ICANN's expansion of the domain name space – a primer

By **Sanjiv D. Sarwate** and **Daniel In Hwang***

In June 2008, the Internet Corporation for Assigned Names and Numbers (ICANN), which oversees the domain name system, approved a plan substantially to expand the universe of generic top-level domain names (gTLDs). Previous introductions of new gTLDs had been on a limited basis, often with a particular interest group in mind, such as *.aero* for the aviation community. Instead of continuing this gradualist approach, ICANN has elected to throw the process open and allow virtually any character string to become a gTLD. ICANN views this change as a method of promoting 'more innovation, choice and change to the Internet's addressing system, now constrained by only 21 generic top-level domain names.'[1] Under ICANN's proposal, the universe of domain names could expand to encompass new generic terms (e.g. *.lawyers*), terms identifying particular places or communities (e.g. *.london, .basque*), or, to the consternation of brand owners, trade marks.

Concerns – will consumers really benefit?

This proposed expansion has been very controversial. The US Department of Commerce, which had subcontracted the administration of the domain name system to ICANN, questioned whether ICANN has fully weighed whether the consumer benefits of expanding the domain name system exceed the consumer costs. The Antitrust Division of the US Department of Justice has expressed concern that ICANN's proposal could create market power (and resulting consumer harm) in certain gTLDs. And many trade mark owners and the lawyers representing them (such as our firm), expressed concerns about whether ICANN's proposal would sufficiently prevent consumer confusion and harm to trade mark owners.

The first question that arises with ICANN's proposal is: **why** is this being considered at all? ICANN highlights the increased availability of domain names and the ability of registrants in such an expanded universe to select domain names that are most appropriate for their particular business. ICANN seems to assume that, to paraphrase the film *Field of Dreams*, if they build it (an expanded domain system), business applications and innovations will come. However, ICANN does not elaborate as to what form those applications and innovations might take. There are some opportunities that come to mind, such as:

- Top-level domains targeted to professional (e.g. *.lawyers*) or industry (e.g. *.pharma*) groups.

- Use of a TLD by a trade mark owner that does business through multiple licensees, franchisees, or affiliates to give those entities the ability to establish an online presence that reflects their relationship with the trade mark owner. An example would be real estate agents affiliated with a company like RE/Max, Coldwell Banker or Century 21.

- Using a TLD and second-level domain names to establish local online portals or points of sale without dealing with local presence or citizenship requirements that are often imposed on registration in country-code domains.

Are there advantages for brand owners?

For brand owners, the upside is very hard to see, even if they have plans to exploit the new system for themselves. Trade mark misuse in domain names is a persistent problem that has only grown with time. Evidence of this can be seen in the WIPO Arbitration and Mediation Center report that 2008 was a record year for filing of cases under ICANN's current Uniform Dispute Resolution Policy (UDRP).[2] The problem is likely to get worse in an expanded universe in which infringement could happen at the top-level, second-level, or combination of the two (e.g. *ya.hoo*). Such an expanded domain name universe also makes the strategy of defensive registration (i.e. pre-emptively registering domain names that incorporate one's trade mark) harder to implement.

One factor that may limit the infringement problem to a certain extent is the high cost of applying to operate a gTLD registry. The initial application fee alone is **$185,000**.[3] Extended evaluation, dispute resolution, and string contention could multiply that cost several times over. Finally, once the application is approved, ICANN will charge a fee of **$25,000 per year**, plus a transactional surcharge of **$0.25** per

transaction (e.g. registration or renewal) per quarter for those TLDs that have 50,000 or more domain names. These are just the fees paid to ICANN and/or its authorized dispute resolution providers; legal fees and the infrastructure investments required to run a registry are separate (and possibly substantial) costs. These high fees are likely to deter cybersquatting in the TLD space.

Timing and the proposed Guidebook

So, when is all of this scheduled to happen? It appears likely that the system will not be open for applications until the end of 2009 or (more likely) the first quarter of **2010**. ICANN has published two editions to date of the Draft Applicant Guidebook ('Guidebook') that outlines the proposed process for evaluating TLD applications.[4] Numerous comments on the first edition of the Guidebook criticized the lack of mechanisms for protecting trade mark rights. Rather than addressing these concerns in the second edition, ICANN created an Implementation Recommendation Team (IRT) to study the issue and submit recommendations to ICANN by 24 May, 2009, in advance of an ICANN meeting in June. (Full disclosure: my partner, **Mark Partridge**, is a member of the IRT). On 24 April, 2009, the IRT published a draft of its report for comment.[5] It is very likely that the final IRT report and the comments on the second edition will be taken up at this meeting and a third edition of the Guidebook published sometime after that meeting.[6] Whether this will be the final edition or not remains unclear, but there is another ICANN meeting in October, at which comments on a third edition could be considered with a view to having a final version released by the end of the year and applications accepted shortly thereafter.

The Guidebook, which provides the blueprint for the application process, is organized in six modules. The first five modules govern different phases of the application process, whereas the sixth contains the terms of the contract between ICANN and the new registries. Although the organization of the modules suggests a linear progression, many of the periods actually overlap with each other. The timeline for an application is illustrated in the chart below.

Module 1 provides a general overview of the steps in the application process and who may apply. Module 1 also introduces the concept of *community-based gTLDs*, which are to be operated for the benefit of a 'defined community consisting of a restricted population,' as compared to 'open gTLDs,' which may be used for any purpose consistent with the application and registry agreement.[7] An applicant seeking a community-based gTLD must demonstrate that it:

(1) has a relationship with that community;

(2) that the proposed gTLD string is strongly and substantially related to that community;

	Application filed (Module 1)	**Administrative completeness check complete (Module 1)**	**Initial Evaluation and Extended Evaluation (Module 2)**	**Dispute resolution (Module 3)**	**String contention (Module 4)**	**Transition to delegation (Module 5)**
What happens	Applicant submits completed application and supporting documentation	Application is deemed complete and ready for evaluation	Financial and technical capability of applicant to operate a TLD registry are assessed	Third-party disputes are adjudicated/ resolved	Comparative evaluation (if appropriate) Negotiation/ auction to resolve string contention disputes	gTLD registry is opened and second-level domain name applications accepted
ICANN's actions	Accept applications and filing fees Conduct administrative completeness review	Publishes list of complete applications Creates initial 'contention sets' for string confusion analysis	Publishes list of applications that pass evaluation	ICANN-approved dispute resolution service providers (DRSPs) review cases and publish decisions String contention sets are reviewed and amended to reflect results of Initial Evalution, any Extended Evaluation, and dispute resolution	Administer comparative evaluation and auction	
Deadlines/ periods that open	None	Time for filing dispute resolution opens	Time for filing dispute resolution closes			

(3) has proposed dedicated registration and use policies for registrants in its proposed gTLD; and

(4) has its application endorsed in writing by an established group representing the community.

Although the differentiation between 'community-based' and 'open' gTLDs suggests that domain names in the latter category would be freely available, Module 1 specifically provides that an 'open' gTLD may have a formal relationship with an exclusive registrant or user population, and that second-level domains in an open gTLD may be restricted.[8] Thus, the distinction is less of a bright line than it might initially appear. The primary difference between designating an application as community-based is that the applicant can elect *comparative evaluation* in the event of a string conflict, which will be discussed in more detail below.

Once an application is filed, ICANN will conduct an administrative completeness check. This check makes sure that all of the application questions have been answered, all supporting material has been provided in the right format, and the application fee has been received. Once the administrative completeness check is done, the application will move into the formal evaluation phase, governed by Module 2. ICANN will also publish a list of complete applications, which opens the period for third parties to file objections.

Applicant review

Applicants are subjected to two types of review: the initial evaluation and the applicant review. The former examines the proposed domain name string itself, whereas the latter focuses on the applicant's financial and technical ability to operate a domain name registry and whether the applicant's registry services might adversely affect DNS security. In the Initial Evaluation, the proposed gTLD string is examined to make sure that it is not one of several names on a list of names that ICANN has reserved, does not include characters other than letters, numbers, and hyphens when expressed in ASCII, is not likely to be mistaken for an IP address, and, in the case of a geographical name, the applicant has obtained approval from the relevant governmental authority. During the Initial Evaluation, ICANN creates 'contention sets' of proposed gTLD strings that may present DNS stability issues if they were all allowed to register. Resolution of these conflicts is governed by the string contention process in Module 4.

Once the initial evaluation and applicant reviews are completed successfully (save for resolution of string disputes), the results are published. The period for filing disputes, which opened with the results of the administrative completeness check, closes a short time after the results of the Initial Evaluation are published.[9] The chart below sets forth the grounds for objection, parties having standing to object on each ground, the dispute resolution service provider (DRSP) hearing such disputes, and number and qualifications of the panelists.

Disputes are to be filed directly with the designated service provider. If an objector wishes to challenge a domain name on multiple grounds, separate disputes must be filed with each relevant provider.[10] Neither the Guidebook nor any of the service providers have published a fee schedule or proposed rules of procedure governing dispute resolution. The Guidebook strongly suggests that document production procedures should be limited, and that only in 'exceptional cases' should a party be required to produce additional evidence beyond what it submits in connection with its objection or response.[11]

Independent objector

The Independent Objector was added to the Guidebook between the first and second versions, and is described as someone independent of any gTLD applicant with 'considerable experience and respect' in the Internet community. The independent objector is charged with acting' in the best interest of the public who use the global internet,' and may file community and morality and public order objections to proposed TLDs.[12]

Grounds	Standing to oppose	Forum/ Dispute Resolution Provider	Number of panelists	Panelist qualifications
Community objection	Established institution representing the community Independent Objector	International Center of Expertise of the International Chamber of Commerce	1	No special qualifications noted
Legal rights	Rights-holders (e.g. trade mark owners)	WIPO Arbitration and Mediation Center	1 by default 3 by agreement	Relevant experience in intellectual property rights disputes
String Confusion	Existing gTLD registrants or gTLD applicants in current round	International Center for Dispute Resolution	1	No special qualifications noted
Morality and Public Order	Independent Objector Other parties with standing yet to be determined	International Center of Expertise of the International Chamber of Commerce	3	'Eminent jurists of international reputation'

Once the dispute resolution proceeding is over, the panel issues its decision, which ICANN refers to as an 'expert determination.' The Guidebook requires that the decision identify the prevailing party and provide reasons for the decision, but is silent on the actual remedy. Transfer of an entire domain name registry is much more complicated than merely transferring a domain name, particularly if the objector has either no interest or no ability to operate it. However, the question then becomes whether the name is simply made available for a later applicant or placed on a list of reserved or prohibited names. Trade mark owners would undoubtedly prefer the latter so that they do not face the prospect of having to challenge the same gTLD string several times. However, a subsequent applicant may stand in a different position vis-à-vis a trade mark owner (or a community organization) than the prior applicant, so simply removing the name from the pool of possible gTLDs is arguably unfair and prejudicial.

String contention

After dispute resolution is concluded, the string contention phase opens. String contention does not actually begin until the outcome of the initial evaluation, any extended evaluation, and dispute resolution is known for all strings in a contention set. String contention occurs when two or more gTLDs are so visually similar as to present a detrimental risk of user confusion.[13] String contention differs from a conventional trade mark confusion analysis because the strings are only compared visually, not audibly or connotatively. Thus, there may be string contention between <.nat> and <.net>, but not between <.gnat> and <.net>, because the similarity between <.net> and <.gnat> is phonetic rather than visual. The IRT Report (discussed in more detail below) echoes several commentators, including our firm, in recommending a more robust algorithm that accounts for audible and connotative similarity. The Guidebook identifies two types of string conflict: direct and indirect. In the example above, assuming that string confusion were found between <.nat> and <.gnat>, <.nat> would be in direct conflict with both <.gnat> and <.net> whereas <.net> and <.gnat> would be in indirect contention. They would each be in contention with <.nat>, but not with each other. A contention set consists of all gTLD strings in direct or indirect contention.

The Guidebook does not outline a procedure for resolving string contention disputes other than comparative evaluation (discussed below), which only applies to applicants for community-based TLDs that elected it. In a comparative evaluation, the community-based gTLDs and their applicants are scored on four criteria: 1) the nexus between the proposed name and the community; 2) the extent to which registration of second-level domains is restricted to community members; 3) the extent to which the community is clearly identified and established; and 4) the extent to which established community organizations have endorsed the application or whether the applicant is itself such an organization.[14] Up to four points are available in each category, and a minimum score of 14 is required to be considered a 'winner' of a comparative evaluation. However, *any* participant in a comparative evaluation who receives more than 14 points is considered a 'winner', regardless of its score relative to other proposed gTLD strings in the same set, so it is possible that two or more community gTLDs could still remain in a contention set after comparative evaluation.

An auction

If comparative evaluation does not apply or does not resolve the contention set, then the only alternatives are for the parties to reach a settlement or for ICANN to conduct an auction to resolve the set and select the party whose application may proceed. It is not clear what happens if an applicant either abandons its application to settle string contention or is outbid in the auction. Will they be able to request a new gTLD string? Such a request would have some merit, insofar as the applicant has already established its financial and technical ability to run a registry. However, allowing such an applicant to simply select a new gTLD string, without going through dispute resolution and string contention could prejudice third parties and internet users.

The draft IRT report proposes several mechanisms for protecting intellectual property rights, in particular trade mark rights, in the new gTLD regime. Keep in mind that the IRT developed the following mechanisms in tandem as interrelated and interdependent 'tapestry of solutions' which may help explain perceived 'shortcomings' for any one particular mechanism. These include:

- an IP Clearinghouse in which trade mark owners could register their rights, which would include a more restricted (and more protected) list of Globally Protected Marks (GPM);
- a Uniform Rapid Suspension System to allow rapid takedown of domain names that clearly violate trade mark rights and/or are being used to harm consumers;
- a system for administering post-delegation disputes over gTLD strings;
- a requirement for 'thick' (detailed) WHOIS databases concerning second-level domain name registrants; and
- an expanded string confusion algorithm to account for aural and connotative similarities.

The IP Clearinghouse would be a centrally-administered registry in which trade mark owners could (for a fee) register their rights. In addition, the IP Clearinghouse would offer a watch service through which anyone (whether registered in the IP Clearinghouse or not) could sign up to receive alerts when TLDs similar to certain strings are applied for. If a trade mark is the subject of 200 or more registrations covering 90 or more countries in each of the ICANN-recognized regions (Europe; Asia/Australia/Pacific; Latin America/Caribbean islands; Africa; and North America) **and** the subject of

second-level domain name registrations in 50 or more TLDs, it would qualify for listing on the Globally Protected Marks List (GPML). Under the IRT's proposal, applications for new gTLDs would be subject to string contention review both with respect to other TLDs and GPMs. If a proposed gTLD is found to be confusingly similar to a GPM, the application will not pass the initial evaluation, though the applicant can request reconsideration of that finding (at its own expense). The IRT also proposes that proposed second-level domain names that are identical to a GPM be initially blocked, with a procedure for allowing them to be unblocked.

The IRT also proposes two other functions for the IP Clearinghouse. The first is to provide a *Watch Service* that would work much like a traditional trade mark watching service: parties would receive notification when gTLDs similar to particular strings are applied for. The second is to support an IP Claims Service, which could be used as a rights protection mechanism (RPMs) by new TLD registries. The IP Claims Service would operate much like the process by which OHIM notifies a Community trade mark (CTM) owner of the pendency of an application for a potentially similar junior CTM. If a proposed second level domain name is deemed to be a match for a mark in the IP Clearinghouse (whether a GPM or not), both the mark owner and the domain name applicant would receive notice. The IRT suggests that registries use the IP Claims Service if they are not implanting other RPMs, such as a sunrise period during which trade mark owners would have exclusive access

The Uniform Rapid Suspension System

The Uniform Rapid Suspension System (URS) is envisioned as a mandatory process for all new registries to remedy clear cases of cybersquatting/ infringement without the higher costs associated with a Uniform Dispute Resolution Policy (UDRP) case. Upon receiving a complaint from a trade mark owner demonstrating a *prima facie* case that the domain name has been registered or is being used in bad faith, a dispute resolution provider selected by ICANN will lock the domain name and alert the registrant, who will then be given an opportunity to answer. If an answer is filed, then the case is assigned to an examiner for decision. If the examiner rules in favor of the complainant, or the registrant fails to answer, the domain name is locked for the duration of the registration. The IRT's proposal envisions a process for preventing trade mark owners who abuse the process from continuing to utilize it.

The IRT also proposes a Post-Delegation Dispute Mechanism to resolve objections to a TLD after it has already been delegated. This is a more complicated issue because an active registry may have second-level domain names (and business assets developed around those domain names) that would be adversely affected by a sudden deactivation of the registry. The IRT frames post-delegation disputes as contract disputes between ICANN and the registries. Third parties would be permitted to submit a claim that a delegated gTLD violates their rights, which ICANN would then investigate. If ICANN finds that the complaint has merit, it will utilize the enforcement mechanisms in its contract with the registry. If, however, ICANN's investigation shows that there are facts supporting the complaint, but not enough to definitively conclude that the registry has breached its obligations, a 15-day period opens during which ICANN and the registry are to negotiate in good faith concerning the matter. If these discussions do not yield a satisfactory resolution, ICANN can submit the dispute to an accredited dispute resolution provider. If a complainant brings a frivolous complaint under the post-delegation mechanism, it could be barred from further use of the process.

Finally, ICANN recommends that all new registries institute registry-level **'thick'** WHOIS databases, which would provide detailed information about second-level registrants. Presently, the major TLDs like *.com* and *.net* tend to maintain 'thin' WHOIS databases that only identify the registrar with whom a domain name is registered. The registrar then maintains the detailed information. Implementing a 'thick' WHOIS would make it more cost-effective for brand owners to determine the identity of infringers. The IRT also recommends establishing a central, universal WHOIS database that could serve as a central repository for all WHOIS data.

What should your clients do?

While there have been numerous questions and criticisms raised to this process, ICANN is committed to this

References

1. *www.icann.org/en/topics/new-gtld-program.htm* (downloaded 15 April 2009).
2. WIPO Press Release of 16 March 2009, available online at *www.wipo.int/pressroom/en/articles/2009/article_0005.html* (downloaded 15 April 2009).
3. Guidebook at §1.5.1.
4. A redlined copy of the current Draft Applicant Guidebook, showing changes from the first version, is available online at *www.icann.org/en/topics/new-gtlds/draft-rfp-redline-18feb09-en.pdf* (downloaded 15 April 2009).
5. *http://icann.org/en/topics/new-gtlds/irt-draft-report-trade mark-protection-24apr09-en.pdf*
6. Draft IRT Report available online at *www.icann.org/en/topics/new-gtlds/irt-draft-report-trade mark-protection-24apr09-en.pdf* (downloaded 24 April 2009).
7. Guidebook at §1.2.2.1.
8. *Id.*
9. *Id.* at §1.1.2.4.
10. *Id.* at §3.2.1.
11. *Id.* at §3.3.5.
12. *Id.* at §3.1.4.
13. *Id.* at §4.1.1.
14. *Id.* at §4.2.3.

expansion, so something like what the Guidebook outlines will likely come into being within the next year. So, what should your clients do? This is a very good time to reassess its domain name monitoring strategy and enforcement standards, as current standards may prove insufficient or unaffordable in an expanded domain name universe. For those clients that may be considering acquiring a TLD registry, this is the time to evaluate the business case for doing so and establishing the necessary financial and technical infrastructure. Once the process is opened, the list of applications should be reviewed so that disputes can be filed as soon as possible. Finally, comments concerning the process and suggestions as to mechanisms for protecting legal rights should be communicated to ICANN either via the comment process or the IRT members.

*The authors are, respectively, partner and associate with Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP, an IP boutique of Chicago and Alexandria, USA; they may be contacted at *ss@pattishall.com* and *dih@pattishall.com*.

French industrial property attorneys prepare to merge with *Avocats*

By **Y. Suzanna Orian** (Fellow)*

The French legislature is currently debating a draft law which, if passed, will bring about the merger of the professions of lawyer (*avocat*) and industrial property attorney (*conseil en propriété industrielle*, hereafter CPI) in France on 1 September 2010. But what is the background to this proposal, why is the merger desired, and what will this change mean for our counterparts across the Channel, their clients and associates?

Current organisation of the IP profession in France

In France there is a large number of different professions which can offer legal services of various kinds, these include: *avocats*, notaries, bailiffs, industrial property attorneys, lawyers in industry and, even, accountants. Each profession is regulated by law and there is overlap between the services that the various groups can offer to their clients. However, each profession is subject to different rules of professional conduct enforced by different disciplinary bodies, and various legal rules make mixed practices non-existent in practice.

According to the laws regulating the various legal professions in France, it is not possible for a person to exercise, simultaneously, the professions of *avocat* and CPI. Practitioners having dual qualifications must choose which one they will exercise at any given time.

In the field of IP the situation is somewhat different from that in the United Kingdom. A single, protected title – *conseil en propriété industrielle* (industrial property attorney), 'CPI' - is used both by trade mark agents and patent agents in private practice although, depending on their educational background and the particular qualifying examination they have taken, practitioners will either have the specialization 'trade marks', 'designs', and/or 'patents'. At 1 June 2008, about 60% of CPIs had the specialization 'patents' (whether alone or in combination with another specialization).

There is an obligation on CPIs to be impartial. Employees working in industrial patent departments are not entitled to use the protected title, even if they are mentioned on the official list of people who have passed the relevant French qualifying examination, because they are not considered to be sufficiently independent of their employer. Patent and trade mark agents employed in industry tend to be called 'specialists in industrial property'.

A single protected title, *avocat*, is used both by lawyers who provide advice (rather in the manner of English solicitors) and by lawyers who plead in court (comparable to English barristers). If a case goes to the French Court of Appeal then a specialist practitioner called an *avoué* must be used to file paperwork with the Court, although an *avocat* can still represent the client in oral argument.

Any French *avocat* has the right to handle patent, trade mark and design prosecution work at the French Intellectual Property Office (INPI), at the EPO and at OHIM. However, *avocats* who have substantial experience in intellectual property matters can be identified because, having passed an optional specialization examination directed to IP matters, they are allowed to describe themselves as 'specialized in intellectual property'.

A CPI with the specialization 'trade marks' and/or 'designs' will, generally, have had a legal education and can handle trade mark and design prosecution work at the INPI and at OHIM.

A CPI with the specialization 'patents' will, generally, have had a technical education completed by a legal education focusing on IP matters (CEIPI) and can handle patent