Elaine Tan Amica Law LLC

International
All change at ICANN: domain names enter a new era

The Internet has had a major impact on the way in which companies do business. It is an indispensable facility for companies and businesses to share information with customers and clients and to collate and collect feedback and opinions. Companies with a significant online presence, such as Amazon, Google, eBay, Yahoo! and Facebook, are among the most valuable and successful in the world.

A company can establish its online presence in a number of ways. At the heart of a company's online presence is its portfolio of domain name registrations. These allow it to create user-friendly addresses or uniform resource identifiers (URLs) which are easier for customers to remember and use in comparison to numerical identifiers. Most companies include their portfolios of domain name registrations within their intellectual assets.

Thanks to some recent changes instigated by the Internet Corporation for Assigned Names and Numbers (ICANN), the vast landscape of the World Wide Web has just become more interesting and challenging for rights holders and brand owners. The amendments could have a significant impact on a company's policy as regards its domain name registrations and online brand management.

Is your brand protected?

Since the domain name system was first created in the 1980s, available domain names have generally been divided into two groups: generic top-level domains (gTLDs) such as '.com', '.edu', '.org' and '.net'; and country-code top-level domains (ccTLDs) such as '.uk', '.sg', '.ca', '.jp' and '.hk'. Until recently, there were approximately 22 gTLDS and 250 ccTLDs; a company that wished to acquire a domain name would contact one of many accredited registrars worldwide to acquire ownership of a second-level domain in connection with one of the established gTLDs or ccTLDs (eg, 'yourbrand.com' or 'yourbrand.sg'). Certain conditions may be imposed for certain gTLDs or ccTLDs, depending on the registry or registries administering any particular gTLD or ccTLD and on whether any gTLD is intended for a specific sponsored community (eg, '.museum' is reserved for museums and '.aero' is reserved for companies and businesses in the air travel and transport industry).

Recently, ICANN has decided to open the floodgates and allow the use and registration of potentially any word or brand name as a gTLD. This new programme will allow companies or businesses to control gTLDs for ordinary generic words (eg, '.bank', '.flowers' or '.car'), company names and trademarks (eg, '.prada', '.apple' and '.samsung') or even a geographical name (eg, '.beijing', '.london' or '.mounteverest'). The new gTLDs may also include the diacritical or accent marks used in some European languages and non-Latin characters (eg, Chinese and Arabic scripts).

Any established organisation, corporation or institution can apply for a new gTLD. While the possibilities may appear endless for any word, brand name or trademark to be registered as a gTLD, certain features of the new gTLD regime are designed to ensure that there will not be a flood of applicants seeking to acquire new gTLDs. Several barriers to entry are likely to be high enough to deter a company's name or trademark from being used as a new gTLD by cybersquatters or frivolous applicants.

From January 12 2012, an applicant wishing to apply for a new gTLD must submit an application to ICANN and pay an evaluation fee of US$185,000. Together with the application, the applicant must answer a series of questions to provide general information about itself and to demonstrate that it has the financial, technical and operational capability to use, manage and maintain the gTLD. Supporting documents to show the applicant's business status and capability to maintain the gTLD must also be submitted. To assist, the Applicant's Guidebook is available on ICANN's website, providing information on the new procedures.

Once the application has been submitted, it will

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undergo an evaluation process in several stages. During this process the applicant may be required to pay additional fees if specialised tests are required. The fees paid will be refunded only if the application is withdrawn during the evaluation process. At the moment, ICANN estimates that the evaluation of a gTLD application could take between nine and 20 months, depending on the extent of the tests that must be conducted in the course of the evaluation process.

If the proposed gTLD passes the initial evaluation stage, it will enter the objections phase of the process. During this part of the process, any third party can object to the proposed new gTLD on one of four grounds. The dispute will be administered by established dispute resolution service providers and the applicable fees, policies and procedures for the proceedings will be determined by the relevant service provider.

If the application passes the evaluation and objections phases, ICANN will consider whether any parties hold valid applications for the same or a similar gTLD string. The String Contention Panel will review whether the competing gTLDs are identical or similar. If similar, the panel will consider whether there is a likelihood of consumer confusion if two similar gTLDs are delegated to the root zone. Parties are encouraged to reach an agreement should such a dispute arise, but in the event that an agreement cannot be reached, an auction will be conducted for the contested gTLD.

If the application is approved and there are no objections to the new gTLD, the applicant must conclude an agreement with ICAAN and undergo further technical tests before the new gTLD is delegated to the root zone. In addition, once delegated, the applicant (which will be referred to thereafter as a registry operator) must pay US$6,250 per calendar quarter and a transaction fee of US$0.25 for the gTLD, and must abide by the obligations and terms imposed on registry operators by ICANN.

Great excitement and alarm were generated by the initial announcement of the release of generic gTLDs. Companies welcomed the possibility of managing a family of domains within their own gTLDs, yet feared the possibility that their brand names and trademarks would become new gTLDs administered by cybersquatters or opportunistic registries. But once the initial excitement dies down, there is unlikely to be a flood of applicants seeking to acquire a new gTLD using another party's brand name or trademark, given the costs and the technical challenges involved. That said, brand owners and right holders should monitor applications filed for new gTLDs to guard against their brand name or trademark being registered as a gTLD by a third party. In order to oppose the creation of a new gTLD based on an existing legal right, the opponent need not have a registration or application for the same or a similar gTLD string.

Is your brand '.xxx' rated?

In addition to allowing the use of any word or brand as a gTLD, in March 2011 ICANN approved the launch of the '.xxx' gTLD, intended primarily for providers of adult entertainment and adult content websites. The '.xxx' gTLD will be registered through the Florida-based ICM Registry LLC and, according to ICM, websites bearing the '.xxx' suffix are intended for companies, entities and/or organisations officially associated with the adult entertainment industry, described by ICM as the 'adult sponsored community'.

It had been said that the new '.xxx' gTLD could help content providers in the adult sponsored community to target their websites to a specific class of users and, similarly, the users themselves would have a dedicated online 'red light district' to patronise by using such gTLDs. Furthermore, ICM has indicated that the online risks associated with surfing adult content could be significantly addressed by use of the new '.xxx' gTLD by companies and organisations offering adult content. However, there is a fear that the names of certain prominent companies or organisations may become associated with the adult entertainment industry – a third party could register a second-level domain with

ICM, thereby creating a domain such as 'yourbrand.xxx', and then use the domain for malicious and improper purposes.

To address this, the '.xxx' domain will be launched in phases. In the first phase, Sunrise A, which runs from September 7 2011 to October 28 2011, trademark owners and rights holders in the adult sponsored community can apply for a '.xxx' domain name on providing proof of a qualifying trademark registration. Companies in the adult sponsored community with an existing domain name in another gTLD or ccTLD can also apply during this phase (ie, the 'grandfathering' of companies in the adult sponsored community to '.xxx' domain registrations).

Concurrently, the Sunrise B phase will run for the same period, allowing trademark owners and IP rights holders outside the adult entertainment industry to opt out of the '.xxx' registration system. During this period, companies and organisations that do not wish to have their company name, trademark or brand name associated with a '.xxx' gTLD can apply to block that company name, trademark or brand name from being registered or associated with a '.xxx' domain. To qualify, the applicant must have a valid trademark registration as at September 1 2011 for the company name, trademark or brand name that it wishes to reserve.

At the end of the sunrise period, if there are conflicting applications under the Sunrise A and Sunrise B phases, the Sunrise A applicant will be given priority. If there is no conflicting application by a Sunrise A applicant at the end of the period, the domain name applied for by a Sunrise B applicant will have its trademark or brand name effectively reserved or blocked from registration under the '.xxx' registration system by third parties for a specified period.

After the sunrise periods, a landrush phase will commence. Scheduled to take place from November 8 2011 to November 25 2011 and intended only for companies in the adult sponsored community, registration of a '.xxx' domain would be on a first come, first served basis. Apart from being a member of the adult sponsored community, the applicant need prove no other trademark or pre-ownership rights. If there are competing applications for any '.xxx' domain at the end of this landrush period, the issue will be decided in a closed auction.

After December 6 2011 the '.xxx' gTLD will become publicly available and registration for domains with this gTLD will be on a first come, first served basis. At this stage, domain names with the '.xxx' gTLD can be registered by any party and no proof of trademark or prior rights need be established.

So what does this mean for rights holders? If a rights holder believes that a 'yourbrand.xxx' domain would be contrary to its image or values, it would do well to apply to register a '.xxx' domain during the Sunrise B phase in order to block or reserve the domain name from registration by third parties.

Are you speaking their language?

In another development, ICANN had announced that it will also allow registration of gTLDs with non-Latin characters, such as in Chinese, Arabic and Cyrillic – this move has been referred to as the internationalisation of domain names. Launched in November 2009, the expansion of available gTLDs to include internationalised domain names (IDNs) has been greeted by many as a positive move for companies and businesses to reach out to markets where the local language does not use a Latin script. Countries and registries can submit requests for non-Latin scripts to be released as a ccTLD under what is known as the IDN ccTLD Fast-Track Process. At the time of writing, 33 requests have been submitted for IDN ccTLDs, representing 22 languages. However, as yet no IDN ccTLDs have been released for registration. The rules and policies for registering a domain name under a IDN ccTLD will be administered by the country or registry administering the ccTLD at issue. Therefore, brand owners and rights holders interested in acquiring a domain name with an IDN ccTLD should monitor the release of any IDN ccTLD, as the availability of domain names for registration is likely to be on a first come, first served basis. In the meantime, brand owners and right holders would be well advised to review their trademark portfolios to ensure that their brand names and trademarks are adequately protected in the local language to preserve their earlier rights to use the brand name or trademark as part of a domain name.

What does this mean for brand owners and right holders?

While the new gTLDs and IDN ccTLDs have opened up new avenues for companies to enhance their online presence, the expansion of existing gTLDS to generic gTLDs and the creation of IDN ccTLDS could present companies with a whole host of challenges. Even if a company does not wish to acquire a gTLD comprising its brand name and trademark, it should still monitor the list of gTLDs to guard against possible infringements of its legal rights.

In the case of domain names registered in a non-Latin script, a company may find its rights and options limited if there is no known translation or equivalent of its brand name or trademark in the local language. Before the launch of any IDN ccTLD, a company may wish to protect its rights and build brand awareness for its trademark and brand name in the local language by registering and using a version of its brand name and trademark in the local language in order to establish prior rights to the trademark and brand name in that language.

Elaine Tan
Director
elaine.tan@amicalaw.com
Amica Law LLC
Singapore

Elaine Tan is a director in the litigation and enforcement practice group of Amica Law LLC. Before joining private practice in 2000, she was a deputy public prosecutor and state counsel in the Attorney General's Chambers and was a partner in a large Singapore firm before joining Amica Law in 2007. Her main areas of practice are IP protection, litigation and enforcement. As well as being an experienced litigator, she also assists clients in the management of their trademark portfolios and the development and administration of anti-counterfeiting strategies for various clients. She is a member of the International Trademark Association and MARQUES, and currently serves on two practice committees of the Law Society of Singapore. She has spoken at various events and is currently an external adjunct lecturer in a local polytechnic.