U.S. Department of Commerce. Nevertheless, ICANN is determined to proceed. Tannenbaum Helpers's **Donald Prutzman**, a partner specializing in intellectual property and trade regulation matters, and **Amy Beard**, a litigation associate, shed light on the proposed plan, its controversies and potential impacts on businesses if the plan is implemented.

What is ICANN and what has it proposed concerning generic Top-Level Domains (gTLDs)?

Prutzman: ICANN, or the Internet Corporation for Assigned Numbers and Names, is the non-profit corporation that regulates the use of Internet domain names under an agreement with the U.S. Department of Commerce. On June 20, 2011, ICANN's Board announced its approval of a program to open the field of generic top-level domains (e.g., .com, .info, etc) from the current 22 to virtually any word in any language. The decision is controversial and has sparked strong opposition.

How would ICANN's proposed gTLD expansion program work?

Prutzman: Under the proposed program, any applicant can apply for self-selected gTLDs comprising virtually any word or set of symbols, leading to an endless number of gTLDs beyond the current 22 gTLDs and 240 country code TLDs ("ccTLDs"). It is anticipated that the majority of applications would be for brand names (e.g., .pepsi, .charmin or .allstate), industry terms (e.g., .bank, .pharma or .oil), or interest/affinity groups (e.g., .coincollectors, .equestrian or .gardeners). While ICANN is only preparing to process up to 1000 applications per year, and will defer or reject any excess, the number of gTLDs would be infinite.

Beard: To successfully register a gTLD, an applicant would operate the registry for domain names issued under its new gTLD and designate registrars to register them. The program opened on January 12, 2012, and remains open until April 12, 2012. The sheer cost of an application and establishment of the

registry if successful – estimated at over \$500,000 – is likely to limit the applications to major players. The application fee alone is \$185,000.

Who opposes the plan and why is it causing so much controversy?

Prutzman: The bulk of the opposition comes from brand owners, with The Association of National Advertisers ("ANA"), a United States trade association with more than 400 companies on its member roster, leading the charge. The ANA has threatened litigation if the plan proceeds. Brand owners argue that non-brand owners will apply for well-known brand names as new gTLDs, causing consumer confusion and cybersquatting and that the program offers no countervailing benefits. Other trade associations, including the Interactive Advertising Bureau, the American Association of Advertising Agencies, the UK Direct Marketing Association, and the World Advertising Federation, have echoed the ANA's concerns. Additionally, a number of intergovernmental organizations ("IGOs"), including the United Nations and the International Monetary Fund, have objected to the program. Like trademark owners, IGOs are concerned that the program increases the potential for misleading registration and use of their names and acronyms.

Beard: More specifically, the brand owners believe that ICANN's program will impose on them the significant cost and burden of defensively applying for their brand names as new gTLDs so that others cannot secure them, dilute the value of their existing domain names and cause harm to consumers from phishing and counterfeiting by malicious users

cybersquatting on brand-name gTLDs. Brand owners are also concerned about litigation expense associated with cybersquatting and trademark tarnishment. And as far as government organizations go, opposition is not solely from international organizations. The Federal Trade Commission Chairman has said the program has the potential to be a disaster, and the U.S. Senate Committee on Commerce, Science and Transportation suggested ICANN to scale back or postpone the program. On January 3, 2012, the National Telecommunications and Information Administration (“NTIA”), an agency within the Department of Commerce, urged ICANN by letter to reevaluate its plan in certain respects before moving forward.

How does ICANN respond to these concerns and what can brand owners do to protect their brands?

Prutzman: ICANN’s application procedures for new gTLDs attempt to address the unauthorized use of trademarks. It contemplates that an objection period will open following initial administrative review of new gTLD applications. One of the four enumerated grounds for objection is that the applied-for gTLD infringes the objector’s existing legal rights, including trademark rights. This objection period gives trademark owners and licensees the opportunity to derail any gTLD applications that use the objector’s trademark without authorization. Objections on the ground of infringement of legal rights will trigger dispute resolution proceedings before the Arbitration and Mediation Center of the World Intellectual Property Organization.

Does the opportunity to oppose applications by others for one’s brand name adequately addresses brand owners’ concerns?

Beard: Not in their view. Brand owners believe that it simply adds costs to them, from which neither brand owners nor the public derive any benefit. They argue that they have no affirmative reason to apply for their brands as gTLDs themselves, but would have to spend money unproductively on their own defense, monitoring applications by others, opposing any that infringe their rights and registering their brands defensively as second level domain names in a host of new gTLDs.

Are brand owners’ concerns justified?

Prutzman: Potentially, but they may be overblown. Both the ANA and ICANN cite academic studies reaching conflicting conclusions to support their views. Practically speaking, however, the half-million dollar cost of obtaining and operating a new gTLD should severely limit the amount of cybersquatting and consumer deception. Most cybersquatters

simply will not have the resources to phish in this pond.

Assuming brand owners are correct that they will not benefit from ICANN’s plan, who would benefit?

Prutzman: It is not yet clear who would benefit. Some have suggested that custom gTLDs would help online auction or sales services. For example, eBay could offer .trademark second level domain names in a new .ebay gTLD to its top sellers, giving them a more marketable, less cumbersome URL on eBay. Brookstone on eBay, currently at the domain <http://stores.ebay.com/brookstoneco>, could become simply Brookstone.eBay. Professional associations may also see benefit. For example, one commentator has suggested that the American Medical Association could register .doctor and provide all doctors with an @ama.doctor email address, harnessing all AMA members onto one powerful, marketable email list. The ABA could do the same with a .lawyer or .attorney gTLD.

KEY TAKEAWAYS:

- Brand owners face a dilemma. Applying for your brand as a gTLD will be expensive and the affirmative benefits are not immediately obvious. On the other hand, not applying runs the risk of incurring significant defensive costs if someone else applies for your brand – perhaps a legitimate user for unrelated goods or services, or a cybersquatter.
- Whichever course a brand owner chooses, competent legal advice will be needed. If the choice is to apply, the application is lengthy and complex and requires significant supporting documentation. The final version of the Applicant Guidelines runs 352 pages. If the choice is not to apply and defensive action is necessary, the procedures for opposing an application are complex. A party opposing the application will need to establish that it has standing to object under the principles articulated in the Guidelines and that it can demonstrate a valid objection under one of the four enumerated grounds for objection.

Should you have further questions regarding ICANN’s gTLD proposal, please contact **Donald Prutzman** at prutzman@thsh.com or **Amy Beard** at beard@thsh.com.