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Domain Names

ICANN's New gTLDs List Reveals Few Red Flags, Many Probable Auctions for Generics

By Amy E. Bivins

The Internet Corporation for Assigned Names and Numbers published June 13 a list of 1,930 generic top-level domain name applications, which will eventually complement the .com and .net destinations we have today with as many as 1,429 others, including a variety of brand names, geographic names, and industry categories.

The world's largest corporations are clearly divided over the wisdom of operating a top-level domain. Hundreds of brands applied for their marks or acronyms. Google Inc., Amazon, and Microsoft Corp. each applied for their marks, as well as many generic terms. Yet most other leading businesses, including Facebook and Twitter, filed no applications at all.

"The internet is about to change forever," ICANN CEO Rod Beckstrom remarked. Over 1,000 new TLDs could be delegated within one year, he added.

Few applications raise obvious trademark red flags, which could be due to the strong trademark protections built into the program, attorneys told BNA.

"Let's celebrate the fact that most of the applications seem quite valid, and there appear to be few, if any, active trademark infringements," Kathy Kleiman, Fletcher Heald & Hildreth, Arlington, Va., said.

There are many applications for regulated industries, which could see challenges from governments or licensing entities. Some of those applicants said in their applications that they will limit second-level registrations to licensed practitioners in those industries. Others said they would not.

Applications for some words that correspond to descriptive marks and geographic strings could see legal objections—including .coach, .amp., .direct, and .swiss—and many generic industry names are almost certainly headed to what could be very high-dollar auctions.

Check List for Marks, Industry, and Plan Next Steps

In the days leading up to the reveal day festivities, BNA interviewed nearly a dozen attorneys, asking what they will be looking for when ICANN posts the list, and for tips and insights to guide the busy weeks ahead (17 ECLR 1047, 6/13/12).

They said that brand owners should survey the list for possible uses of their marks, and then relevant generics. Information inside those applications will assist in deciding whether further steps—including comments or formal objections—are required.

After seeing the list, attorneys said that brand owners and applicants alike must plot their steps carefully during the next 60 days, the crucial period for public comments on applications.

The formal objection period will remain open for approximately seven months. Formal objections may be filed on four grounds:

- string confusion,
- legal rights,
- limited public interest, and
- community.

"It certainly can't hurt to provide positive comments for preferred applicants and/or strings," Erin Hennessy, Bracewell & Giuliani, Washington, D.C. and Seattle, told BNA.

Applicants should be coming up with their list of priorities, Hennessy added. "What is most

concerning? What can they cross off of their lists? Are they talking to the right internal stakeholders—marketing/legal—to see how the brand owner may leverage a particular new industry specific gTLD or to find out if something on the list is particularly problematic,” Hennessy added.

Different Approaches to Public Comment for Applicants

There are going to be different approaches to the public comment process, interviews with attorneys demonstrated.

Ashe-lee Jegathesan, General Counsel at Melbourne IT, said that all interested parties—including applicants, should comment early and often on applications. “Whether applying or not, brand owners, applicants, and lobbyists should identify the points in an application that they want the evaluator to take into account—this is the only opportunity to make your opinion heard.”

For example, brand owners may want to look at a .generic applicant's registration policies or protections against cybersquatting and infringement, and suggest that they be improved, if needed.

David Taylor, Hogan Lovells LLP, Paris, expressed a slightly more limited view. “If you are a brand who has applied for your brand and no ‘generic’ then you should certainly be reviewing any generics that are in your industry sector carefully,” he said. “The opportunity to comment is very useful, and not one to be missed.”

However, he said that applicants should use caution in commenting. “If you have also applied for a generic linked to your industry then I would generally counsel against commenting, subject to any specifics,” he said.

General Stats: 1,930 Apps, 751 in Contention

ICANN received gTLD applications from over 60 countries, but the overwhelming majority came from North America and Europe. Only three applicants sought support through ICANN's applicant support program.

There are 230 domain names for which at least two applications were submitted, involving a total of 751 applications.

116 applications are for internationalized domain names, and 84 are designated as “community” applications. “Community” applications that clear the community priority evaluation will automatically eliminate any standard applications for the same string.

Can ‘Community’ Objections Target ‘Standard’ Strings?

Of the many generic applications that encompass large industries, only 84 are designated as “community-based.”

However, many more might fall within the “community” objection category, attorneys told BNA.

The guidebook states that community objections are grounded in the argument that “there is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.”

Thus, it seems possible that a “standard” application could implicitly target a community and qualify for a community-based objection.

As an example, Richard S. Stockton, Banner & Witcoff Ltd., Chicago, pointed to .music. There are eight applications for .music, but only two are designated as “community-based.”

The community-based application from DotMusic demonstrates how that community might be defined: “The Community is a strictly delineated and organized community of individuals, organizations and business, a ‘logical alliance of communities of a similar nature (‘COMMUNITY’), that relate to music: the art of combining sounds rhythmically, melodically or harmonically.”

Donuts' application for .music also contains language that might be construed as community-based, but is a standard application:

This TLD will be attractive to registrants with affinity for the term MUSIC. This is a broad and diverse group: producers, performers, distributors, composers, authors, historians, publishers, merchandisers, equipment manufacturers, reviewers, broadcasters, venue operators, and many others.

Google's .music would “provide a dedicated domain space in which copyright holders and their authorized distributors and licensees can enact unique second-level domains that relate to the

promotion, sampling, or purchase of music.”

Even if an application is not community-based, an entity should be able to file a community objection if it can satisfy the standing requirements for those objections, Stockton said.

The entity must be an established institution associated with a clearly delineated community to file such an objection, according to the guidebook.

With .industry applications, an important point on the application to watch is whether the proposed registry will allow others to register in it, Mitchell H. Stabbe, Edwards Wildman Palmer LLP, Washington, D.C., said. Category TLDs that are not designated as community applications will not necessarily be open to others in the industry, and merit watching, he added.

“If, for example, the .toys gTLD registry is not going to be open to all members of the toy industry, we would see large toy companies objecting to it,” Stabbe said.

With respect to applications for strings like .llc, .inc., and other industries with licensed members, community objections could also exist, Hennessy said.

For industry trade groups, the only objection mechanism possibly open to them would be the community objection, she said, adding that they will have to show that they are an established institution with an ongoing relationship with a particular community.

What Will Happen to Generics With Brand Counterparts?

Some applications for generic words overlap with brands. Some of those brands have also filed applications. Others have not.

For example, there are two applications for .coach: one from brand Coach Inc., and another from Donuts Inc., which has applied for 307 generic strings.

Donuts Inc.'s application states that it intends to offer a registry for a diverse group of registrants:

There are literally hundreds of different uses of the word coach, broadly including sports instructors, advisors, technicians, experts—even restaurants. It is used in transportation to refer to sections of trains, aircraft, and motor vehicles. It also is the acronym used for many other entities. We envision very successful second-level names in this TLD, including, for example, basketball.coach, computer.coach, dance.coach, and marriage.coach.

It is possible that Coach Inc. could file a legal rights or string confusion objection, or the applications could be placed in a contention set and go to auction.

John Berryhill told BNA that, in the case of a legal rights objection, parties are free to call the person who runs a soccer team “coach.” “Hence, in a legal rights objection, no rights are violated by merely receiving delegation of the word,” Berryhill said.

Stabbe agreed. “If an application for .coach is for use by sports coaches, in my view a legal rights objection is not going to prevail.”

What will be more interesting are whatever safeguards have been built into such “incidental arbitrary mark colliders” to prevent problems down the road with the Post Delegation Dispute Policy, Berryhill said.

The PDDP addresses issues that may arise if a registry becomes a haven for infringers, such that the registry itself could be found to have been irresponsibly run. “Those seeking to run dictionary word TLDs which incidentally collide with an arbitrary mark would also do well to accommodate the arbitrary mark owners in relation to second level names which designate goods or services of the arbitrary mark owner,” Berryhill said.

In this example, the Donuts' .coach application states that “While the term COACH when used in connection with certain consumer products is associated with a consumer products brand, we would work to reserve certain names that arguably could interfere with the rights of that entity (e.g., leather.coach, handbag.coach, etc.).”

Steps for Applications in Contention

For applications for the same string, the steps toward resolution are: initial evaluation, potential dispute resolution proceedings—including formal string confusion, legal rights, and community objections—and string contention proceedings.

Contention sets will be identified during the initial evaluation. Applications for the same string will be automatically placed in a contention set.

ICANN will publish preliminary contention sets once the string similarity review is completed, and will update the contention sets as necessary during the evaluation and dispute resolution stages.

If one or more of the strings is a community-based application, there will be a community priority evaluation. If there is one clear winner, the community application will transition to the delegation phase.

Otherwise, applicants with contending strings will participate in an auction and the winner will transition to the delegation phase.

Partial Refunds Still Available

Applicants who decide not to pursue their applications to delegation are eligible to receive partial refunds.

From today until the initial evaluation results are posted, they may receive a \$130,000 refund, which is 70 percent of the application fee.

If the Government Advisory Committee submits an early warning on an application, an applicant may, within 21 days of the warning, obtain an 80 percent refund, \$148,000.

When initial evaluation results are posted, they may receive a \$65,000 refund, 30 percent of the original fee.

After an applicant has completed dispute resolution, extended evaluation, or string contention procedures, it may obtain a 20 percent refund, \$37,000. Applicants may not receive a refund after entering into a registry agreement with ICANN.

String Confusion Objection

Two types of entities have standing to object on string confusion grounds: an existing TLD operator and any gTLD applicant.

To prevail, an objector must demonstrate a likelihood of confusion—a string must so nearly resemble another that it is likely to deceive or cause confusion. “For a likelihood of confusion to exist, it must be probable, not merely possible that confusion will arise in the mind of the average, reasonable internet user.”

If an existing TLD operator prevails, the application will be rejected. If an applicant successfully asserts string confusion, the only possible outcome is for both applicants to be placed into a contention set and be referred to a contention resolution procedure.

The International Centre for Dispute Resolution is administering string confusion objections.

The fees for filing an objection with ICDR are:

- \$2750 filing fee, per party, per objection.
- \$1250 service fee, per party, per objection, if a hearing is conducted.
- \$6000 arbitrator compensation, per objector and applicant.
- \$3000 arbitrator fee for hearing, per party.

String Contention: Community Apps Go First

String contention occurs when either two or more applicants for an identical string successfully complete all previous stages of the evaluation or dispute resolution proceedings; or two or more applicants for similar strings successfully complete those processes and the similarity of the strings is identified as creating a probability of user confusion.

Community applications will be evaluated through a priority evaluation before any standard applications. If a community application clears the process, it will eliminate all directly contending standard applications.

At the outset, all community-based applicants within remaining contention sets will be notified of the opportunity to opt for a community priority evaluation via submissions of a deposit by a specified

date.

The evaluation panel's role is to determine whether any of the applications fulfill the community priority criteria.

The application will be scored on a 0-4 point scale for each of four community criteria:

- community establishment;
- nexus between the proposed string and community;
- registration policies; and
- community endorsement.

A score of 14 is needed to prevail in a community priority evaluation. Following the evaluation, the deposit will be refunded to applicants that score 14 or higher.

The applicant guidebook states that:

scoring will be performed by a panel and be based on information provided in the application plus other relevant information available (such as public information regarding the community represented). The panel may also perform independent research, if deemed necessary to reach informed scoring decisions.

Based on that language, it seems likely that public comments submitted in response to applications could be considered by the community evaluation panels.

If more than one community application in a contention set satisfies those standards, all of the community applications that are in direct contention with each other will proceed to an auction.

Auctions: ICANN Expects Significant Funds to Accrue

It is expected that most cases of contention will be resolved by the community priority evaluation or through voluntary agreement among the involved applicants, ICANN stated in the guidebook.

However, it noted that there is a possibility that significant funding will accrue to ICANN as a result of one or more auctions.

Many generic applications seem likely to be headed for an auction. Stabbe pointed to .app, .blog, .web, .music, and .movie. he predicted that at least some of these auctions will result in seven-figure winning bids.

All auctions will be conducted online, in a series of rounds. Each bidder must transmit a deposit to ICANN prior to the auction. The deposit will constitute 10 percent of the bidder's bidding limit, and the bidder will not be permitted to submit any bid in excess of that limit.

To avoid the need to pre-commit to a particular limit, bidders may be given the option of making a specified deposit that will give them unlimited bidding authority for a given application. The amount will depend on the particular contention set and will be based on an assessment of the possible final prices.

What About Applications Like .Sucks?

Brand owners may not be happy about the prospect of a .sucks registry, but it seems unlikely that the objection process could derail the three applicants' efforts to obtain the string.

“.Sucks is the ultimate First Amendment and freedom of expression domain name because it is a clearly a place for critique and criticism, and not one for marketing goods and services.” Kleiman said.

Stockton agreed. “These clearly don't sound in trademark law.”

Geographical Names

Several applicants proposed domains containing geographic names. The guidebook establishes a Geographic Names Panel which will review all applications to see if geographical names are implicated, and whether those that are have met the application requirements concerning geographical names

Geographic names also remain subject to objections on community grounds and GAC Early Warning and advice processes.

For More Information

List at <http://newgtlds.icann.org/en/program-status/application-results>.

Contact us at <http://www.bna.com/contact/index.html> or call 1-800-372-1033

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