# New gTLDs: preparing for the next round of the online expansion

A panel of trademark and brand protection experts presents key learnings from the first round of new gTLD applications

**The end of** the first-round roll-out of new generic top-level domains (gTLDs) is in sight. While some of the most highly sought-after strings have yet to hit the market, detailed assessments of Round 1 are underway as the Internet Corporation for Assigned Names and Numbers (ICANN) lays the groundwork for a second application window.

For brand owners, the online shake-up has created both opportunities and challenges. In this exclusive roundtable discussion, three trademark experts – Keith A Barritt of Fish & Richardson, Marco Bundi of Meisser & Partners AG and Gretchen Olive of CSC Digital Brand Services – explore lessons from the first round, present practical guidance on how to maximise the effectiveness of brand protection strategies and weigh up the key considerations for future '.brand' applicants.

**With the first-round roll-out at an advanced stage, what are your observations on the way that third parties have used brands and trademarked terms at the second level, and did cybersquatting reach the levels you expected?**

**Keith Barritt:** I believe that we are still waiting to see any significant actual use of the new gTLDs of any kind, whether by third parties incorporating others' trademarks at the second level or even by rights holders themselves. A few clients have experienced cybersquatting issues, but thus far it has not been a major problem.

**Marco Bundi:** Although new gTLDs are unlikely (at least in the coming years) to replace and reach the importance of '.com' domains, they may be an interesting alternative for new companies. Many brand owners secured their rights in the new gTLDs that concerned them; but in my experience, these registrations are not seen as a replacement for their '.com' domains, but are rather being used to prevent cybersquatters from registering these or as a complementary website to the '.com' domain. In everyday life, these new domains are not yet really significant. So far, cybersquatting has not reached the level I expected – cybersquatters are still more focused on the existing gTLDs.

**Gretchen Olive:** That said, there has certainly been a land grab taking place with brand names and trademarked terms in the new gTLDs. There are about 6 million registered domain names in the 600-plus new gTLDs – and the percentage of cybersquatting for that level of registrations has been high. Because global awareness of the programme is pretty low, concern over infringing registrations among brand owners is also low, as companies do not feel that the new gTLDs are mainstream enough to cause consumer confusion or divert significant web traffic. However, once internet users begin to adopt new gTLDs, brands will want ownership of names that the cybersquatters have registered; so in two to three years' time, I think the problems will be viewed as more actionable.

**Reflecting on this, how did the expansion of the online space practically affect policing efforts and what tips would you give counsel about how they should be acting now?**

**MB:** First, I would note that it is simply not possible to register and secure all existing TLDs. However, the new '.brand' domains are an interesting alternative for big players, giving them the freedom to create their own second-level domain names, which may have fewer issues across all other gTLDs.

**KB:** Although the jury may still be out on the popularity and ultimate viability of many new gTLDs, I do think that rights holders should remain vigilant with regard to the registration by third parties of domain names incorporating their marks. While recordation of a registered trademark in the new Trademark Clearinghouse (TMCH) is required if the rights holder wishes to obtain a sunrise domain name registration before the domain becomes available to the general public, it is not required for the new Uniform Rapid Suspension (URS) service or for the Uniform Domain Name Dispute Resolution Policy (UDRP), which is still an option for the new gTLDs. Thus, if all that a rights holder wants to do is monitor and police its marks, recording its trademark registrations in the TMCH is unnecessary. Instead, private monitoring services offer better value, as they are not limited by the TMCH's strict matching rules.

**GO:** I would add that a lot of domain names are being registered by third parties, but it is really only the use of those domains that matters. If the use, or lack thereof, is not infringing on a brand, then it may not be important for now. My tip for counsel is to focus on names that involve core brands and monitor use of those. With tight budgets, focusing on the gTLDs that make sense for a certain brand and brand strategy is what is most important – do not waste time, energy and money going after names that are registered by third parties, but that are not being used. However, one caveat is for industries that are more prone to phishing and pharming and other cyberattacks – third-party registered domain names may be used to scam your company, so your strategy may involve close monitoring and taking action before use becomes a problem. This is something that should be decided by the legal, marketing and IT departments.

**ICANN is assessing the rights protection mechanisms for rights holders. We have touched on the TMCH, but what are your thoughts on the effectiveness and ease of use of this mechanism?**

**GO:** I think that the concept of the TMCH is really good. However, there were definite miscues by ICANN and Deloitte in the roll-out and execution. First, there was a lot of confusion about what it was and was not. Initially, brand owners thought that the TMCH was a blocking mechanism, but it is just a way to get your trademarks validated. Second, it was not clear to people whether they needed to go through their registrar, their legal team or straight through to the TMCH – as it turns out, it could be any of those options or a combination of them. In addition, the TMCH was not prepared to handle the volume of customer service requests. On top of that, it launched direct service first and did not enable trademark agents to connect to the automated platform until months later. People who worked with automated agents started getting nervous that they would lose their place in line, not realising that there could be multiple filings for the same trademarked term with no advantage to being first. All these snags clouded the value of the TMCH, with a large number of filings that were not in fact needed until the first launch of the gTLDs in late October 2013.

**MB:** I would agree that the TMCH is a good first step to easing and facilitating the earlier rights of brand owners when it comes to the registration of new gTLDs. However, the engagement was not as high as I would have expected. This may be also have been due to actual budget restrictions of many clients, which are simply not in a position to register any non-related domain names.

**KB:** I think that unless a rights holder wanted a sunrise registration in a particular new gTLD – which requires recordation of the corresponding trademark registration in the TMCH – many rightly decided that recording their registrations was not worth it. The identical match rules that trigger a notice to a domain name applicant of the existence of a trademark registration or to the rights holder of the registration of a matching domain name greatly limited the value of the TMCH in comparison to other commercially available monitoring services. I also think that many rights holders are suffering from domain name fatigue, having been through the hype over previous gTLD launches for '.biz', '.info', '.travel', '.museum' and the like. While many obtained blocking registrations for '.xxx', they may have been soured by the experience and do not want to feel beholden to every new gTLD registry to get their domain name in every new extension.

**On a related theme, a number of applicants developed their own trademark block offerings. How useful and cost effective do you feel these were for brand owners?**

**KB:** While some blocking systems such as Donuts' applied to a relatively large percentage of new gTLDs, the lack of a single system that could apply to all new gTLDs dampened rights holders' interest. For those with significant budgets, these blocking systems at least offered some relief from monitoring obligations, but for many smaller rights holders it did not seem worthwhile.

**GO:** In general, trademark block offerings are a good idea and could be cost effective for some brands. However, there are some serious problems in the fine print of each blocking programme. As it turned out, registries had far more premium and reserved name exclusions than anyone expected or understood going in. As these exclusions became more apparent, rights holders began to feel that they were not getting what they paid for. This left a bad taste in some rights holders' mouths – and still does.

Further, as these new gTLD registries and/or their gTLDs get bought, sold and assigned, the transition process currently in place does not provide proper notice to block holders about how their blocking rights are affected by these changes. It's simply unacceptable to think that block holders should have to constantly check ICANN's website and cull registry agreements to learn of an assignment that may require re-evaluation of its blocks.

**MB:** More important than blocking or registering domain names that a rights holder does not wish to actively use is to create an effective policy and educate customers in order to avoid endless registrations of new gTLDs.

Up until now, trademark blocks have been quite rare, except for the previously introduced '.xxx' domains where there were widespread fears of abusive registrations. I can well imagine that similar gTLDs would have the same effect on many rights holders.

**Reflecting on the URS, in what circumstances would this be a better route for action than the UDRP?**

> "There are some serious problems in the fine print of each blocking programme



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For nearly two decades, Gretchen Olive has helped clients to navigate the evolving internet landscape through more effective global domain name, trademark and brand protection strategies. She is an internationally recognised expert on the ICANN new gTLD programme. She is an active member of the International Trademark Association (INTA) and the Association of Corporate Counsel and, since 2000, has represented the company and the views of its clients at ICANN meetings around the world. She has served on several INTA sub-committees focused on the preservation and protection of IP rights and consumer safety on the Internet.

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Keith A Barritt is a principal in the Washington DC office of Fish & Richardson. His practice is primarily focused on all aspects of trademark law, including prosecution and *inter partes* proceedings before the US Patent and Trademark Office, internet domain name issues and trademark selection and enforcement, as well as all aspects of medical device regulation by the US Food and Drug Administration, including obtaining marketing authorisation for medical devices, use of new devices for investigational purposes, and import and export issues.

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Marco Bundi joined Meisser & Partners AG in 2006, after having worked for the United Nations at the Special Court in Sierra Leone. He graduated in 2008 from the University of Berne as a doctor of law and became a notary public in 2014. His practice includes IP rights enforcement – mainly trademarks, patents and copyrights – including domain disputes, protection against unfair competition (including counterfeiting and passing off), and copyrights and managing trademark proceedings before national authorities and courts. He became a partner of Meisser & Partners AG in 2012.

**GO:** URS action is certainly preferable in a situation where the rights holder wants a live site taken down quickly. URS action is quicker than UDRP action, but results only in the suspension of the domain name, as opposed to a transfer of ownership. So in that case, the URS is a faster route to the end result and cheaper, but acts a lot like a bandage to stem the damage. The long-term solution – especially where the domain is valuable, desirable to the rights holder or receives considerable traffic – is the UDRP.

**KB:** For many rights holders, the certainty of owning the offending domain name is preferable to the uncertainty of a temporary suspension. While the URS is slightly cheaper, many rights holders seem reluctant to go through the trouble of filing a URS with the possibility they may have to do it all over again for the exact same domain name once the suspension period is over. Rights holders with a sizeable portfolio of domain names may prefer the URS rather than adding to their maintenance overheads, though one can always redirect a domain obtained via the UDRP to the main website and thereby capture at least some traffic and value from it.

**MB:** I would recommend a URS action only where the case is clear cut and the complainant does not wish to gain actual control over the domain name (especially if the registration of the domain name was made for several years, as it would remain locked for the remaining period). The URS proceeding is fast and cost effective. However, the disadvantage of not getting possession of the domain name is significant. In addition, no compensation is offered by the losing party, despite recommendations from the International Trademark Association. In general, I am not really convinced by the URS.

### Where brand owners do file a URS complaint, what advice would you give them with respect to maximising their chances of success?

**GO:** The URS process is built for clear-cut, straightforward cases of brand infringement with no open questions of fact, and applies only to new gTLDs and the '.pw' and '.us' country-code TLDs. While it is a faster, cheaper alternative to the UDRP, you also have to be aware of its limitations and restrictions. For instance, rights holders should recognise that the URS allows only for domain suspension, and not for transfer of ownership of that domain. Unlike the UDRP, which allows for complainants to rely on common law trademark rights, a rights holder must maintain a registered trademark in order to proceed with a URS complaint. And due to the URS's clear and convincing evidence standard, only rights holders that can clearly demonstrate that a registrant has no legitimate rights to the domain and has engaged in bad-faith registration and use should consider filing a URS complaint. If there is no such blatant, clear-cut infringement, you will have to go to great lengths to make your case, further hampered by the URS's 500-word, three-exhibit limit. Knowing these restrictions, it is imperative that rights holders conduct due diligence before deciding to move forward with a URS complaint. If you do decide to file a URS, being succinct in your arguments and having your evidence and exhibits lined up will go a long way.

**MB:** With regard to the bad-faith prerequisite, it is helpful to check whether the current domain owner has been involved in other domain proceedings or owns other brand domain names. Further, emphasis needs to be placed on the domain name's content. If the case is not clear, it may be preferable and act as a greater deterrent to file suit before the ordinary courts, as parties are generally awarded damages and compensation.

**KB:** The legal standards for the URS are essentially the same as those for the UDRP, but with a higher burden of proof (clear and convincing rather than preponderance of the evidence). The URS is supposed to be for clear-cut cases of abuse. However, since the system is still so new, and we don't yet quite know how strictly the higher standard of proof will be applied, rights holders that prefer suspension to transfer of ownership should not be reluctant to file a URS complaint, especially considering that a UDRP proceeding under the lower burden of proof may be initiated if necessary.

**GO:** I do think that, to date, the URS has not yet really taken hold with rights holders and has been used somewhat sparingly. However, as more popular new gTLDs start coming online and the risk grows of third-party registrants making more damaging use of the new gTLDs, the URS may become a more useful enforcement tool for helping to address brand abuse quickly. At Corporation Service Company, we have seen a high degree of success – over 50% – with cease and desist letters under the new gTLDs. In a lot of cases, domain registrants may not truly understand the repercussions of registering these names, so once told that they are in violation of someone's trademark, they are willing to hand over ownership. At the very least, not responding to a cease and desist letter may be used as further evidence of bad-faith registration and use under a URS or UDRP action, so it is often worth considering as a first step.

**Reflecting on the first-round experience, in broader terms, how would you now suggest that rights holders approach their enforcement strategies in anticipation of the next application window and roll-out?**

**KB:** As long as an ICANN-affiliated monitoring system – whether through the existing TMCH or otherwise – relies on strict matching rules to trigger any kind of notice, rights holders should continue to consider private monitoring services. It is not practical to obtain a domain name in every new gTLD; thus, new domain name registrations should be considered only for those few, targeted new gTLDs that are specific to a rights holder's industry. If cheap enough, it may be worth obtaining a second-level domain to see whether the gTLD is viable – although if a rights holder already has a well-established and recognised '.com' domain name, there should be no rush to confuse consumers with yet another domain name extension.

**GO:** Partly due to all the misunderstandings about the TMCH before and during the roll-out of the first round of new gTLDs, we did see certain missteps in the brand protection strategies that some rights holders implemented. During this upcoming application window, I think everyone in the business can reflect on what was learned and use that to approach this next round more effectively. Knowing that hundreds of new gTLDs will be released for registration in this next round, it is a good strategy to determine a brand's digital footprint, assess which new gTLDs are most relevant and likely to cause consumer confusion or brand dilution, and then defensively balance domain registration with proactive monitoring.

As Keith says, it is not feasible and not an effective strategy to register your brands across every TLD. That fact makes having a monitoring and enforcement programme in place vital to brand protection, with detection and prioritisation key. Notification of registered name notices issued to rights holders through the TMCH will help its monitoring efforts, but is certainly not a substitute for a more robust monitoring service. Looking ahead, I hope that the TMCH will expand a bit to allow for further protections and safeguards through implementation of the Strawman model, which would allow domain names that have been linked to abusive registrations to be mapped to the rights holder's TMCH record and legitimate trademarks in order to help with enforcement down the line.

**MB:** Ultimately, it is vital that rights holders keep a close eye on the new gTLDs, as some could be of importance. Recovering domain names at a later stage can be expensive, so it may also be worth registering domain names for defensive purposes, at least within a certain scope.

**We have talked about some of the challenges emanating from the new gTLDs; let's turn our attention to the opportunities that they present. With the Round 1 experience in mind, what analysis should companies undertake – and which key stakeholders should be involved – when deciding whether to seek a '.brand' space in subsequent application rounds?**

**GO:** Determining whether to apply for a '.brand' should be a decision led by the person responsible for driving digital strategy within the organisation, in consultation with the legal, marketing and IT departments, which can all provide

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different perspectives on the right strategy for a brand. First, the analysis should be forward looking and long term, because the new gTLD environment will continue to change over time. All parties should focus on the online challenges they face and whether the closed environment of a '.brand' TLD could help them to mitigate or completely eliminate risk. Another consideration is the strategy and future vision of the company. If a company is driven to engage customers and attract partners in the online environment, it should seriously consider pursuing a '.brand'.

**KB:** I think brand owners should be wary of jumping on the '.b(r)and' wagon and investing hundreds of thousands of dollars in rolling out their own '.brand' TLDs. We still have not seen enough proof that such TLDs are worth the investment, especially when one considers the costs and how one could simply use the same funds to educate the public that the current '.com' domain name is the only authentic website. I have heard several owners of '.brand' TLDs admit that they did not really have a strategy for their use, but rather obtained them just to ensure that they did not miss the opportunity. Careful thought should be given as to how the TLD will be of greater benefit than the existing '.com' domain name.

**MB:** Once consumers become accustomed to '.brand' domains, these may have a great impact on future domain strategy. With just one TLD, cybersquatting could become less of an issue, while rights holders will be able to react to market needs extremely quickly by introducing new second-level domains. Further, new first-level domain names should then pose no further challenges to the budget with new gTLDs. However, despite all this, '.com', '.org' and '.net' domains will remain established and well-accepted domains for the foreseeable future.

## For those that do decide to apply for a '.brand', what do you feel are the keys to success when taking the new online presence to market and educating customers?

**KB:** This remains the million-dollar (or at least the $185,000) question. We do not yet know how easily consumer behaviour will change and whether people will readily migrate from a '.com' site to a '.brand' site – or whether it matters in the age of apps and Google searches. The businesses that are most likely to succeed with a '.brand' TLD are those that are most susceptible to counterfeiting, where consumers are perhaps more likely to recognise the value of the '.brand' website as being the source (or at least one of perhaps many sources) of authentic goods.

**MB:** The key to success will be to use the brand domain names in a uniform way, so that customers get used to typing domains in the same way when they search for a new product from the brand owner (eg, 'iphone.apple' or 'ipad.apple').

**GO:** As mentioned earlier, with many industries conducting a lot of their business online today, there certainly needs to be executive sponsorship of any '.brand' strategy. It should be part of a company's overall corporate plan, not a pet project. The reason for this is that companies have a substantial opportunity to educate customers through these new gTLDs and they could help to significantly advance an online brand – for example, in providing confidence that a site is secure if it lives under a '.brand' domain name. Another important point is that this is not an either/or venture. Companies may eventually want to move everything over to their new '.brand' domains, but may choose to keep the old '.com' domain until consumers get used to the transition. In the same way that hashtags have taken off, '.brands' can too.

For this reason, '.brands' should not sit and wait until their strategy is completely formed before they start building search equity.

## Are there any other issues that you would like to raise?

**KB:** While there may be more prevalent use of new gTLDs outside the United States, such as '.barclays' in the United Kingdom or '.yandex' in Russia, I believe that the vast majority of US consumers still have no idea that new gTLDs even exist. Perhaps a high-profile Super Bowl ad will change that; but in the meantime I do not see ICANN or any new registry very actively promoting the new gTLDs to consumers, which may mean that many of them are destined to dwell in the Internet's cellar along with '.biz' and '.info'.

**GO:** I would add that in just about every article, blog or YouTube video I read or watch on new gTLDs, there is a statement to the effect that no one knows about them. Such statements give brand owners a false sense of security and create the perception that no one is utilising new gTLDs. Yes, it is true that the average man or woman on the street has little awareness of the new gTLD programme, but I can tell you that online brand abusers certainly know that new gTLDs exist.

Companies and individuals may be slow to adopt these new extensions as the domain name for their legitimate company or personal endeavour, but the logical pairing of particular brands with certain gTLDs has created a powerful platform for believable and dangerous online scams and frauds, which could result in real damage to brand reputation and bottom lines.

In the past, fraudsters had to work hard at registering domain names that were available and closely resembled a brand name in order to try to deceive the average web user, but with new gTLDs it has become a lot easier. While brand owners should not run out and register their brand in every new gTLD, they should look carefully at the common-sense meaning of the new gTLD string and evaluate its relevance to their brand. Failure to do so creates unnecessary risk and will result in C-suite executives asking a lot of uncomfortable questions when a scam makes the headlines.

**MB:** To end on a positive note, I do see great potential in the new '.brands' in the future, provided that the costs come down and they are made affordable for smaller companies as well as large. **WTR**