



## Nature and nurture

New gTLDs and the programme that gave birth to them are developing their own personalities, as expert panellists reveal



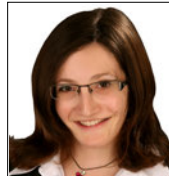
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**Where are we at with the new gTLD programme? What should IP owners be aware of, now and in the next 12 months?**

**Nathalie Dreyfus:** With nearly two million domain names registered, it is clear that the new gTLDs are becoming synonymous with the dawn of a new day for the internet. The effects of the new gTLD programme can be seen in a brand's digital presences, the largest ever expansion of the domain name system and

the internet as a whole. Considering that 1481 gTLDs are currently proceeding through the new programme (as of 8 August 2014) and approximately five to 10 new gTLDs are popping up each week, the programme is moving forward at full speed.

The Internet Corporation for Assigned Names and Numbers (ICANN) board of directors announced in the June 2011 Applicant's Guidebook, which authorised the launch of the new gTLD programme, that the programme's goals include enhancing competition, con-

sumer choice and innovation. While this has certainly become reality, evidenced in the fact that various brands have seized the opportunity to capitalise on the introduction of the new gTLDs, brand owners must also be sure to implement sufficient protection and defence strategies in order to protect their online presence, especially in the months to come.

The release of new gTLDs poses challenges to brand and intellectual property owners, which now more than ever will need to safeguard their trademarks and reputation by im-

plementing adequate protection strategies. Notably, popular brands need to be on the look out for cybersquatting, most likely to occur during the general availability phase, just after the sunrise and landrush periods. This is of course provided that brand and trademark owners have not yet registered with the Trademark Clearinghouse (TMCH), the central repository for protecting brands and validated trademarks in ICANN's new gTLD programme.

Issues concerning cybersquatting are also on the rise due to the fact that the new gTLDs are not meaningless suffixes attached to the end of a domain name. Instead, they are potent and ripe with meaning as gTLDs such as .sucks, .review, .fail and .discount open the gates to various potentially devastating implications for brands. Furthermore, the question should be raised as to how brand owners will protect themselves against these gTLDs vis-à-vis the freedom of expression, a value protected in many countries around the globe.

In the next 12 months, it will be interesting to observe as brands begin to take advantage of the .brand TLD, like AXA, a French multinational company. The .brand TLD will allow brand owners to redefine their digital landscape and will certainly increase competition and innovation efforts within the domain universe. Overall, brand owners are encouraged to take advantage of the .brand TLD to improve online marketing and to maintain their intellectual property protection.

**Clémence Le Cointe:** In July, ICANN revealed that of the 1930 applications received, 1719 had been evaluated.

Up to this point, approximately 319 gTLDs were delegated, which means that more than 75 percent of the gTLDs for which contracts have been concluded still have to be delegated.

ICANN estimates that by the middle of 2017, around 1305 strings will have been delegated.

There are more than two million registered domains under the new gTLDs. These are spread among 371 available strings managed by 186 different registrars.

More than 1.5 million (79.58 percent) of these domains are parked, meaning that most registered domains under new gTLDs are not used.

According to July 2014 statistics, the TMCH, which is closely aligned with the new gTLD programme, is also gaining more importance, with 31,866 trademarks registered with the clearinghouse to-date.

This shows a growth of approximately 1000 trademarks per month.

It is clear from these statistics that the new gTLD programme is far from complete. It is

therefore important for trademark owners to continue to monitor and be aware of the new gTLDs that have been released during the first round.

Trademark owners should concentrate on the strings that already exist or will be delegated and establish a clear strategy. They should not neglect the registration of their most important trademarks at the TMCH. There is still a substantial number of strings that have to be delegated and that can be of interest, depending on the field of activity.

It is important for trademark owners to take advantage of the opportunity offered when trademarks are registered at the TMCH and to register domain names with new gTLDs of interest during sunrise periods.

It will take some years until all strings are delegated and accessible, so it will be constant work for IP professionals, be they in-house or in private practice.

**Andy Churley:** The new gTLD programme is in full flight now, with more than 300 suffixes delegated so far and many are now in the general availability phase, meaning everyone and anyone can purchase them.

It represents a huge opportunity for individuals and companies alike. It has become evident over the past 10 years, supported by the growth in the domain name aftermarket, descriptive domain names are the most sought after.

Brand owners should be aware of the TMCH and what this means in practice in terms of costs versus brand protection benefits. They should also be aware that sunrise registration volumes are low, meaning that brand owners are choosing not to use their IP rights to obtain their domain names in the restricted registration period and trust that cybersquatters won't come along and Hoover up their brand names.

To date, this gamble has paid off for brand owners, but over the next 12 months I expect to see some enterprising individuals cotton-on to the fact and some landmark IP infringement cases in new gTLDs to come to the fore.

**Matthieu Aubert:** We have a little more perspective now regarding the volume and use of these TLDs. I am not sure that everyone would have bet, for example, on .guru becoming the top extension for registrations, or on .tips, which is in the top 10. This proves that users make a success of an extension.

For IP owners, however, it shows the need, if not already done, to review their naming strategy in order to rationalise their registrations in function of their local presences/trademarks/activities. To benefit entirely from new gTLDs and not consider them as a source of expenditure, IP owners have to focus on relevant extensions and then monitor the rest of them.

**A number of potentially popular yet contested gTLDs remain in limbo—how appropriate is the auction method for resolving contentions, in your opinion?**

**Churley:** Private auctions are as fair a means as any to unblock contested gTLD applications. Speaking as a registry operator, I would much rather settle a contention set through a mutually acceptable deal rather than to go to private auction, but in some of the more complicated contention sets I think that private auctions are a fair and equitable means of resolving them—assuming all parties agree.

Resolution via ICANN auction, however, is a different matter. ICANN dubs these auctions a 'mechanism of last resort', yet have already issued a timetable for the ICANN auctions—hardly a last resort. Applicants do not like the idea of these auctions since they have already invested in the region of \$500,000 to get their application to this stage and now they are being asked to bid for the name in a winner-takes-all auction where the losing applicants walk away with absolutely nothing: no gTLD, no money and huge costs since ICANN takes all of the proceeds of the auction. ICANN has already received in the region of \$350 million in application fees.

**Aubert:** Could auctions also be considered as the result of the entrepreneurial freedom and competition of new gTLDs? The same issue arises when an extension is launched via a priority phase like sunrise. Some registries choose to allocate domain names via auctions when it receives multiple orders for the same domain names. However, others choose to allocate the domain name to the first applicant. I am not certain which the best method is—it could always be considered unfair.

Some registries set up request for proposal phases during which an applicant could apply for a particular domain name with a detailed dossier. This forces the applicant to explain the intended project and allow the registries, in cases of multiple inquiries, to choose the best one. But would that be an appropriate method for an extension? It could also be considered subjective.

Of course, the present auction system usually leads to the allocation of the extension to the richest applicant. But sometimes a consensus could be found between applicants. If two entities apply for a generic extension and show the same business plan, auctions are not really shocking, in my opinion. However, if the extension is geographic or communal, the nature of the project must be evaluated.

**Le Cointe:** There are indeed cases where more than one applicant applied for the same or confusingly similar strings. The Applicant Guidebook took such situations into account and proposed auctions as the method of last resort to resolve these contention sets in a clear and objective way.



The auction method utilises an ascending-clock method, which provides competing applicants with real-time market feedback to help them make valuation decisions.

As we can see from the comments provided during the dedicated period (results were published on 5 March 2014), there was an important discussion about the appropriate character of the auction methods to solve conflicts.

The auction method may not be the best and fairest method to reflect the market price, but it could be considered as an objective and independent manner to allocate an extension to one of the contending parties. The auction method also boosts the economic significance of new gTLDs as two parties have to fight with money to obtain the extension.

For instance, on 4 June, ICANN, through its authorised auction services provider, Power Auctions, completed the first auction to resolve a contention set for a new gTLD. Beijing Tele-info Network Technology Co prevailed in an auction with the winning price of \$600,000.

On the other side, obliging the parties to demonstrate through money how interested they are in an extension could increase and support the significance of new gTLDs.

This method actually goes against the grain of competition and choice as it does establish a neutral field. Smaller companies that are really interested in new gTLD and are taken into

an auction will most probably exit the auction if they do not have the budget to make a competitive bid. This of course provides an advantage to the party that is economically stronger.

I personally would have found it more appropriate to oblige the parties to the contention to first try to settle the matter amicably and would still encourage clients that are facing such situations to resolve contentions with the other party without using the auction process.

This is one of the criticisms we could make of ICANN's decision to go with the auction method instead of pushing parties to try to settle amicably beforehand. However, a lot of other comments or improvement propositions have been made, so that we can safely say that the auction method is quite a contested choice.

**gTLDs such as .university troubled the Government Advisory Committee to the extent that it labelled them GAC Category 1—what do registries have to ensure before granting domain names under these gTLDs?**

**Le Coite:** The GAC has said that the various safeguards are intended to apply to particular categories of new gTLDs (consumer protection, sensitive strings, and regulated markets).

Strings that are linked to regulated or professional sectors should operate in a way that is consistent with applicable laws. These strings

are likely to invoke a level of implied trust from consumers, and carry higher levels of risk associated with consumer harm. Registries have to ensure that the below safeguards apply to strings that are related to these sectors. Under the safeguards, registries have to:

- Precisely state in use policies that registrants have to comply with all applicable laws, including those that relate to privacy, data collection, consumer protection (including in relation to misleading and deceptive conduct), fair lending, debt collection, organic farming, disclosure of data, and financial disclosures.
- Require registrars at the time of registration to notify registrants of this requirement.
- Require that registrants who collect and maintain sensitive health and financial data implement reasonable and appropriate security measures commensurate with the offering of those services, as defined by applicable laws and recognised industry standards.
- Establish a working relationship with the relevant regulatory, or industry self-regulatory, bodies, including developing a strategy to mitigate as much as possible the risks of fraudulent, and other illegal, activities.

At the same time, registries have to ensure that registrants:

- Provide notice of a single point of contact, which must be kept up-to-date, for the notification of complaints or reports of registration abuse, as well as the contact details of the relevant regulatory, or industry self-regulatory, bodies in their main place of business.
- Provide a representation that they possess any necessary authorisations, charters, licences and/or other related credentials for participation in the sector associated with the registry's string. Should there be any doubt of the validity of the proofs provided by the registrant, then the registry should get back to the relevant national supervisory authorities to verify the representation provided. Registries have to request from the registrants that any change regarding this representation be reported to ensure that they still conform with the regulations of the sector associated with the corresponding gTLD.

For instance, .university is open to everyone who is involved with universities and colleges. Educational institutions, student groups, foundations, companies, or even individuals can benefit from .university domains.

There are around 1046 new gTLDs that are limited for registration. Some 350 of these are general concepts. Others are, for instance, company names (.bmw) or professional groups (.archi or .doctor). Registrants for .doctor have to participate in a verification process, whereby, medical licence information must be validated by a recognised authority.

**Aubert:** After publication of the GAC warnings, registries had to work to edit documents in response of these warnings. The GAC's main worry was to be certain that the applicant envisaged and fixed sufficient rules to ensure the correspondence between the sense of the extension and the registrations that will be made under it. GAC sent warnings about .university, .bio and others. Long discussions took place in order to find an adequate solution for everyone. Registries responded and justified their launch plans.

Once registries responded to the GAC warnings, the agreed outcome was for the GAC to monitor the respect of the proposals made by the registries. Ultimately, the process worked quite well and I think that the GAC advice was legitimate and necessary as a safeguard. Point of view and consideration are always different from one perspective to another and some extensions relate to sensitive or protected areas. The problem of .wine and .vin, however, and remains unresolved. As I'm French, I understand some of the concerns here.

I think that registries have to pay particular attention to respecting the main concerns of the GAC and the community to ensure the success of their extensions. I indicated above that the user also makes a success of an extension. To be used, an extension must have a clear relevance and be considered a trusted space.

**Churley:** When considering GAC advice, it's important to identify and remember what the GAC's overall goals are. Speaking from a registry viewpoint, at Famous Four Media we view the GAC advice in a similar way that we view airport security. Yes, it can sometimes be tedious, frustrating, time-consuming and overly draconian, but it is there to ensure the safety of air passengers, crew and equipment. GAC advice is there to ensure the safety and stability of the internet and the well-being of those that use it.

However, it is important that the GAC is crystal clear about its mandate and its boundaries and must work hard to ensure that it doesn't step outside of them, no matter how tempting it may be. Similarly ICANN must (and for the most part does) openly and publicly dismiss any communication from the GAC that touches on issues that are clearly outside of its remit.

**In practice, has the GAC's 'advice' been followed? How well have domain names in important gTLDs been kept away from the general public?**

**Le Cointe:** More than 200 gTLDs applications were affected by warnings from the GAC before being finally evaluated. However, these warnings are not binding and can be omitted by ICANN. Just to give an idea, only 25 of these new gTLDs applications were withdrawn and two of them were not approved.

The GAC advice (early warnings) have a slight influence. ICANN's GAC mentioned in formal advice several times, most recently in March, that India was not really thrilled with the idea of a .indians TLD, but noted that the country stood alone.

Following the Singapore ICANN meeting this year, the GAC said: "The government of India has requested that the application for .indians does not proceed".

As a piece of non-consensus advice, ICANN would have been able to more easily reject India's objection. However, the application was withdrawn before ICANN had to make a decision.

In contrast, Chrysler applied for .ram to protect a car brand, and it encountered objections. India does not really agree with this application for .ram as this name also matches an important deity in the Hindu pantheon. Although the Indian authorities made objections, that extension is still active.

As a further example of whether GAC advice is actually influential in ICANN's decision to accept an application, in December 2013, Guangzhou YU Wei Information Technology Co withdrew its non-Latin script applications for .shenzhen and .guangzhou, corresponding to the names of very large cities in Southern China.

The official advice of the GAC was actually negative against both extensions. The applicant had reportedly failed to get a passing score on its initial evaluation.

ICANN mentioned in its refusal decision that governmental "support or non-objection was either not provided or did not meet the criteria". Indeed, to get a geographic gTLD, applicants need to prove local government support, which was not the case here.

These are only a few examples. The fact that most of the applications for which early warnings were issued by the GAC actually passed examination shows that these warnings actually have little influence.

**Churley:** I think that, in general, GAC advice has been measured and relevant. We are at the very beginning of a long term, radical evolution of the internet so, even if some extensions have been restricted by GAC advice now, it doesn't mean that they shouldn't be reviewed and potentially released as the whole new gTLD landscape beds-in and evolves over time.

**Aubert:** The goal was achieved for me as the GAC warnings were mainly followed by registries. Indeed, the GAC is a very important constituency but it has an advisory role, which could make things more complicated for its resolutions to be applied. So, I consider that warnings were, globally, well followed by registries. But

there are many other new gTLDs to come, so the situation will have to be monitored.

**What are proving to be the most popular gTLDs? Which should IP owners be looking at as opportunities in terms of branding, and which as threats in terms of infringement?**

**Le Cointe:** The new gTLDs under which the most domain names have been registered are .xyz (469,653), followed by .berlin (138,375). Registrars pushed customers to register domain names in these extensions.

The most relevant new gTLD is .club, 101,303 domain names registered. It is followed by extensions such as .guru, .wang, .photography and .email.

Among our clients, the most interested companies are in the sector of clothing and jewellery. The extensions of which we have made these clients aware are .clothing, .boutique, .international, .media, .vision, .watch, .company and .academy. It is nothing new that domain names are becoming a more valuable IP asset. Trademark owners should therefore take a very close look at these extensions and decide which ones are of interest, depending of their sector of activity, and register corresponding domain names as quickly as possible.

It is clear that to protect against possible infringements, if IP owners are not registering domain names with the new strings or want to register them in a priority position, IP owners should register their trademarks at the TMCH. This should be, in my opinion, the first step and the basis of the domain name strategy for companies at the moment.

Trademark owners should keep under review the rolling out of new gTLDs and be in a position to react quickly when a new gTLD that could have a business impact becomes available.

**Churley:** It's too early to say which TLDs are the most popular at this stage for a number of reasons: (i) not all extensions in the first round have been delegated yet; (ii) the general level of awareness about new gTLDs is very low and will only start to rise when the major brands start using their gTLDs as an integral part of their business; (iii) most of the 'big' open gTLDs are in large and complicated contention sets that have yet to be resolved; and (iv) there are a number of registries still trying to game the system for short-term tactical gains (sometimes successfully). New gTLD registries will 'settle down' in the second year of operation, when the initial flurry of one-year registrations has run its course.

**Aubert:** I do not think that a particular extension could be considered as more relevant than another, as relevance depends of the nature of the domain name owner.



If I'm an expert in my field of activities, I can register a domain name in .guru. If I'm, however, a specialist of the German market and I am based in Berlin, the registration of a domain name under the geographical extension make perfect sense.

If you are a professional or non-professional photographer, a .photography domain could be the appropriate one for you to communicate. Of course these new gTLDs must be seen as complementing but replacing .com, or .fr, for example.

On the infringement side, the problem is the opposite: there is no need to register a domain name under an extension which has absolutely no interest for the physical or moral registrant. However, it's fundamental to be aware of what is done under a non-relevant extension, in case, for example, a cybersquatter registers a domain that is identical to a trademark in order to do phishing.

**Dreyfus:** It is no surprise to hear that, with just over 1.9 million gTLDs, 371 TLDs and 180 registrars registered (as of 20 August 2014), gTLDs ranked highest in terms of popularity have proved themselves to be inherently efficient in the ways in which they can enhance the branding and the marketability of a company and its trademarks.

Coming in at the top and representing more than 23 percent of the distribution of new gTLDs, .xyz has promoted itself as the leading new accessible and affordable alternative to .com for internet users. Drawing from .xyz's marketing strategy and perceived public image, it appears as though the registry's goal is to directly compete with .com.

Next, in second and third position, are .berlin and .club, trailing behind .xyz at 7.2 and 5.1 percent respectively. While the appeal

of .berlin may be attributed to its community orientation and geographical specificity for company owners in Germany's capital city, .club's success lies in its ability to provide groups and organisations with a new way to unite online members.

On a separate note, the owners of .berlin were among the first to apply in the midst of the launch of the new gTLDs, allowing them to plan ahead, inform potential customers and market accordingly. Nevertheless, it is still too soon to say what gTLDs will truly assume leadership positions, and at this time IP owners are encouraged to remain patient.

In terms of branding, various trends have begun to present themselves to IP owners. The city TLD .berlin represents a larger category of city or regionally based gTLDs. The advantages of utilising these types of gTLDs are numerous and include shorter and more memorable domain name that are geographically specific. City TLDs can also support government economic growth and local tourism initiatives by giving prospective domain name owners the ability to create new second-level domain names (for example, tourism.toronto or restaurants.madrid).

They also present a way in which larger brands can begin to target customers in specific cities, by advertising and communicating with customers on a more location-specific channel. Several cities have already begun applying for their new .city TLD, including: Barcelona (.bcn), Hamburg (.hamburg), London (.london), Paris (.paris), Sydney (.sydney), New York (.nyc) and Rome (.roma).

On a similar note, IP owners concerned with luxury goods and high-end marketing may be interested in new gTLDs such as .luxury or .rich, which could be dedicated digital platforms that seek to provide manufactures, ser-

vice providers, retailers and consumers with a virtual environment that meets the needs of the exclusive cliental. Information released from Dot Luxury reveals that brands such as Chanel, Gucci, Cartier, Valentino and Bulgari have already purchased .luxury domains. With top brands like these already expressing interest in what the new .luxury gTLD purports to offer, shoppers with extravagant taste can rest assured that luxury goods, and the way in which they are marketed and sold on the internet, will continue to flourish.

Conversely, the success of a gTLD also depends on what's left of the dot, that is, the domain name to which it is affiliated. While many organisations have successfully harnessed .club to revitalise their digital presence, .eu has not been able to facilitate the same success. This is perhaps because .eu does not offer the same specificity that other country-code gTLDs can offer brands, such as France's .fr or Canada's .ca.

In terms of threats of infringement, IP owners should, as always be wary of cybersquatting, as certain new gTLDs offer hackers and online criminals more opportunity to profit from trademarks. The .email TLD, for example, has proved to be useful for online criminals with approximately 10 percent of .email's domain names being subjected to cybersquatting.

When faced against cybersquatters, brand owners are advised to conduct a thorough analysis of the legal situation, to act carefully and to abide by the rule of the UDRP or URS. Engaging into negotiations and reasserting your brand's authority by means of cease and desist letters can be an effective strategy. What is most important is that brand owner's act with preventative intentions, stopping problems before they even begin by implementing sufficient safety strategies to protect trademarks before cybersquatters strike. **IPPro**