

Cooley

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The Internet Corporation for Assigned Names and Numbers ("ICANN"), the organization responsible for overseeing the world's domain name system, approved new policies last week that will result in sweeping changes to the Internet landscape. Beginning in late 2012 and early 2013, potentially hundreds of new generic Top Level Domains (gTLDs) will be made available for registration, resulting in a significant expansion of available Internet addresses and an increased risk of online trademark infringement.

Currently, the most popular gTLDs are those with the extensions .com, .net, and .org, although there are also nineteen other generic extensions available for domain name registration, such as .info. In addition, hundreds of country-code Top Level Domains (ccTLDs), such as .cn (China), .ar (Argentina), and .tv (Tuvalu), are also available for registration. The new ICANN policy approved last week will allow anyone to apply to operate a new gTLD with an extension name of their choosing. The first application round, for up to 500 new gTLDs, will begin in January 2012 and run for three months. Additional application rounds are likely to follow. Once the applications are evaluated and approved, the operators will be able to register domains under their new gTLDs to third parties.

The new gTLDs can take on any form, from generic terms to non-generic brand names. The successful applicants operating the new gTLDs will manage the gTLDs as domain name registrars, just as registries today manage the .com extension and other existing gTLDs. Thus, the operators will be able to specify the requirements for ownership of domain names within the gTLD and, for example, may make ownership of a domain available publicly or may restrict ownership to a company or members of an interest group. Current gTLDs under consideration include .sport for sports teams and organizations and .bank for financial institutions, among others. To date, no trademark owners have publicly stated their intention to apply for a gTLD consisting of their brand name.

This new policy comes after years of debate between ICANN and representatives of the world's governments, business owners, and other interests. Those efforts and negotiations culminated in the development of an Applicant Guidebook outlining the application and operation procedures for a new gTLD, which can be found at:

<http://www.icann.org/en/topics/new-gtlds/comments-7-en.htm> .

As reflected in the Applicant Guidebook, the application process for a new gTLD is extensive and costly. The initial application fees are set at \$185,000, and new gTLD operators must also pay annual fees currently set at \$20,000. Anyone interested in applying for a new gTLD should begin work on the process immediately.

The protection of trademark rights was a key issue raised in the discussions between ICANN and brand owners. As a result, multiple procedures and protections will be made available during the gTLD application process in an effort to minimize the infringement of trademarks. These include publication of the applied-for gTLDs and a procedure to challenge gTLDs that may infringe another's trademark rights. Applications will also be subject to rigorous examination. All of these procedures are still being refined by ICANN, and reports on further developments will be provided when that information becomes publicly available.

Also under consideration are procedures to protect trademark rights as domain names become available for registration once the new gTLDs are operating. These include a streamlined, low-cost dispute resolution process for clear cases of cybersquatting, the development of a "Trademark Clearinghouse" to allow brand owners to establish their rights and block third parties from registering their marks under any new gTLD, and other mechanisms. Additional information about these procedures and their implementation is expected in the coming months.

The new gTLD system has the potential to change how consumers use and find information on the Internet, and it is important for businesses and brand owners, especially in the online space, to consider whether they want to register a new gTLD. Companies should also closely follow developments in the gTLD rollout to determine whether any of the proposed gTLDs infringe their trademark rights. Finally, once the new gTLD registries are operating, they will offer brand owners new marketing opportunities and additional trademark policing challenges that will need to be scrutinized carefully.

Cooley's Trademark, Copyright & Advertising group is available to answer questions about brand protection, domain registration, and other issues that may arise under the new gTLD system. We are also available to consult on the benefits and drawbacks associated with seeking registration of a new gTLD, and provide assistance in the application process. Additional Cooley Alerts will be issued in the coming months to report on further developments in the gTLD rollout.

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