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## Top Level Domain Names: Round Two

*Law360, New York (May 07, 2009)* -- The Internet Corporation for Assigned Names and Numbers (ICANN) has issued a second draft of the Applicant Handbook for public comment in its initiative to expand generic Top Level Domain Names (gTLDs) from the 21 that currently exist (e.g., .com, .biz, .net, .org) to potentially many thousands more.

ICANN received hundreds of comments in response to its initial Draft Applicant Guidebook, including representations from the U.S. Departments of Justice and Commerce. It has also received comments from organizations as diverse as the Vatican and the Welsh national assembly party, Plaid Cymru. It seems everyone has a view on how the brave new world of gTLDs should be shaped.

The deadline for comments was April 13. What has changed since the first draft and what issues still remain?

### Summary of Key Changes

#### Timeline

ICANN now anticipates accepting applications for new gTLDs, at the earliest, in December 2009. This date may slip further depending upon the number and strength of the comments received following this second round of consultation.

#### Costs and Refunds

Costs have been reduced but the procedure remains expensive. The U.S. \$185,000 application fee per-name remains unchanged, but the registry fees that successful applicants must pay to ICANN (in addition to the initial application fee) have fallen from \$75,000 to \$25,000 per year. This translates, over the duration of the initial 10-year term of the registry agreement, to a savings of \$500,000, as the applicant would pay a total of \$250,000 instead of \$750,000.

For the first time refunds that ICANN plans to offer applicants who withdraw their applications are set out. The maximum refund of the \$185,000 application fee is \$130,000 with a minimum of \$37,000. This raises the stakes for any would-be cybersquatters as they would not be able to make an application and then withdraw it without losing at least \$55,000.

## **Trade Mark Protection**

ICANN has left the details of enhancing trade mark protection to future drafts of the guidebook, but has clarified the following:

- It will consider expanding the list of reserved gTLDs that cannot be applied for by any applicant to include certain “famous” marks. It will be interesting to find out how or what criteria will be proposed that will be used to define a “famous” mark. Also, what would happen if, once reserved, an unconnected applicant applied for a confusingly similar mark?
- Trade mark protection measures will be available to holders of both registered and unregistered (i.e., common law) marks. Does this mean that company names will also be protected?
- ICANN’s goal is to “reduce costs to trademark holders, and increase and build more confidence in protection measures,” however, protection of second level domain names still remains sketchy and it is not clear what form of rights protection mechanisms will be part of the package and whether this will result in any enhancements to the UDRP (the Uniform Domain Name Dispute Resolution Policy).

## **Objections**

### *Community-Based Objections*

ICANN has clarified that the community-based objection, which can be asserted by a well-established community against a gTLD application that it believes is likely to harm the community, is not designed to resolve disputes within or between communities.

In particular, if the applicant against which a community-based objection is lodged can demonstrate that it, too, represents a well-established community (either the same or a different community), the objection must fail.

This means, for example, that the National Football League almost certainly could not successfully assert a community-based objection against Fédération Internationale de Football Association (FIFA) to prevent it from securing the .football gTLD.

## *String Confusion Objections vs. ICANN's Initial String Confusion Review*

“String confusion” refers to the situation where a new gTLD “so nearly resembles another that it is likely to deceive or cause confusion.”

In the new guidebook, ICANN clarifies that it will focus its own initial “string confusion” review solely on the visual similarity between the applied-for gTLD on the one hand, and pre-existing gTLDs or ccTLDs, or other new gTLD applications on the other.

By contrast, the string confusion objection available to operators of existing TLDs or applicants for new gTLDs takes into consideration “all types” of similarity, including “visual, aural [and] similarity of meaning.” “[T]he standard is open-ended to allow for disputes to be heard according to the claim made by the objector. The goal is to prevent user confusion.”

### *Objection Procedure*

ICANN has named WIPO (the World Intellectual Property Organisation), ICC (The International Chamber of Commerce) and ICDR (The International Centre for Dispute Resolution) as bodies who have expressed an interest in handling disputes concerning gTLDs.

It will be interesting to see what rules will be developed and procedures adopted if one or all these bodies take up the challenge to administer the objection procedure.

Importantly, any would-be objectors will have to be quick, as they will have only 90 days from the date ICANN publishes preliminarily approved applications in which to assert an objection. Outside of this period claims must be asserted, if at all, under the laws of other jurisdictions.

## **Community-Based Applications**

As with the previous draft of the guidebook, ICANN's proposals continue to give preferential treatment to so-called “community-based applications.” The new guidebook unfortunately fails to clarify exactly what constitutes a “community.”

Despite acknowledging the confusion engendered by this term, ICANN does not plan on refining the current vague definition. Nor does it appear that ICANN will eliminate this preference at any point in the future, as it reflects a core belief that “community-based TLDs enhance the name space and that true communities should be afforded some preferences and protections.”

Nonetheless, ICANN has provided the following guidance on the limitations of the preference afforded communities, and how disputes between community-based applications will be resolved:

- Community-based applicants will find it more difficult to avail themselves of preferential treatment to secure gTLDs corresponding to generic words. ICANN has indicated that the “ideal” community-based gTLD is one exclusively associated with the community in question (e.g., .FIFA).

Thus, the NFL and FIFA would most likely be able to take advantage of preferential treatment given to communities to secure the .nflfootball and .fifafootball gTLDs, respectively. Both organizations, however, would likely be on equal footing with non-community based applicants for the generic .football gTLD and therefore subject to the auction process.

- The new guidebook also clarifies that an applicant for a community-based application is “bound by the registry agreement to implement the community-based restrictions it has specified in the application.”

For example, a successful applicant for the .apple gTLD purporting to represent an apple growers association, would be prohibited under ICANN’s agreement from later turning the gTLD into an online computer or music store.

- In cases where one or more community-based applications meet the requisite criteria, non-community based applications for the same gTLD will no longer be considered.

For example, if the Cherokee Native American tribe applies for the .cherokee gTLD and satisfies the requisite community-based application requirements, a noncommunity-based application by Chrysler for the .cherokee gTLD would no longer be considered.

Moreover, Chrysler would not be allowed to participate in any tie-breaking auction should there be multiple equally qualified communities that apply for the .cherokee gTLD.

- In cases where multiple community-based applications address the same community and meet the requisite criteria, the applicant (if any) that represents a majority and significantly larger share of that community will prevail.

Thus, for example, if Manchester United and FIFA applied for the .football gTLD, in this scenario FIFA would prevail because it represents a larger portion of the relevant community.

- In cases where multiple community-based applications meet comparative evaluation criteria, but neither has demonstrated significantly more support than the other or they represent different communities, and they cannot settle the contention amongst them, an auction will be held between these applicants.

Under this proposal, if FIFA and the NFL were both to apply for .football (and assuming they satisfy the requisite community requirements), the gTLD would proceed to auction.

ICANN would not make a subjective determination as to which community is more deserving of the gTLD.

## **Auctions**

ICANN anticipates only resorting to auctions to award gTLDs where the objection process, comparative evaluation process, and voluntary negotiations fail to reduce the applicant pool for the same gTLD to a single applicant. The new draft sets out in some detail how the auction procedure will work.

Interestingly, ICANN states that any auction proceeds will be “returned to the community via a foundation that has a clear mission and a transparent way to allocate funds to projects that are of interest to the greater Internet community.” A number of examples are given including DNS stability, outreach, and education.

## **Conclusion**

From the public comments received by ICANN to date, the only unifying aspect emerging from these submissions is the diversity of interested communities, which includes government agencies, brand owners, registrars, registries and consumer protection groups, among others.

ICANN faces an almost impossible task of reconciling the divergent concerns of these groups, and it is likely that, although it will take some steps to enhance measures available to protect trade marks in the new gTLD space, it will strike a balance in favour of placing the onus of enforcing trade mark rights and other national laws on the shoulders of interested stakeholders, instead of addressing these concerns during ICANN’s initial review of applications.

ICANN’s new proposal has the potential to radically alter how Internet users find information on the Internet. Businesses and organizations should continue to keep apprised of these important developments.

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