



Intellectual Property NewsFlash

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Your Name .Here

Registration for New Top Level Domain Names Begins This Month

We are all familiar with the common and widely-used generic top level domain names (gTLDs) currently available on the Web, such as .com, .org, .net, .biz, and the like. Very soon, however, the number of top level domains (TLDs) will rapidly expand, and companies will be able to own, operate, and control their own custom TLDs (e.g., www.example.mycompany).

As described in greater detail below, companies or individuals can apply to become the operator of a new custom TLD this January 2012. These new custom TLDs may greatly impact how companies operate their websites, position their branding on the Web, monitor and enforce potential trademark infringements, handle cybersquatting issues, and deal with a host of other related issues. Your company should consider how it will handle these issues in the near future, and may even want to consider becoming an operator of a custom TLD.

Background:

As indicated in a previous [MMM bulletin](#), the Internet Corporation for Assigned Names and Numbers (ICANN), the international authority over TLDs, recently approved the expansion



of the existing TLD universe to include new generic and custom TLDs outside of the current and widely-used domains. These new TLDs can be custom domains (e.g., .mycompany, .mytrademark, etc.) or generic names for virtually any type of product, service, or the like (e.g., .soda, .movies, .book, .magazine, etc.). Owners of these new TLDs will have certain rights and privileges relating to the types of “second level” domains (e.g., www.mycompany.com) that are allowed registration within the top level domain.

ICANN began accepting applications from those companies or individuals interested in becoming an operator of

a new TLD on January 12, 2012. The application period will run for three months until April 12, 2012. After April 12, the TLDs for which all of the application requirements have been met are expected to begin rolling out later this year. The application process is complex and expensive (as described in greater detail below), and the effort and costs involved in operating a TLD will likely be significant. However, owning and operating a TLD could be beneficial for owners of desirable trademarks or business names.

Benefits of Operating a Custom or New Generic Top Level Domain:

For most companies, the expense and effort associated with applying for and (if awarded) maintaining/operating a TLD will far outweigh the benefits. In most cases, the ICANN fee to simply apply to become the operator of a new TLD will be greater than \$180,000, and most experts are predicting that the cost to monitor and operate each TLD will be greater than \$25,000 annually. Accordingly, it is expected that only large companies with significant trademarks (or companies



looking to make a profit as a new “registrar” of a generic TLD) will pursue becoming a TLD owner/operator. However, for those that can afford it, the benefits could be considerable. Just a few of the benefits of owning/operating a TLD include:

- The ability to sell second level domains to others, which could result in substantial financial gain.
- Increased flexibility and website setup (e.g., custom email addresses, custom second level domains -- `www.home.mycompany`, `www.contactus.mycompany`, `www.aboutus.mycompany`, etc.).
- Increased brand and online presence (i.e., the potential to have a greater impact on search engine results and traffic).
- The ability to exclude competitors from certain domains (e.g., if Coca-Cola owned the operating rights to `.soda`, it could exclude Pepsi and other soft drink companies from registering second level domains within the `.soda` TLD).

Again, although these benefits may not justify the cost of operating a TLD for most companies, large companies with significant online brand strategies may feel all but obligated to lock down the TLD relating to their company names or trademarks.

Necessary Steps to Become a TLD Operator:

If interested in becoming a TLD operator, an applicant must submit a complex application to ICANN prior to April 12, 2012. The application generally must include the applicant's projections of the costs, revenues, sources of financing, and sources of risk the applicant anticipates following the creation of the proposed TLD. Further (and perhaps more importantly), the applicant must provide detailed technical plans indicating how the TLD "registry" will be operated and maintained, such as how TLD data will be stored and catalogued, the security measures that will be taken to prevent tampering with the TLD system, how trademark disputes will be resolved and protections for third-party brand owners will be provided (e.g., sunrise periods), and many others.

Once awarded a new TLD, the owner/operator of that TLD must operate it for a period of at least 10 years. If the owner desires to shut down the TLD prior to the 10-year period (or thereafter), it is not presently clear what the implications of such a shutdown would be, and/or whether ICANN would have the authority to transfer the TLD to another third-party operator. However, it is assumed that the owner of the TLD will be liable for any costs associated with or damages suffered by owners of second level domains within the TLD.

Thus, as is clear from the above, applying to be an operator of a TLD and maintaining operations for that TLD is no small undertaking.

Even if you do not want to operate a TLD, you still need to pay attention!

It is expected that most companies will not have the desire or resources to become a custom TLD operator. But, there are important steps that should be taken by all companies as the universe of available TLDs expands, such as:

- Companies and brand owners should more actively monitor the status of new TLDs that are created to ensure that no TLDs (or "second level" domains within the new TLDs) are created that might create confusion with the company's trademarks or brand names. ICANN has created procedures and policies that enable trademark owners to oppose TLDs that might conflict with the owners' trademark rights. Further, the laws relating to trademark protection for second level domains are unchanged with respect to the new TLDs, and thus owners of trademarks and brands can take certain actions to block or wrestle away second level domains that conflict with those marks.
- Register with ICANN's new "trademark clearinghouse." Although not yet operational (as of the time of this writing), ICANN is developing a repository that will enable trademark holders to identify their marks. This database of marks will be consulted when an application for a new TLD is submitted, and the trademark holder will be notified of such application (and will have an opportunity to contest it).
- If a TLD is created within a company's field or industry (e.g., .shoes for a shoe company), the company should consider applying for a second level domain (or several second level domains) that relates to the company's name or trademarks within that new TLD.
- If a potentially offensive or objectionable TLD is created, a company should consider blocking

cyber-squatters from registering the company's trademarks or brand names as second level domains within the offensive TLD. This can typically be accomplished through "sunrise periods" that allow trademark owners to block certain second level domains from ever being registered within a TLD.

- Companies should consider registering their primary company name or trademark within all new TLDs that seem relevant.
- Generally, companies or individuals should implement more active monitoring and brand protection strategies on the Web.

In the end, the TLD expansion may have very little practical impact. For example, as of the date of this writing, there are already 18 generic TLDs in use in the United States, many of which that are widely unused and unknown to the common Internet user (e.g., .museum, .jobs, .pro, .travel, etc.). On the other hand, the expansion of the available TLDs may signal a turning point in how the Internet is managed and utilized. We likely will not know the impact of the new TLD regime for many years. But, implementing an effective online brand enforcement and monitoring strategy now may greatly benefit your business in years to come.

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