THE TANGLED WEB: A CASE AGAINST NEW GENERIC TOP-LEVEL DOMAINS

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“If we had a reliable way to label our toys good and bad, it would be easy to regulate technology wisely. But we can rarely see far enough ahead to know which road leads to damnation.”

I. INTRODUCTION

[1] Is the “dot-com” era over as we know it? On June 13, 2012, the Internet Corporation for Assigned Names and Numbers (“ICANN”) revealed the list of applied-for new generic top-level domains. Top-level domains are the words at the end of a website’s address, such as <.com>. ICANN is a non-profit organization responsible for managing the Internet’s system of unique identifiers, including domain names. ICANN describes itself as the definer of “policies for how the ‘names and

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1 FREEMAN J. DYSON, DISTURBING THE UNIVERSE 7 (1979).


numbers’ of the Internet should run.” It is structured on a multi-stakeholder model including “registries, registrars, Internet Service Providers (ISPs), intellectual property advocates, commercial and business interests, non-commercial and non-profit interests, representation from more than 100 governments, and a global array of individual Internet users.” ICANN contracts with generic top-level domain registries and registrars to manage the Internet’s domains. Each registrar is required to enter into a register accreditation agreement with ICANN, which gives registrars the ability to register new domains.

The list of new generic top-level domains is staggering—ICANN received nearly 2000 applications for the new domains by March 2012. With the expansion of generic top-level domains, domain registrars and large corporations like Google and Apple jumped at the opportunity to own a piece of the expanding Internet. Currently, only a few generic top-level domains are used by the masses—<.com>, <.org>, <.gov> for example. However, new generic top-level domains add nearly limitless

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5 Id.

6 See 1 PAUL D. MCGRADY, MCGRADY ON DOMAIN NAMES § 1.14(c)(i) (Matthew Bender 2010), available at LexisNexis 1-1 McGrady on Domain Names § 1.14.

7 Id.


terms, including <.app>, <.music>, and <.esq>. The amount of applicants paying the $185,000 application fee suggests that companies are confident that an Internet expansion will be successful. To date, ICANN has delegated over 250 new generic top-level domains. But debate continues as to the value and dangers of massively broadening the available generic top-level domain names available.

[3] ICANN touts many benefits of the new generic top-level domains, while ignoring the many consequences that outweigh these benefits. These benefits include greater trademark protection for brands, a more competitive online market, and the ability for niche online markets to flourish. However, those benefits look less appealing when weighed against the negatives, including conflicts with principles of trademark law, increased difficulty for the Federal Trade Commission in prosecuting online fraud, necessity concerns, and ethical issues between ICANN and new generic top-level domain applicants.

[4] This article’s purpose is to provide a general understanding of the legal and financial implications of the new generic top-level domains. By looking at the history and functionality of generic top-level domains, the reader will hopefully have the requisite background to understand the implications of adding new top-level domains. The article discusses the following topics.

[5] Section III of this article examines the positive and negative implications of introducing new generic top-level domains. This section discusses ICANN’s stated policy goals in introducing new generic top-level domains, it addresses the potential benefits of introducing new top-level domains based on economic and trademark rationales, and it analyzes the negative implications of introducing new generic top-level domains and why these negative effects outweigh any positives. Specifically, it dismisses ICANN’s argument that new generic top-level domains are necessary, exposes the conflict between private ownership of
generic top-level domains and trademark law, discusses the detrimental
effect new generic top-level domains will have on the FTC’s ability to
prosecute online fraud, and addresses the persistent ethical concerns raised
by the apparent conflicts of interest between ICANN officials and new
generic top-level domain applicants.

[6] Section IV of this article proposes three remedial measures that
attempt to alleviate some of the problems addressed in Part C of section
III. It proposes that ICANN implement a small pilot program rather than
continue its plan of examining the roughly 2000 applications it received
for new generic top-level domains, that ICANN increase the transparency
of the organization in two ways, and that ICANN tweak its Trademark
Clearinghouse procedure to balance the power between trademark owners
and Internet users.

II. A DOMAIN NAMES PRIMER

[7] To understand the implications of ICANN’s introduction of new
generic top-level domains, an introductory discussion of the history of top-
level domains is helpful. This section will first answer the question “what
is a domain name and how does it work?” Next, it discusses the
development of legal rights attached to domain names and domain
ownership. Finally, the article will examine where a domain name is
located for the purposes of jurisdiction and review of the two types of
domain name dispute resolutions, and discusses the applicability of each.

A. What is a Domain Name?

[8] A domain name in simple terms is the combination of words and
numbers that lead an Internet user to a website.\textsuperscript{10} The Internet allows

\textsuperscript{10} See Paul Gill, What Is a ‘Domain Name’?\textsuperscript{,} ABOUT.COM,
http://netforbeginners.about.com/od/d/f/domain_name.htm (last visited Apr. 27, 2014);
users to look up websites through its Domain Name System ("DNS") using a uniform resource locator ("URL") to direct users to specific websites. The DNS uses a tree-like hierarchy to organize URLs. Commonly, a URL has three parts: a protocol (or third-level domain), a server name (or second-level domain), and a resource ID (top-level domain). For example, Google’s URL is <www.google.com>. The most common protocol is <www>, which is an abbreviation for World Wide Web. To the right of the protocol is a domain name. A domain name is a combination of alphanumeric characters used by an Internet browser to identify a website. In the Google example, <google> is the domain name. To the right of the domain name is the top-level domain. A top-level domain is used to categorize websites.


11 See id.


15 See Gill, supra note 10.

16 The United States Congress defines domain names as “any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.” 15 U.S.C. § 1127 (2012).

17 See Top-Level Domains, supra note 12.

18 Id.
example, <.com> is the top-level domain. The two most common types of top-level domains are generic top-level domains and country code top-level domains. Generally, country code top-level domains are two-letter identifiers; e.g., <.fr> for France. Because country code top-level domains are not changing, this article will focus on generic top-level domains. Top-level domains expanded only slightly in the early years of the Internet. In the 1980’s, the Internet only had seven generic top-level domains: <.com>, <.edu>, <.gov>, <.int>, <.mil>, <.net>, and <.org>. In 1995, the Federal Networking Council (FNS) birthed the modern Internet when it passed a resolution defining it as a “the global information system that is logically linked together by a globally unique address space.” Within a year, the Internet became the world’s fastest communicator of news, entertainment, and research. In 2001-2002, seven additional generic top-level domains were introduced: <.biz>, <.info>, <.name>, <.pro>, <.aero>, <.coop>, and <.museum>. At the same time users were discovering the power of the Internet, businesses were discovering the increasing value of domain name ownership. For example, the domain <www.business.com> was sold for $7.5 million in 1999. As businesses realized the value of domain name ownership, domain name disputes quickly followed.

19 See id.


21 See Top-Level Domains, supra note 12.


23 See Top-Level Domains, supra note 12.

B. Domain Name Ownership

During the initial advancement of domain name law, a “personal property” theory was developed by courts to determine who owns a domain name. The Supreme Court of Virginia set the stage for this theory’s proliferation, becoming the first court to consider whether property rights attach to domain names in *Network Solutions, Inc. v. Umbro International, Inc.*[^25] The issue in *Umbro* was whether the contractual right to use a domain name can be garnished to settle a default judgment.[^26] After receiving a default judgment against Canada Inc., Umbro filed suit in Fairfax Circuit Court against the domain registrar Network Solutions as a garnishee of Canada Inc., the debtor.[^27] Network Solutions responded that it had no money or other garnishable property belonging to the Canadian debtor and that the domain names registered by the debtor were non-garnishable contracts.[^28] The lower court found that the debtor’s domain names were “valuable intangible property” subject to garnishment, and ordered Network Solutions to deposit control of the domains to the court.[^29] The Supreme Court of Virginia did not reach the issue of whether the domain name was a form of personal property because Network Solutions acknowledged that it was during oral argument;[^30] however, the case nonetheless enabled subsequent judicial opinions to explore the personal property theory of domain ownership.


[^26]: *Id.* at 761-62.

[^27]: *Id.* at 762.

[^28]: *Id.*

[^29]: *Id.* at 763.

[^30]: Umbro, 259 Va. at 769-70.
[10] After Umbro, federal courts began adopting the “personal property” theory of domain name ownership. In Kremen v. Cohen, the Ninth Circuit treated a domain name as analogous to a document.31 Gary Kremen lost his domain, <sex.com>, when a bankruptcy lawyer sent a fraudulent letter to Network Solutions claiming that Kremen wished to abandon the domain.32 Kremen subsequently filed suit against Network Solutions in the Northern District of California.33 The district court granted summary judgment in favor of Network Solutions, holding, in part, that the domain was “intangible property” to which conversion does not apply. Kremen appealed to the Ninth Circuit.34

[11] On appeal, the Ninth Circuit reversed the district court and held that California case law allowed a claim of conversion for any species of property, including domain names.35 Network Solutions argued that no property right existed because the domain is refreshed every twelve hours as the information is broadcast online.36 The Ninth Circuit rejected this argument by an analogy to shares of stock, reasoning that “[w]hether a document is updated by inserting and deleting particular records or by replacing an old file with an entirely new one is a technical detail with no legal significance.”37 This rule allowed Kremen to successfully argue that

31 See Kremen v. Cohen, 337 F.3d 1024, 1033-34 (9th Cir. 2003).
32 Id. at 1026.
33 Id. at 1027.
34 Id. at 1028.
35 Id. at 1031-36.
36 Kremen, 337 F.3d at 1035.
37 Id.
his domain was his personal property and thus within the scope of California conversion law.\(^\text{38}\)

[12] Because domain names are personal property, each domain name must have an owner. However, before any ownership rights will attach, the domain name must be registered.\(^\text{39}\) To register a domain name, an interested party must submit an application containing a potential top-level and second-level domain to a registrar.\(^\text{40}\) If the application is registered, it is added to the registry’s WHOIS database.\(^\text{41}\) ICANN defines the “registered name holder” as the person whose name appears in the WHOIS domain database.\(^\text{42}\) Courts have also considered the issue of domain name ownership, and have generally followed the ICANN definition.\(^\text{43}\)

C. Physical Location of Domain Names and Dispute Mechanisms

[13] With the addition of numerous generic top-level domains, it is increasingly important to understand how domain owners can protect their trademarks online. After accepting the theory that domain names are

\(^{38}\) Id. at 1033-36.


\(^{41}\) See id. at 1161.


personal property, the next question to be answered is where domains are located for lawsuit purposes. Congress answered this question through legislation interpreted by the courts. The Anti-Cybersquatting Consumer Protection Act (“ACPA”) provides evidence of Congress’ acceptance for the “personal property” theory of domain name rights while also establishing the location of domain names. Under the ACPA, a person is liable for improper domain registration if that person registers a domain that infringes a valid trademark under certain conditions. First, the alleged infringer must have a bad faith intent to profit from the trademark. Second, the alleged infringer must register, traffic in, or use a domain name that is identical or confusingly similar to the trademark, or dilutive of the trademark if the mark is famous.

The ACPA provides for *in rem* jurisdiction of domain names “in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located.” The Second Circuit interpreted this language as showing Congress’ intent for domain names to exist as intangible property located in two locations: (1) at the location of the domain name registrar, and (2) at the location of the registry.

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45 See § 1125(d)(2)(A).
46 See § 1125(d)(1).
47 See § 1125(d)(1)(A).
49 § 1125(d)(2)(A).
50 Mattel, Inc. v. Barbie-Club.com, 310 F.3d 293, 302-303 (2d Cir. 2002).
The ACPA provides one mechanism for resolving domain name disputes, while the alternative option is an administrative action brought under ICANN’s Uniform Domain-Name Dispute-Resolution Policy (“UDRP”). The UDRP requires parties to submit to a mandatory administrative hearing when the following three conditions are met: (1) the respondent’s domain name is identical or confusingly similar to the complainant’s trademark; (2) the respondent has no legitimate rights or interests in respect to the domain name; and (3) the respondent’s domain name has been registered and is being used in bad faith.\(^\text{51}\) First, UDRP resolution is faster (and likely cheaper) than litigation under the ACPA.\(^\text{52}\) There is no discovery process and a large percentage of UDRP complaints go unanswered.\(^\text{53}\) Complainants are additionally advantaged by the fact that the UDRP panels have not allowed the assertion of equitable

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A domain name ‘registrar’ is one of several entities licensed by the Internet Corporation of Assigned Names and Numbers (‘ICANN’) to grant domain names to applicants, or ‘registrants.’ The domain name ‘registry,’ by contrast, is the single official entity that maintains a list (‘a registry’) of all ‘top-level’ domain names and that maintains all official records regarding the registrations of such names.”

Id. at 296 n.2 (quoting 2 DAVID BENDER, COMPUTER LAW § 3D.03[3] at 3D-56 (2011)).


\(^{53}\) See, e.g., Mattel, 310 F.3d at 304.
defenses.\textsuperscript{54} If successful, the only remedy provided by the UDRP is cancellation of the respondent’s domain name and transfer to the complainant.\textsuperscript{55}

[16] While litigation pursuant to the ACPA affords complainants much broader remedies than the UDRP, it also requires the costs and difficulties of traditional litigation. A successful ACPA plaintiff will have the option of statutory damages and temporary or permanent injunctions.\textsuperscript{56} In certain cases, a court may also award costs and reasonable attorney’s fees.\textsuperscript{57} However, an ACPA complainant must first establish \textit{in personam} jurisdiction.\textsuperscript{58} Defendants can also raise the equitable defenses otherwise not allowed under the UDRP.\textsuperscript{59} The ACPA and UDRP are not mutually


\textsuperscript{55} See \textit{UDRP}, supra note 51, at § 4(i).


\textsuperscript{57} \textit{Id}.

\textsuperscript{58} See Int’l Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (internal citations omitted) (discussing establishment of personal jurisdiction).

exclusive options; a concurrent ACPA suit is permissible with a UDRP action.\(^6^0\)

### III. THE ARGUMENTS FOR AND AGAINST NEW GTLDs

[17] Now that ICANN is delegating new generic top-level domains, the stage is set to analyze their positive and negative effects. ICANN champions the introduction of new generic-top level domains, claiming that widespread expansion of generic top-level domains will benefit businesses and consumers. It has ignored, however, many real concerns expressed by its own advisory board, the United States Federal Trade Commission, and interested parties from around the world.

[18] This section examines the positive and negative implications of introducing new generic top-level domains. First, this section examines the policy rationales supporting ICANN’s introduction of new generic top-level domains. Then, it discusses the potential benefits of introducing new top-level domains based on economic and trademark rationales. Finally, an analysis of the negative implications of introducing new generic top-level domains demonstrates why these negative effects outweigh any benefits.

#### A. Policy Rationales for Expansion

[19] ICANN offers five policy justifications for offering new generic top-level domains. For the reasons set forth below, these policy rationales are lackluster at best.

\(^6^0\) See Parisi v. Netlearning, Inc., 139 F. Supp. 2d 745, 751 (E.D. Va. 2001) (“[T]here is no reason to 'stay' litigation . . . because, quite simply, the UDRP contemplates parallel litigation. Nothing in the UDRP restrains either party from filing suit before, after, or during the administrative proceedings.”).
[20] According to ICANN, the expansion is consistent with all prior expansions of generic top-level domains.\textsuperscript{61} In essence, the expansion is happening because all prior expansions have been successful. Additionally, ICANN claims that “[t]here are no technical impediments to the introduction of new top-level domains as evidenced by the most recent addition of the two previous rounds.”\textsuperscript{62} In other words, because the new top-level domains were introduced smoothly, the introduction of 2,000 more top-level domains will also work smoothly.

[21] ICANN also claims that expanding the domain name space to accommodate more scripts and symbols in top-level domains will give end users more choices about the nature of their presence on the Internet.\textsuperscript{63} For example, Chinese users will now be able to use Chinese symbols in their domain names.\textsuperscript{64} This will allow the domain owner to create a web address that is targeted only towards users who can understand the language.

[22] Further, ICANN asserts that “[t]here is demand for additional top-level domains as a business opportunity.”\textsuperscript{65} As I will discuss in detail in Part B below, the <.com> domain is almost monopolistic with its dominance online. ICANN assumes that by introducing more top-level


\textsuperscript{62} Id.

\textsuperscript{63} Id.

\textsuperscript{64} See id.

\textsuperscript{65} Id. at 14.
domains, the additional choices for domain registrants will decrease the power of the <.com> top-level domain and lower prices for consumers.

[23] “No compelling reason has been articulated to not proceed with accepting applications for new top-level domains.”66 While the accuracy of this statement is subjective to say the least, ICANN believes that new top-level domains will do nothing but good for the Internet as a whole. It will also fill ICANN’s pockets with roughly $30 million in surplus application fees; an issue discussed in detail in Part C below.

B. The Benefits of New gTLDs

[24] New generic top-level domains will have some benefits as they are added to the Internet. Prior to the expansion, the Internet had only twenty-two generic top-level domains. 67 ICANN and supporters of the new generic top-level domains advocate for new generic top-level domains for four reasons. First, it will give companies increased brand control and presence online. Second, it will increase top-level domain competition by spreading market power. Third, it will allow for the creation of niche marketplaces, thus lowering consumer search costs. Finally, the difficult application process will ensure high-quality applicants administer new generic top-level domains.

1. Brand Control

[25] One reason ICANN advocates for new generic top-level domains is that it will increase brand control for companies. 68 A company’s

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66 NEW GENERIC TOP LEVEL DOMAINS, supra note 61, at 15.

branding could benefit from new generic top-level domains in a few different ways. For example, a company with the financial strength and capability can operate its own .brand generic top-level domain and control all usage of its trademark in domain names. \(^{69}\) By owning its own top-level domain, a company can reduce the amount of characters needed to find certain products within a brand’s website. Rather than <www.amazon.com/kindle>, Amazon could direct its users to <kindle.amazon>. It could do the same for each product it offers within its .amazon top-level domain. Additionally, consumers from any country could potentially find a company with its own top-level domain more easily because as long as the consumer knows the brand name, a consumer can type .brand. According to ICANN, both of these benefits to trademark owners outweigh any potential risk of increased cybersquatting.\(^ {70}\)

2. Increased Competition

ICANN advocates for new generic top-level domains because it will spread market power away from the .com top-level domain and thus increase competition.\(^ {71}\) In a letter to the United States Department of Commerce, the Department of Justice’s Antitrust Division advised that as of 2008, VeriSign, the owner of the .com generic top-level domain had


\(^{69}\) Id. at 23-24.

\(^{70}\) See id. at 37.

significant market power.\textsuperscript{72} The DOJ was concerned that because the .com domain was so powerful, it raised concerns of whether Verisign had developed a monopoly on domain names.\textsuperscript{73} The DOJ concluded that the introduction of new generic top-level domains would shift some of that market power away from .com.\textsuperscript{74} By doing so, consumers and potential registrants would see the benefits through more competitive pricing and increased variety.\textsuperscript{75} Whereas previously companies such as Verisign have been able to set prices for domains within the .com top-level domain, now successful applicants can offer lower prices and help decrease Verisign’s market power. Therefore, it is plausible that new generic top-level domains will help increase competition and decrease the price of domain names online.

3. Creation of Niche Marketplaces

[27] ICANN claims that new generic top-level domains will allow for new online business models by creating niche marketplaces that decrease consumer search costs.\textsuperscript{76} For example, as more companies began selling digital copies of music online, the top-level domain .music could plausibly become the domain under which all companies offer their services. Apple could use itunes.music, Google could use google.music, and Amazon could use amazon.music. This arrangement would benefit both the user and business because the user would be able to find multiple online music sellers more quickly, and the visibility of each music seller would be greater as well. Smaller

\textsuperscript{72} Id.

\textsuperscript{73} Id. at 2.

\textsuperscript{74} Id. at 3.

\textsuperscript{75} See KATZ ET AL., supra note 68, at18.

\textsuperscript{76} See id. at 20, 23.
companies who only offer services in a single market would also benefit
from the creation of new niche marketplaces their exposure to consumers
would be increased. By searching for the specific top-level domain like
<.music>, a user will not only find Apple’s music store, but can also shop
for lesser known music stores which may have previously been too
difficult to find within the broad <.com> domain. With niche
marketplaces, both consumers and businesses can benefit by decreased
search costs.

4. Qualified New Registrars

[28] Because the application process is so grueling, ICANN is ensuring
that only qualified applicants will administer new generic top-level
domains. ICANN’s “gTLD Applicant Guidebook” contains directions to
apply for a new generic top-level domain.\(^77\) The period in which to apply
for a generic top-level domain was January 12 through April 12, 2012.\(^78\)
After submission, applications are reviewed in three stages.

[29] The first stage of the review process requires the applicant to meet
a set of administrative requirements before any substantive review of the
application commences.\(^79\) The application is then posted on ICANN’s
website for a public comment period lasting sixty days.\(^80\) During this
comment period, the Government Advisory Committee may also notify

\(^77\) See generally ICANN, GTLD APPLICANT GUIDEBOOK (2012), available at

\(^78\) Id. at § 1.1.1. Furthermore, users had to register by March 29, 2012.

\(^79\) See id. at § 1.1.2.2.

\(^80\) Id. at § 1.1.2.3.
the applicant that the generic top-level domain may be problematic, either because it violates international law or concerns other sensitive issues.81

[30] Next, the “Initial Evaluation” period begins in which the application is reviewed to determine: (1) if it will cause any problems with the structure of the DNS, and (2) if the applicant is capable of managing the generic top-level domain.82 These two requirements will help ICANN determine whether a potential generic top-level domain will crash the Internet.

[31] Besides its own review of each applicant, ICANN also created formal public objection period for approximately seven months after it posts the list of completed applications that occurs during the initial evaluation.83 If an objecting party meets the standing requirement, ICANN will hear objections.84 This will allow the public to voice any concerns that ICANN may have missed.

[32] Finally, if the applicant survives the preceding periods, the application moves into a “transition to delegation” period.85 During the transition to delegation, the applicant must enter into a registry agreement with ICANN.86 At this time, ICANN and the applicant will contract to operate the top-level domain in the same manner that all current top-level

81 Id. at § 1.1.2.4. This warning will not be grounds for rejection, but serves to put the applicant on notice that it will likely be rejected later in the process.

82 GUIDEBOOK, supra note 77, at § 1.1.2.5.

83 See id. at § 1.1.2.6.

84 Id.

85 Id. at § 1.1.2.11.

86 Id.
domains operate. The applicant must also perform a “technical set-up,” where it shows that it can operate a functional top-level domain before the domain is entered into ICANN’s database. If the applicant meets all of these requirements, the domain becomes eligible for entry into ICANN’s generic top-level domain database.

C. The Negative Implications of New gTLDs

While there are positives, the negative implications of introducing new generic top-level domains far outweigh these positives. The following subsections discuss four distinct reasons that ICANN should not introduce more new generic top-level domains at this time. First, ICANN’s own Government Advisory Committee has questioned the necessity and likelihood of success for new generic top-level domains. Second, by issuing new generic-top level domains to private companies, a core principle of trademark law is violated. Third, the FTC has warned ICANN that new generic top-level domains will greatly increase the difficulty of prosecuting cases of online fraud. Finally, ICANN’s actions regarding the introduction of new generic top-level domains, thus far, have raised serious ethical concerns about the organization’s ability to fairly oversee the project.

1. Doubts of Necessity

Many doubts have been raised about whether the new generic top-level domains are even necessary. ICANN advocates for the new generic top-level domains out of a business necessity due to scarcity of second-level domains within the current generic top-level domains. This necessity is questionable and regardless of the fact that ICANN has offered no evidence to support this claim, two counter arguments

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87 See GUIDEBOOK, supra note 77, at § 1.1.2.11.

88 Id.
significantly undercut the validity of the claim. First, ICANN’s own Government Advisory Committee (“GAC”) chairman openly questioned the necessity for new generic top-level domains in a letter to ICANN’s Chairman of the Board in 2007.90 Second, the Supreme Court rejected a similar argument with regard to colors as trademarks in *Qualitex Co. v. Jacobson Products. Co.*, an argument that also can apply to domain names.90

[35] In a letter to ICANN’s former Chairman of the Board, the former GAC Chairman raised apparently continuing concerns by the GAC about the introduction of new generic top-level domains.91 At the outset, the chairman noted that the “threshold question has not been answered whether the introduction of new gTLDs provides potential benefits to consumers that will not be outweighed by the potential harms.”92 The GAC chairman noted that in 2006 the ICANN Board of Directors requested an economic benefit analysis study of new generic top-level domains, which at the time of the letter had yet to occur.93 He was also concerned that the introduction of new generic top-level domains would lead to a creation of monopolies rather than an increase in competition.94 The GAC warned that a likelihood of “end user confusion” could result from the introduction of new generic top-level domains, which I further


91 Letter from Janis Karklins to Peter Dengate Thrush, *supra* note 89.

92 *Id.* at 1.

93 *Id.*

94 *Id.* at 2, 7.
discuss in the “Trademark Concerns” section below. The GAC chairman criticizes ICANN for its failure to address the lack of awareness of the new generic top-level domains by many smaller businesses and Internet users as a whole. The GAC chairman urges ICANN to simplify the application and objection process, and also be more transparent about how it intends to spend the predictably large surplus earned from application fees. Based on all of these issues, it becomes clearer that ICANN has not established a necessity for new generic top-level domains.

ICANN fails to make a valid argument that the new generic top-level domains are running out of space for new second-level domains when it is compared to a similar argument made about trademarks. In 1995, the Supreme Court rejected an argument that scarcity should bar colors from trademark protection. The respondent in Qualitex argued that the array of colors is limited and therefore colors should not be afforded trademark protection to prevent any unfair competition. The Court dismissed the argument, noting that the mixing of colors could produce nearly limitless choices for competitors to use in their own products. Compared to the color argument in Qualitex, ICANN’s concern of second-level domain scarcity should be questioned. Second-level domains are composed of both numbers and letters. The potential combinations of numbers and letters in second-level domains are nearly limitless. While a random assortment of numbers and letters may not

95 Id. at 3.
96 Letter from Janis Karklins to Peter Dengate Thrush, supra note 89, at 1, 3.
97 Id. at 7. I discuss this further infra Part III.C.4.
99 Id.
100 Id. at 169.
make a good domain, ICANN cannot claim that the domains are running out. Moreover, unless trademarks themselves are running out, it does not logically follow that <.com> cannot be added to each newly registered mark. While the same trademark is sometimes issued for completely separate products, in that situation the trademark owner could use the trademark name and product type as its domain name. For example, Delta is a trademark for both faucets and airlines. While <delta.com> can only be used for one company, the other could merely adopt the domain <deltaairlines.com> or <deltafaucets.com>. Under this scrutiny, ICANN’s claim of scarcity should be given little credence.

2. Conflict with Trademark Law

[37] ICANN’s introduction of new generic top-level domains conflicts with the well-established trademark doctrine that prevents ownership of generic terms. Domain names are treated under the law as extensions of trademark rights, but are even more exclusive in the sense that once the domain is issued, no one else can use it. The rationale behind excluding generic marks is that if one person owned the rights to a generic term, it would prevent a competitor from using the term that identifies its product. Examples of generic terms include lamps, cars, etc. Because of this similarity, trademark rights are a prerequisite for suit under ACPA or the UDRP to remove infringing domain names.

[38] Courts use a “levels of distinctiveness” test to determine if a mark is eligible for trademark protection. There are four levels of


102 See Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1183 (5th Cir. 1980).

103 See infra Part II.C.
distinctiveness.\textsuperscript{105} Generic marks are terms used to identify a particular type of product, and are never available for trademark protection. Trademarks lower consumers’ search costs, allow the owner to develop goodwill in his company, and provide marketing advantages. An important notion of trademark law is that trademarks identify a producer of goods or services, not a type of goods or services.\textsuperscript{106} Trademark rights exist through use, but only distinctive marks are available for trademark protection.\textsuperscript{107} Both the UDRP and ACPA require trademark ownership for a complainant to succeed in a domain name dispute,\textsuperscript{108} and with this fact in mind, the next section will explain why the new generic top-level domains violate these principles.

\textsuperscript{104}See Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983) (articulating the levels of distinctiveness test).

\textsuperscript{105}Id. at 790. Arbitrary or fanciful marks are considered inherently distinctive, and are automatically eligible for protection with use. \textit{Id.} at 791. Examples of arbitrary or fanciful marks include Apple computers and Kodak film. \textit{Id.}; 2 \textsc{McCarthy on Trademarks and Unfair Competition} § 11:13 (4th ed. 2014). Suggestive marks “suggest” the type of product offered by the owner in the consumer’s mind. \textit{Zatarains}, 698 F.2d at 791. Suggestive marks are also inherently distinctive and are immediately eligible for trademark protection with use. \textit{Id.} Examples of suggestive marks include Chicken of the Sea for canned tuna and Orange Crush for orange drinks. 2 \textsc{McCarthy on Trademarks and Unfair Competition} § 11:72 (4th ed. 2014). Descriptive marks “describe” the type of product offered to the consumer, and are only available for trademark protection if the owner establishes “secondary meaning” in the consumer’s mind associated with the mark. \textit{Zatarains}, 698 F.2d at 790. Examples of descriptive marks include Chap Stick for medicinal preparations for chapped skin and Raisin-Bran for raisin and bran cereal. 2 \textsc{McCarthy on Trademarks and Unfair Competition} § 11:24 (4th ed. 2014).

\textsuperscript{106}\textit{Qualitex}, 514 U.S. at 163-64.


\textsuperscript{108}See UDRP, supra note 51; see also Office of Strategic Services, Inc. v. Sadeghian, 528 F. App’x 336, 345 (4th Cir. 2013).
ICANN accepted applications for hundreds of generic terms as new generic top-level domains. These new domains include <.art>, <.computer>, <.pizza>, and <.restaurant>, just to name a few. While most of the new generic top-level domains have not yet been opposed, seven generic top-level domains are being hotly contested by Amazon and Google, exemplifying why generic terms should not be sold to private companies. By allowing these companies to own generic terms as part of generic top-level domains, the company will have an online monopoly on a generic term and could lead to serious issues of unfair competition.

For example, if Amazon operates the <.app> top-level domain and refuses to allow Google to register a domain under <.app>, Google is unable to compete in the <.app> marketplace. Google and Amazon have both bid on the domains <.app>, <.cloud>, <.game>, <.movie>, <.music>, and <.play>. All of these terms would fall within the generic category of Zatarains’ levels of distinctiveness test. The Zatarains court was worried about disadvantaging competitors by allowing generic terms to be trademarked, but ICANN seems to have done the complete opposite. Both Google and Amazon make legitimate use of the term “apps.” Either one would be significantly disadvantaged if they were no longer allowed to use the term. If Amazon were given trademark protection in the term “app,” Apple would likely be an infringer unless it shut down its “App

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111 Phil Corwin, New gTLDs: Competition or Concentration? Innovation or Domination?, DOMAINNAMENEWS (June 19, 2012, 6:12 PM), http://www.domainnamenews.com/new-gtlds/new-gtlds-competition-or-concentration-innovation-or-domination/11833.

112 Zatarains, 698 F.2d at 790.
“Store.” Luckily, Zatarains foresaw this result, and courts across the United States followed this example to set the boundaries of trademark rights. While a trademark on a generic term is not identical to ownership of a generic titled top-level domain, the economic effects would be quite similar.

[41] ICANN announced that the creation of niche’ marketplaces as one of its objectives in creating new generic top-level domains. Assuming this becomes common practice, the generic top-level domain owner would presumably license a second-level domain to any interested companies offering products in the niche. But take Amazon for example, who is asserting itself as the only permissible user of the <.app> top-level domain. Amazon is only one of many companies who provide “apps,” yet it intends to own the entire <.app> registry and prevent any other company from using it. Specifically, Amazon claims in its application that<.app> may not be delegated or assigned to third party organizations, institutions, or individuals. Amazon is purporting to own the <.app> top-level domain and prevent others who offer “apps” from participating in the new marketplace. Amazon is claiming a trademark right, vis-à-vis its exclusion from others in using a generic term and in effect will have a monopoly in the <.app> marketplace as warned by the GAC in 2009.

3. Enforcement Concerns

[42] The Federal Trade Commission (“FTC”) offers a third opposition to the new generic top-level domains because new domains will magnify the already difficult challenge of protecting consumers from online
fraud.\textsuperscript{116} In a letter to the CEO and Chairman of ICANN’s Board of Directors, the FTC addressed its concern over the effects new generic top-level domains will have on FTC enforcement of online fraud prevention.\textsuperscript{117} The FTC warned that “[f]raudsters will be able to register the misspellings of businesses, including financial institutions, in each of the new gTLDs, create copycat websites, and obtain sensitive consumer data with relative ease before shutting down each site and launching a new one.”\textsuperscript{118} The FTC also expressed concerns that the potential for bad actors to obtain and operate top-level registries will significantly increase, even with ICANN’s background check procedures.\textsuperscript{119} ICANN has already proven to be negligent in its management of the WHOIS database, in turn obstructing FTC investigations into the owners of fraudulent websites.\textsuperscript{120} The FTC suggested that ICANN make certain changes to protect the public from the dangers of new generic top-level domains. It urged ICANN to implement the new generic-top level domain program as a pilot program and only approve a small number of the initial generic top-level domains.\textsuperscript{121} The FTC encouraged ICANN to hire more compliance staff.


\textsuperscript{117} Id. at 1.

\textsuperscript{118} Id. at 5.

\textsuperscript{119} Id.


\textsuperscript{121} Letter from Fed. Trade Comm’n, supra note 116, at 6.
to strengthen its contractual compliance program.\textsuperscript{122} It also recommended that ICANN develop a new program to monitor the consumer issues bound to arise from the implementation of the first round of new generic top-level domains.\textsuperscript{123} Additionally, the FTC requested that ICANN assess its application’s risk of consumer harm as part of the application review process.\textsuperscript{124} Finally, the FTC advised ICANN to improve the accuracy of its WHOIS databases, potentially including a registrant verification procedure to help the FTC locate and prosecute bad actors.\textsuperscript{125} I will advocate for some of these recommendations in Section IV of this article.

4. Ethical Concerns

Beyond the substantive concerns of the introduction of new generic top-level domains, advocates have raised serious ethical concerns about ICANN’s Board of Directors. In 2011, two members of the ICANN Board joined for-profit domain holding corporations within a month of leaving ICANN.\textsuperscript{126} Because the ICANN bylaws have no restrictions on the Board members after they leave, their employees are more susceptible to conflicts of interests when moving to private companies.\textsuperscript{127} Criticisms of ICANN’s ethics policies are worldwide and continuing, and are evidenced by a letters sent to ICANN from many new generic top-level domain applicants.

\textsuperscript{122} Id.

\textsuperscript{123} Id. at 6.

\textsuperscript{124} Id.

\textsuperscript{125} Id.


\textsuperscript{127} See id.
[44] Applicants for the <.africa> top-level domain have continually notified ICANN of a conflict of interest between a competing applicant and ICANN’s Government Advisory Committee. On July 18, 2012, DotConnectAfrica (“DCA”) advised ICANN as to this conflict. DCA noted that a member of ICANN’s GAC also sat on the Board of Directors for KeNIC, a corporation competing with DCA for the <.africa> top-level domain. DCA provided evidence that the GAC Board member has publicly opposed the DCA in various discussions about the <.africa> top-level domain, and it requested that she remove herself from the GAC where she played a role in determining what new generic top-level domains applications are accepted. Even more troubling is the attachment to the DCA email—a prior email dated April 7, 2011 raising the same concerns about the same GAC Board member. If this conflict was an isolated incident it would be less severe, but the problem is more widespread.

[45] On July 6, 2012, the CEO of BRS Media exposed another conflict of interest on the GAC with regards to the <.radio> top-level domain. According to the letter, the European Broadcasting Union (“EBU”) was admitted to the GAC while it has a pending application for the <.radio> top-level domain. The BRS CEO requested that the EBU step down


129 Id.

130 Id.

131 Id.

from its position on the GAC Board immediately to resolve the glaring conflict of interest. In light of all of these problems, ICANN should implement certain remedial measures to help alleviate these concerns.

IV. REMEDIAL MEASURES FOR NEW GTLDs

As it seems unlikely that ICANN will heed the advice of the FTC and its own GAC, this section offers three remedial measures that ICANN could take now to address some of the concerns expressed in Section III above. First, ICANN should implement a small pilot program rather than continue its plan of examining the roughly 2000 applications it received for new generic top-level domains. This proposal is supported by evidence of success in similar pilot programs created by the United States Patent and Trademark Office, and suggestions by the Federal Trade Commission. Second, ICANN should increase the transparency of the organization in two ways. ICANN should release publicly a detailed plan that explains how ICANN plans to spend its expected $30 million surplus from the new generic top-level domain applications. Additionally, ICANN should expand its conflicts of interest policy to include related committees and organizations participating in the application process. Finally, ICANN cancel the Uniform Rapid Suspension mechanism, which creates an even higher likelihood of trademark bullying without any new protections for domain users. These proposals are discussed in detail below.

A. Implementation via a Pilot Program

ICANN needs to implement the new generic top-level domain through a pilot program to minimize any negative effects, rather than hastily introduce thousands of top-level domains. ICANN noted in the
“gTLD Applicant Guidebook” that it can add a maximum of 1000 new generic top-level domains per year.\textsuperscript{135} During its four-month application period, ICANN received 1,930 applications.\textsuperscript{136} With 2,000 applications to review, a perfect implementation of these new generic top-level domains would take two years.\textsuperscript{137} This two-year period, however would be assuming that ICANN is actually able to add 1000 new generic top-level domains per year. During this time, ICANN will presumably accept more applications and develop a backlog of new generic top-level domains.

\begin{paradex}
[48] ICANN should narrowly implement the new generic top-level domains. To mitigate the risks noted above in Section III, ICANN should begin by implementing only a small number of uncontested generic top-level domains owned by experienced registries. By choosing uncontested generic top-level domains, it will lessen the possibility of legal action. Experienced registries will likely have fewer growing pains while administering a new generic top-level domain. The resources ICANN planned to use implementing mass new generic top-level domains can instead be spent on analysis of the pilot generic top-level domains and use this knowledge to better craft the full-scale new generic top-level domain program. If the results of the pilot program are promising, ICANN will already have thousands of applications to review and implement. At the same time, it can accept new applications in good faith, with the pilot program serving as a model for the likely success of further expansion. If the pilot program proves unworkable, ICANN will have saved an enormous amount of resources by limiting its implementation to the piloted generic top-level domains.
\end{paradex}

\begin{footnotes}
\item [{\textsuperscript{135}}] GUIDEBOOK, \textit{supra} note 77, at 1.2.9.
\item [{\textsuperscript{137}}] \textit{See id.}; GUIDEBOOK, \textit{supra} note 77, at 1.1.2.5.
\end{footnotes}
ICANN should use The United States Patent and Trademark Office ("PTO") as a model for implementing the new generic top-level domains as a pilot program. The PTO constantly introduces changes to its procedures through pilot programs and its efforts have been successful.\(^{138}\) For example, The PTO introduced the “Enhanced First Action Interview Pilot Program” in October of 2009.\(^ {139}\) Because of the program’s success, the PTO has extended the program three times and now expanded the program to all technologies.\(^ {140}\) Based on these expansions, the PTO has proved the workability of pilot programs on large-scale technological applications, and ICANN should follow the PTO’s lead.

### B. Increased Transparency

ICANN must also address the ethical concerns of various interested parties by increasing the transparency of its operations. It can do so in the following ways. Regarding its surplus applications profits discussed above in Section III, ICANN should issue a detailed public statement explaining how it will allocate the funds earned from the new generic top-level domain program. Additionally, ICANN should conduct a full-scale review of all parties with any say in the new generic top-level domain application process, and remove anyone with even tenuous conflicts of interest.

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\(^{140}\) See id. The pilot program allowed applicants to interview with their assigned patent examiner after the examiner’s patent search to discuss the examiner’s findings. Among other benefits, the interview allowed applicants to amend their applications and prevent a first rejection by discussing the prior art with the examiner. The program lowers prosecution costs for the applicant and reduces the amount of work for the examiner. The PTO initially offered this program only for single invention patents with three or fewer independent claims.
1. Allocation of Funds from the new gTLD Applications

[51] ICANN expects to net $140 million from the new generic top-level domain program according to its budget that it released for the fiscal year of 2012-13.\footnote{See Draft FY13 Operating Plan and Budget, ICANN, 6 (May 1, 2012), available at http://www.icann.org/en/about/financials/proposed-opplan-budget-v1-fy13-01may12-en.pdf.} As a non-profit, ICANN receives special tax treatment in exchange for it not earning a profit for its owners.\footnote{See generally Bylaws for Internet Corporation for Assigned Names and Numbers–A California Nonprofit Public –Benefit Corporation, ICANN, http://www.icann.org/en/about/governance/bylaws (last visited Apr. 27, 2014); see also The Tax-Exemption Process, CAL. FRANCHISE TAX BOARD, https://www.ftb.ca.gov/businesses/Exempt_organizations/The_Process.shtml (last visited Apr. 27, 2014).} However, in its budget, ICANN only forecasted revenues based on the assumption that it would receive 500 new generic top-level domain applications.\footnote{Draft FY13 Operating Plan and Budget, supra note 141, at 6.} In fact, the application number is closer to 2,000.\footnote{See About the Program –ICANN New gTLDs, ICANN, http://newgtlds.icann.org/en/about/program (last visited Apr. 27, 2014).}

[52] Because of the greater number of applications, ICANN’s budget must be adjusted upward to account for those numbers. Based on ICANN’s budget methodology for the 500 applications, the 2,000 applications will net ICANN of $337 million, while predicting a likely operating cost of $156 million.\footnote{Draft FY13 Operating Plan and Budget, supra note 141, at 61.} It budgets another $150 million in operating costs, leaving a surplus of roughly $30 million on this single
round of new generic top-level domain applications. Obviously, ICANN cannot make $30 million in profit and continue to remain a non-profit business. According to the budget, ICANN plans to “initiate a policy development process to define with the community the purpose and mechanism of administration of such excess” with any surplus that remains. This statement is vague so I suggest the following as to how ICANN should spend its surplus and remain a non-profit.

[53] With a conservative estimate of $30 million in surpluses, the time has come for ICANN to define the mechanism of administration of such excess. First, ICANN should analyze how best to lower costs for applicants. As a non-profit, ICANN should not be charging more for its services than required to recoup costs. After recouping its costs, ICANN should use some of the surplus to initiate a cost-effectiveness study for the first round of applications and use the findings to lower application costs.

[54] ICANN should also use some of the surplus to strengthen the WHOIS database and hire more compliance staff, as recommended by the FTC in its letter to the Board. The FTC noted in its letter to ICANN that both the WHOIS database and the amount of work for the compliance staff will change dramatically as a result of the 2000 new top-level domain applications. The WHOIS database will have to be updated constantly to add all of the new second-level domain registrant information under each new generic top-level domain. This job will be handled by the

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146 Id.
147 Id. at 63.
149 Id. at 5.
150 See id. at 10.
compliance staff. Therefore, ICANN will clearly need to hire many more compliance staff members if it hopes to add the new generic top-level domains efficiently and effectively.151

2. Conflicts of Interest Program

[55] ICANN needs to develop a comprehensive ethics review program to address the persistent issues raised by various interested parties. On August 20, 2011, the Washington Post published an article exposing a “revolving door” conflict of interest problem with two members of the ICANN Board of Directors.152 The article detailed the quick transition from an ICANN board-member to a director of a private-sector company with active applications for new generic top-level domains.153 This board-members move was questioned as a conflict of interest because he had previously had direct access to the success of his new company’s top-level domain application.154 Further, his former colleagues at ICANN are more likely to choose his company’s application with all else being equal.

[56] In response to the Washington Post article, Oregon Senator Ron Wyden wrote a letter to the United States Department of Commerce and National Telecommunications and Information Administration calling for stricter regulations on the ethical obligations of ICANN.155 The Senator

151 Id. at 8.

152 Engleman, supra note 126.

153 Id.

154 Id.


As a likely result from the mounting governmental and media pressures, ICANN announced a new conflict of interest policy on May 6, 2012.\footnote{Conflicts of Interest Policy, ICANN (May 6, 2012), http://www.icann.org/en/groups/board/governance/coi.} The policy is comprehensive in theory, mirroring standard corporate conflict of interest policies. The policy encourages all members of any ICANN affiliated organization to disclose any conflicts of interest it has with current top-level domain applications.\footnote{Id.} This policy is ineffective, however as evidenced by the two conflicts of interest noted subsequent to the May 6, 2012 adoption of the policy and discussed in Section III above. At least two separate Advisory Committee conflicts of interest have been discovered subsequent to ICANN’s new conflicts of interest policy.\footnote{See supra notes 126-34 and accompanying text.} Both of these conflicts involved members of the GAC also having an interested stake in new gTLD applications.\footnote{Id.}

To rectify the more recent conflicts of interest, ICANN needs to require members of its Government Advisory Committee to adhere to a strict conflict of interest policy, rather than merely “encourage” it.\footnote{See Conflicts of Interest Policy, supra note 157."}
Exemplifying ICANN’s failure to remedy this issue, ICANN held an ethics and conflicts of interest panel in June of 2012 and failed to address any concerns about GAC.162 Note that this date is after the letter from Senator Wyden and after the DotConnectAfrica scandal discussed above in Section III. ICANN must address the GAC concerns immediately if it plans to continue reviewing the remaining applications. To address this ethical concern, ICANN should institute a mandatory background check of all GAC members and cross-reference those findings with every applicant for the new generic top-level domain. Under this simple approach, the issues addressed by DotConnectAfrica and Senator Wyden will happen without a bad faith act from an individual. Therefore, at the very least, ICANN will not be turning a blind eye to the shady dealings happening legally within its own organization.

C. Removing the Rapid Uniform Suspension Mechanism

[59] Finally, ICANN should restructure the Trademark Clearinghouse procedure to balance protection of trademarks with usability of the Internet for both providers and users. To best balance the interests of trademark owners and without overburdening registrars or users, ICANN should remove the Rapid Uniform Suspension mechanism.

[60] The Trademark Clearinghouse is a database of trademarks from all over the world for use in the new generic top-level domain program. The Trademark Clearinghouse is designed to protect the rights of trademark owners.163 Currently, the Clearinghouse offers one adversarial dispute

proceeding for trademark owners called the Rapid Uniform Suspension mechanism.\textsuperscript{164}

[61] The Uniform Rapid Suspension ("URS") mechanism is unnecessary and gives too much power to trademark owners. Because the UDRP already serves the same function as the URS, albeit at a slower pace, the URS serves no other purpose than to allow a trademark owner to bully domain registrants who cannot afford to quickly respond to the complaints.

[62] According to ICANN, the URS was created to compliment the UDRP by providing trademark owners with a quick resolution to clear-cut trademark infringement by suspension of the infringing domain.\textsuperscript{165} Filing a URS complaint will cost a trademark holder $500 dollars.\textsuperscript{166} The complainant must allege in his complaint entitlement of relief based upon: (1) the registrant’s domain is identical or substantially similar to the complainant’s valid trademark that is in current use; (2) the registrant has no legitimate right or interest in the domain name; and (3) the domain was being registered and used in bad faith.\textsuperscript{167} The complaints are reviewed by an administrative review to determine if it meets the above threshold requirements.\textsuperscript{168} If the panel determines that the complaint satisfies the requirements, it will issue "Lock Notice" with the registrar of the domain


\textsuperscript{166} Id.


\textsuperscript{168} See id. at 3.
within two days of the complaint’s filing. Within twenty-four hours, the registrar will lock the domain and notify both parties. The registrant has fourteen days to respond to the complaint and, similar to a UDRP response, no affirmative defenses or discovery requests are permitted. Unlike the UDRP, the remedy for a URS complaint is a suspension of the website for the remainder of its registration period but not a transfer of the domain to the complainant.

ICANN has not offered any convincing reasons to add the URS and it should not be implemented for the following reasons. The UDRP complainants already have a 90% success rate. With this much success, it is hard to argue that a more trademark-friendly mechanism is needed for even faster resolutions. Moreover, as the UDRP thresholds are easy to meet and without allowing respondent’s the ability to raise affirmative defenses, a defendant has even less of a chance of success.

The quick and cheap process of URS will only decrease the chances even further for any successful defense. The URS complaints

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169 See id. at 3-4.
170 See id. at 3.
171 See id. at 4, 8.
174 See UDRP, supra note 51.
175 For example, fair use is an affirmative defense to trademark infringement to address First Amendment concerns. See, e.g., Michael B. Weitman, Fair Use in Trademark in the Post-KP Permanent World, 71 Brook. L. Rev. 1665, 1689 (2006).
will cost approximately $500 to file, as opposed to the $4000 or more under the UDRP and will not require an attorney to prosecute the complaint.\textsuperscript{176} The lesser cost of URS complaints will likely lead to an increase of URS filings as compared to UDRP filings.

[65] To make matters worse, the two-day review period will increase the likelihood of administrative error. More errors will lead to more appeals and a greater waste of resources.

[66] Based on ICANN’s URS Update presentation in October 2012, the main objective of the URS is to give trademark owners quicker remedies for infringement.\textsuperscript{177} While the URS will clearly promote that goal, it will also waste resources that could be better spent improving transparency or implementation of the new generic top-level domain program itself.

[67] Overall, the URS does not offer enough benefits to outweigh the negative implications of giving trademark owners such a powerful adversarial option for domain disputes. Without any statistics to justify the addition of a quicker dispute mechanism, ICANN should continue to direct complainants to the UDRP or ACPA for dispute resolution.

V. CONCLUSION

[68] The Internet has afforded businesses and consumers the ability to interact with unbelievable speed and convenience. Domain ownership allows businesses to take their storefront directly to the consumer, whether at home or anywhere else with an Internet connection. The original generic top-level domains undoubtedly help users immediately identify

\textsuperscript{176} See Uniform Rapid Suspension System (“URS”): Draft Procedure, supra note 167, at 3.

\textsuperscript{177} See Uniform Rapid Suspension Update, supra note 165, at 5, 7.
whether the site they are visiting is for-profit, non-profit, educational, or part of the government. However, the introduction of thousands of new generic top-level domains will likely blur the distinctions of these top-level domains and cause much more detriment than any potential benefit they could provide.

[69] New generic top-level domains will have some benefits for Internet users. They could lead to increased brand control and better marketing opportunities for businesses. New generic top-level domains could increase competitiveness by spreading the market power of the .com domain, likely affording consumers more options at better prices. They may also create niche marketplaces for products and community groups, which could lead to lower search costs for consumers and increased visibility for smaller businesses.

[70] The negative implications are more concrete, however, and far outweigh any of the potential benefits to new generic top-level domains. ICANN’s own Government Affairs Committee doubts the necessity or economic benefit of introducing new generic top-level domains. The private ownership of generic terms as top-level domains creates a conflict with existing trademark law and could lead to unfair competition. The FTC warns that new generic top-level domains will increase the already difficult task of policing and prosecuting online fraud. Evidence also shows unethical actions taken by ICANN officials that raise serious questions about the fairness of new generic top-level domain applications.

[71] Regardless of the potential consequences, new generic top-level domains are coming in droves. New generic top-level domain applicants should expect a slow and expensive process throughout their pursuit. New domain registrants should expect trademark owners to have more power than ever in suspending registered domains if the domain is similar to a registered trademark. ICANN should expect to earn much more money than allocable under its proposed budget to remain a non-profit. The
media should expect at least a few more conflicts of interest to arise between ICANN advisory board members and new generic top-level domain applicants. Above all else, everyone should expect a tangled web as the intricacies of thousands of new generic top-level domains are introduced to the Internet.