As Apps Rise, Are Domain Names the Next AM Radio?

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Despite a deluge of seminars, conferences, newsletters, blogs and email reminders over the past year or so, many companies and public figures are just waking up to the reality of the massive expansion of the Internet domain space taking place today. The familiar .com, .org and .net extensions are being joined by a veritable army of new "gTLDs" (generic top level domains), likely over 900, spanning every industry (e.g., .technology, .plumbing, .photography), profession (e.g., .actor, .lawyer, .florist), sport (e.g., .baseball, .golf, .soccer), and so much more (i.e., .sucks, .wtf, .love).

Practicalities

As this new system lurches into being, best practices are anyone's guess. Evolving checks and balances, including rights protection mechanisms, do little to protect brand owners in this uncharted territory, and some of the "protection" available smacks of highway robbery.

Take the Trademark Clearinghouse (TMCH), the first stop for brand owners looking to curb third-party exploitation of their marks in the new gTLD space. Depositing marks in the TMCH confers two benefits: (1) the chance to register those marks as secondlevel domains (SLDs) in the new gTLDs (e.g., yourmark. business) before the general public in "sunrise periods"; and (2) notice when someone tries to register an SLD that is identical to a mark (the "claims service").

Using the TMCH to create a defensive registration approach for even one core mark can be costly. gTLDs directly related to a business' industry (e.g., .app for a mobile app company) are the highest priority, followed by gTLDs with a general relationship to the industry or potential for abuse (e.g., .technology or .sucks). gTLDs with no relationship to the industry and little potential for abuse (e.g., .plumbing), obviously, are a low priority. Registering 50 permutations of a core mark, covering the mark itself, the mark with disparaging or industry terms, misspellings and typos in 10 directly related gTLDs would total 500 defensive registrations. A business could register fewer permutations of a core mark in medium- and low-priority gTLDs, but potentially in a greater number of total gTLDs. The cost for just a single mark could be well over $100,000 per year for defensive registrations, not including enforcement costs. Adding in enforcement costs and covering multiple marks, costs can balloon to well over $1 million per year.

At least post-sunrise, the TMCH has serious disadvantages. Most significantly, the claims service does not prevent others from registering a mark as their SLD. Rather, brand owners and domain applicants merely receive notice that an attempted registration may infringe a mark. But nothing short of litigation stops the applicant from completing that registration and using the domain. Additionally, brand owners only receive notice for identical marks, not misspellings, typos or words containing the entire identical mark (e.g., yourmark.business but not yorumark.business). Some enterprising registries offer a blocking service—for a fee—that prevents brand owners' marks from being registered as SLDs across all gTLDS that the entity owns. Donuts Inc. offers that service, known as its Domains Protected Marks List, across the 200-plus gTLDS it is likely to operate for $2,500 to $3,000 for five years. While this may be more cost effective than counting on hundreds of individual registrations, downsides remain. The blocks don't apply retroactively, so you won't be able to block SLDs already registered containing your brand. Terms containing the identical mark will be blocked, but not misspellings or typos. Also, another brand owner with rights in the same mark can trump a block (e.g., Delta Air Lines can override Delta Faucets' block if the former has a valid registration in the TMCH). And, of course, there will be hundreds of gTLDs to which blocking does not apply.

Another form of protection is the Uniform Rapid Suspension (URS) System. The Internet Corporation for Assigned Names and Numbers touts the URS as a cheaper and faster UDRP (Uniform Dispute Resolution Policy)—$300 to $500 for a URS versus $1,500 to $2,000 for a UDRP. But like the previous rights protection mechanisms mentioned, the URS may be a hollow remedy: Even if the trademark owner wins, the domain is not transferred to the owner as it would be in a UDRP; instead, the domain is rereleased into the general pool of available domains, for the owner or someone else to pick up.

The safest approach may be to record core marks in the TMCH, participate in the relevant sunrise periods, and police actual infringements. Just as registering marks in various countries is like buying insurance that a business will be able to enforce rights, participating in the sunrise periods is another kind of insurance—insurance that a business controls the use of its exact mark as an SLD. As mentioned, this is a form of limited control, however—registering yourmark.app won't cover yourmarks.app, yorumark.app, or any other permutations. As has always been true in the domain space, it's just not realistic to be able to control every conceivably related domain across all new gTLDs.

Predictions

This change should be viewed both from a historical perspective and with an eye toward the future. Two predictions: First, regardless of how many gTLDs ultimately go live, .com will remain king. All past efforts to displace .com, including ICANN predecessor the International Ad Hoc Committee's proposal to add seven TLDs back in 1996 (.arts, .firm, .info, .nom, .rec, .store and .web) and subsequent initiatives (such as .pro, .mobi and other new TLDs) have failed to unseat .com. This one will too: The cachet will remain with .com.

Second, regardless of whether any new gTLD is competitive with or even overcomes .com as the domain space of choice, domain names are not the future. Apps are the future, and the future is now. Over a billion people currently use smartphones, and they have less and less need to access websites, whether by URL or otherwise.

Most personal banking can be done via mobile app, so the consumer never has to access the bank's website directly. The URL—the domain name—is irrelevant.

Consumers can also shop, make dinner reservations, book flights and hotel rooms, track their workouts, and much more, without leaving their phones. Searching for and downloading these apps in Apple's App Store, Google Play and similar stores do not require knowing a URL, just the app name.

The domain system may fast be becoming the AM radio of the information age. We tolerated AM radio, until the mindless, unrelenting advertisements became too much to bear, and a less commercial alternative—more music, less talk—became available: FM radio. FM, which became too commercial, was followed by satellite radio, then, most recently, by digital music services like Spotify or Pandora, focused on individual preference and immediate gratification.

In this context, it is possible that ICANN, in its haste to expand and exploit the domain space, has only hastened the demise of its own system. Once the space is cluttered with another 900-plus gTLDs, with misinformation and fraud abounding, consumers may rush even faster to the relative safety of the platform that they, themselves, control (or at least think they do)—the smartphone. And the apps are there waiting for them. With the new gTLDs, the domain name system may just scale to the point where it obsoletes itself.

But before we get to that point, there will be conflict and chaos, as there has been at every turn of the domain system's development. The courts will struggle with solutions, and overseas piracy will abound. As domains take a back seat to app names, the impact of the new gTLDs on enforcement strategy and resources diminishes. But the importance of building a protectable trademark portfolio remains high. That is, of course, until the next technological advance, which may be just as game changing as the developments we have seen in the past 20 years.

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