

IP Strategies

Special Bulletin

New Generic Top-Level Domains Available In Early 2009

Introduction

In 2009, rules regarding the creation of new generic Top-Level Domains (gTLDs) will be relaxed. gTLDs are the suffix found after the last period in domain names.

Technology

Each server connected to the Internet has an IP address in the form of a string of numbers. A registry called the Domain Name System (DNS) assigns domain names to these servers. While many domains can be assigned to a single server, each server has only one IP address. Once a domain name is secured, Web masters assign different Uniform Resource Locators (URLs) to each page posted on the Internet.

Currently, domain names are sold online at a low cost. A new entry into the DNS often costs as little as \$9.95. By securing a domain name via an online registrar, one does not obtain legal ownership of the name, only an exclusive right to its use on the Internet.

Role of ICANN

Oversight and entry in the DNS registry is the exclusive jurisdiction of the Internet Corporation for Assigned Names and Numbers (ICANN).

RFC 1034 regulates the DNS registry. At the moment, only ASCII characters, numbers, and a few pieces of punctuation, such as hyphens, can be used. ICANN

disallows the use of non-Roman characters found in, for example, Asian, Arabic, and Cyrillic languages. Generally, domain names are made of a first string of characters open for selection (the domain name), a period, and a small group of letters to be selected from a limited catalog (the Top Level Domain, or TLD).

Currently, the choice of TLD includes country code TLDs (ccTLDs such as .us, .ca, .fr, .au, etc.), sponsored TLDs (sTLDs such as .asia, .edu, .gov, etc.), and generic TLDs (gTLDs such as .com, .biz, .edu, .info, etc.). In 2003, an International Domain Name system (IDN) was developed in an effort to include other characters and is now in the final stages of testing. These new TLDs include, for example, رابٲت.خ in Arabic and .δοκιμή in Greek.

New Rules

ICANN has historically been very restrictive with regard to the list of available TLDs. After all, conflicts arise when trademark owners are not in possession of domain names licensed and used by third parties. With the availability of more gTLDs, trademark owners are faced with the need to secure additional unwanted domain names to keep them out of the hands of potential trademark infringers.

In June 2008, yielding in part to pressures from the IDN, ICANN

approved a relaxation of the gTLD. New rules will take effect in the second quarter of 2009. A demand for registration of any string of letters, *in any language or script*, will be possible. Board member Roberto Gaetano spearheaded this reform, and the ICANN Board voted unanimously in favor of this change. The final version of the rules should be published in early 2009.

New Process

Initially, this process will be very costly and time-consuming. It is likely to cost up to \$500,000, plus an open auction price. The time for approval may require up to 12–24 months. First, a long application period will allow ICANN to process a series of potential gTLDs simultaneously. Objections from the public at-large at this early stage will be possible. Next, ICANN will evaluate the technical stability of the DNS directory if the proposed gTLD is entered. Past this second step, an opposition phase will then be opened to the public where at least four grounds for opposition can be raised: (1) string confusion, (2) existing legal rights, (3) morality and public order, and (4) community objection.

If and when a new gTLD string has passed all objections, the gTLD will be auctioned off, according to the current practice of ICANN. Currently there is no intention by ICANN to limit

demands based on known existing trademarks. Trademark owners will be forced to file an opposition under (2) in the above group of objections or see their marks auctioned off to the highest bidder.

Bidders for a new gTLD must demonstrate market demand, capacity to operate the new root, and commercial viability. Contemplated users of these new rules are registrars and large organizations.

Contemplated Changes

We anticipate a limited number of new TLD requests will be filed with ICANN in the first few years of implementation of these new rules. We expect registrars, large Web service providers, and very large international corporations may take

advantage of this change. For example, the registrar godaddy.com may want to obtain the TLDs .travel, .blog, or even .godaddy. Once a registrar secures a TLD, that string of characters will be added to the list of currently available TLDs on its Web sites.

The advantages of this new regime to corporations are doubtful. For example, the Coca-Cola Corporation could ask for the gTLD .cola to be added to the root DNS. The Pepsi Corporation could oppose the registration or even take part in the auction and win the gTLD even if the Coca-Cola Corporation spearheads the application and has paid all fees to the auction. It is also unclear at this time how obtaining a gTLD at the auction will comply with

national and international trademark law. Under the current system, if the Pepsi Corporation secures the gTLD .cola, it could exclude Coca-Cola from using www.coca.colas unless Pepsi is forced to open the gTLD to the general public.

Search engines Yahoo or Google will be able to give their members customized domain names such as yourname.google to match e-mail services already provided (e.g., yourname@gmail.com, yourname@gmail.google).

If you have any specific questions regarding this new process, please contact Alain Villeneuve at 312-609-7745 or any member of the Intellectual Property Group at Vedder Price. ■

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