

Interview with David E. Weslow, Domain Name & IP Attorney

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Michael: Hey everyone, my name is Michael Cyger, the publisher of DomainSherpa.com, the Domain Name Authority and today we are joined by David E. Weslow, an attorney with Wiley Rein who specializes in domain name and intellectual property law. As you can see on DomainSherpa.com, David is a valued sponsor helping us educate the world on their inner workings of the domain name industry. He has been following all of the ICANN proceedings live and is joining us to help understand the impact of ICANN's vote that took place earlier this morning U.S. time. David, thank you for joining us.

David: Thanks for having me Mike.

Michael: ICANN voted to approve one of the biggest changes the internet has seen. Can you summarize what the vote enacted today?

David: Sure. The vote was the formal approval by the ICANN board for the proposed new generic top level domain program. It also created a firm timeline for launching the ICANN gTLD program and was in essence the last step in formalizing the new gTLD program.

Michael: Rod Beckstrom, who is the President and CEO of ICANN, as well as Peter Dengate Thrush, the chairman of ICANN's Board of Directors, were quoted in the vote announcements on their website, on the ICANN.org website, as saying that this change will "Unleash human imagination" and provide "a platform for a next generation of creativity and inspiration". Was everybody in agreement at the meeting that this new wave of domain names should be released?

David: No by my vote count watching the webcast I counted 13 yeses, 2 abstentions and 1 no. And I think one of those abstentions was because of a conflict of interest from a board member who works for a registrar. So that means in essence 13 yeses, 1 real abstention and 1 no. I think that reflexes a

pretty broad consensus of the ICANN board that the program should move forward. What was interesting was that I noticed a lot of the participants in the web chat, or remote participants, seemed to be coming out the opposite direction.

Michael: In what way?

David: The comments were less enthusiastic I think from the remote participants, but I think everyone who has been watching ICANN and it go through this process looked at this as a foregone conclusion. It seemed very likely that this would be the result. I think many people expected it.

Michael: And the people that were on the chat, were those mainly domain investors, people that operate registries, or registrars, who do you think was on the chat that was voicing a negative concern?

David: I think it was a cross section of the different groups you mentioned. Representatives of all typed of businesses including domain registrants. It is my impression that most registrars are firmly in favor of the program. So I think their comments were more positive. Some of the negative comments are from internet watchers, observers and folks that like to follow ICANN.

Michael: Do you think it is fair to say that the registrars, the companies that actually sell domain names are in favor of it because it is an opportunity for them to make some more money?

David: I think that is a good and accurate statement.

Michael: And why would the people that were against it do you think that they are against it because – what reasons do you think are some of the reasons why people might be against the new top level domains being enacted?

David: You know it is interesting. I have been watching this program for a number of years, since ICANN first announced its intention to go down this road and I have observed the objections have changed somewhat over the years. I think ICANN has done a nice job of making some changes to the

program, implementing some procedures to protect trademark owners and they have made some good changes. My impression of the organizations and groups that are still opposed is that a lot of the opposition comes from the volume of the program as it is proposed. So ICANN predicted between 300 and 1000 gTLD registries going live.

Now we are looking at probably first quarter 2013 so that is a significant number of new registries whereas what we have seen in the past with new registries we have seen a single approval – the .xxx that was approved recently or a few years ago in small groups. Where you will see a few registries go online, this is unprecedented in the potential number of registries. And then if you think about the number of second level of domains that will be sold once the registries go online that the program is significant. And some of the opposition or the remaining opposition is just to the scope of the program and whether or not it makes sense to have this size of a launch in a year and a half.

Michael: Does this vote have the potential to be argued in court for any reason? Or does ICANN have full power to make this decision and it is a done deal and they are moving forward?

David: You know that is an interesting question and one of the outstanding issues relates to whether or not there can be registrar and registry co-ownership. And I know that the U.S. Department of Justice and the EU Competition Bureau have weighed in on that issue giving their opinion that cross ownership can raise any trust concerns. And ICANN has responded by indicating that that will be under consideration and there may be changes there. So that is one area where we can see litigation.

In response to your question whether or not ICANN has the authority to do this the U.S. government doesn't have a whole lot of oversight with ICANN anymore. What it does have is a relationship to ICANN through the IANA contract which is up for renewal in September of this year. I wouldn't be surprised to see some pressure from the U.S. government placed on ICANN in connection with the IANA contract renewal because gTLD program and how it is perceived as moving forward by the U.S. government.

There was a congressional oversight hearing about a month and a half ago and a good number of members of congress expressed their concern that the whole program should be slowed down a bit. That should be taken step by step. And I also wouldn't be surprised to see another hearing and some subpoenas issued to ICANN to answer to some of those earlier questions.

Michael: So you see that some hearings might take place, but not necessarily stopping of the program for any reason?

David: I don't think you can rule that out if an organization takes enough of an interest in it or in particular as I said dependent on how things come out with the cross ownership issues. It is hard to predict the likelihood of that. But ICANN has certainly signaled its intention to go full speed ahead. There is a firm timeline. From its view it is a go beginning in January 2012.

Michael: So as a small business owner myself I have filed for trademarks with the United States Patent and Trademark office. I've filed for a trademark on Domain Sherpa and of this company that I started. I am concerned, just like I'm sure many other small businesses, medium size businesses and large corporations out there that trademarks are going to come under fire. That somebody is going to start a new registry, maybe it is .eat or .restaurant or .play and they will be able to sell DomainSherpa.play or DomainSherpa.eat. Clearly that is a big problem for me. I've got to monitor the domain names - I have to maybe purchase them even though I don't want them. It is going to have extra costs for me. It is going to be a problem for small businesses all the way up to large businesses. What is ICANN doing to make sure that this isn't an issue for businesses - that their trademarks are not taken advantage of?

David: There are a few mechanisms built in to the proposed program that will give you grounds for objecting in the situations you described. The bottom line is the program is moving forward and it will be your burden to object based on your trademark or other intellectual property rights. I know a lot of organizations have been watching the program and waiting and hoping it wouldn't go forward for the reasons that you described. It is just the size of the task of protecting one trademark or a thousand in potentially a thousand new top level domains seems so daunting. While as this point it is going

forward so I think it makes sense to look at the program and be aware of the option of filing for your own top level registry. That is not cheap of course. If that doesn't make sense I think all businesses, anyone with an internet presence, are going to need to watch the program. They are going to need to look first - ICANN will publish the gTLD applications. Probably it will be end of April 2012. They will be made public and there will be a mechanism.

For example for you if somebody applied for .domainsherpa as a top level registry you at that point could initiate an opposition proceeding based on your trademark rights to the issuance of the actual registry. It is my opinion there are going to be few instances of that given the high hurdles to entry, the fees, meeting to set up the technical infrastructure. I don't think we will see a lot of traditional squatting and registries. There may be some conflicts and there is a mechanism there. I think the larger effort will come when the TLDs launch and begin selling second level domains. Companies and brand owners are just going to have to watch that and make a decision of whether or not it is worth it in a new registry to assert a claim to try and shut down or reclaim a domain name. I've seen estimates that consultants are figuring that companies need to budget anywhere from hundreds of thousands to millions of dollars to protect their brand names in all 500 to 1000 new registries. Obviously for all but the largest of companies that is not very practical.

Everyone is going to have to try to take a realistic approach to this. Look at the new registries. See what launches. Evaluate how relevant that top level extension is for your business and look at the second level domains and decide if you need to register defensively or if you need to use a mechanism to block and there will be blocking mechanisms to block someone else from registering. Or if someone acquires a second level domain if it makes sense to pursue something like a UDRP or litigation to get it back.

Michael: So I can understand that .giants, there is going to be a football team, there is going to be a baseball team or the Cardinals or the Panthers or the Jets. They have multiple sports teams that have that same name. It's going to come down to whoever files first and if the other team decides they want to fight for that top level domain, for that ownership of that top level domain...

David: Yes in those situations all of the competing applicants would have their own trademarks rights so their applications would (assuming they have dotted the i's and crossed the t's and they have all demonstrated they have the technical infrastructure to run the registry) if their applications are all on par ICANN will put them on what is called an extreme contention procedure, which basically is an auction process. The same thing would happen for generics and potentially other types of top level domain applicants that are for the same top level domains or something that is substantially similar. If you are dealing with a community based top level domain or a geographic, ICANN may not put that into an auction. It may come down to which application is better for that particular community.

Michael: So a .nyc they may actually decide that the government may deserve it over a private entity for example.

David: That's right.

Michael: They may or they may not.

David: We will have to see how ICANN implements that.

Michael: But for sports teams like .giants, you are saying that that could go to auction so that the team willing to pay the most is going to get that?

David: That is right.

Michael: And whoever actually gets that \$1,000,000 or \$2,000,000 or however many million that it sells for? Does that go to ICANN?

David: That is right.

Michael: And so for the small business owner are we just S.O.L.? Clearly I don't think somebody is going to want to spend the \$1,000,000 to \$2,000,000 to start up a .domainsherpa, but what I'm most concerned about is over the next five years there may be a 100 or 300 new domain top level extensions (.eat, .play, .ink, .whatever) and somebody is going to try to get DomainSherpa.that and I'm going to have to either reserve it or prevent

somebody else from doing it or file UDRP and in any of those cases it is going to cost me hundreds to thousands of dollars.

David: That's right. You summarized the situation. That's where we are. I think all small business owners are going to have to take a look at each registry, as you probably have done when other registries have launched. In recent years I think of .asia, .info, even the country codes like .us and within the last few years .co. They are going to need to look at those registries and decide is it worth it to defensively register or is it worth it to watch it to see how it develops. If someone were to acquire the domain name that is important to you what kind of traffic is it getting, is it a direct hit on your brand name? I think we are all going to have to go through that process just because of the volume of what you will be looking at. It won't be practical for anyone to defensively register across a thousand new top level domain names.

Michael: Right, exactly. For the small, the medium, the large size businesses what is the timeline again. How long do they have before they need to start keeping an eye on new registries that are launching and when those domain names may start selling?

David: It's soon. Next January, January 12, 2012 that application period opens. So that is when, if your organization is interested in applying for its own registry that is when the application can be filed. End of April next year, 2012, ICANN will post the public portions of all registry applications that have been submitted. And then almost immediately after that publication will be a period in which you can react or lodge an opposition, similar to a UDRP proceeding. It's sort of shortened arbitration where you can argue why that registry should not be issued. For the registry to get through that process and receive their final approval will probably be first quarter 2013 where they will be in a position to begin selling second level domains and at that point it will be important to start watching. And as each registry launches you may want to take advantage of Sunrise Registration mechanisms for trademark owners blocking mechanisms or monitoring to see how successful the registry is and whether or not you want to own second level domains for your own purposes.

Michael: We will keep the audience abreast of the Sunrise period and when trademark holders can actually reserve it before it is land rushes and opened for everybody else and we will make sure that any blocking mechanisms we tell our readers about. David, thank you very much for taking the time to keep abreast of what is going on at ICANN and come back and tell our audience what they need to pay attention to and when they need to pay attention to it

David: Right, thank you Michael.

Michael: Thank you all for watching. Bye.

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