

Dot Brand

The New Game Changer

ICANN (Internet Corporation for Names and Numbers) is calling the new generic Top Level Domain program a game changer with wide-reaching implications for the 120 million Internet users worldwide. Currently, the Top Level Domain (TLD) located right of the dot is limited to 22 generic TLDs and 250 country code TLDs. The most common generic TLDs are .com, .net, .org, and .edu. Country codes TLDs (ccTLDs) are abbreviated names of countries such as .fr, .jp, and .uk.

With Dot Brand (.canon or .msf), a corporation's line of products and services or a community-based organization's services and fundraising will have new visibility. The City of Berlin in Germany, wanting to step up its arts and culture tourism business, applies for .berlin as their Dot Brand. The Second Level Domain left of the dot will direct the browser to music, museums, theatre or special events (octoberfest.berlin). This streamlines the address and ensures browsers go to the City of Berlin official site and nowhere else. For users, it is short and memorable. ICANN is calling the new gTLD plan, the "next big one – the next Facebook or Youtube."

THE WINDOW OF OPPORTUNITY IS LIMITED.

Applications for owning a new gTLD will open January 12, 2011 and close April 12, 2012. The generic TLD application process is rigorous and ICANN says the applicant must be well-capitalized. A business, corporation, government or community-based entity must have a marketing vision and technical, legal, and financial expertise to successfully apply and operate a new gTLD. This is the important difference between the Dot Com and the Dot Brand. With the new gTLD, you own and operate it exclusively (.shoes or .iPhone). This is not the case with Dot Com. You pay a registrar to submit to a registry and keep the Whois up to date for the DN left of the dot (louisvuitton.com). It is a no brainer to see the game changing benefits of owning and operating the Domain Name right of the dot.

VISIBILITY. INNOVATION. SECURITY.

Those three words encapsulate the key benefits of the new generic TLD plan.

While marketing innovation and visibility are the more obvious key benefits of the new Dot Brand, security is a major concern both for the organization and for the Internet user. Businesses, corporations and governments have made major investments in cybersecurity and brand protection. Large corporations have been forced into building a portfolio of Domain Names which are similar to the brand names to prevent hijacking their websites and selling counterfeit products.

Monitoring the threat of bogus websites and malicious intent to harm the organization and the user has been costly. Taking legal action has often resulted in major investment of resources with little or no gain. Addressing all those concerns, ICANN designed a robust application and evaluation plan. No longer will cybercriminals be able to redirect users to bogus sites because the second level domain name (left of the dot) was mistyped. A misspelled .canon or .mac goes nowhere.

KEY POINTS ICANN WANTS APPLICANTS TO CONSIDER

- The landscape of the Internet is expanding.
- Most organizations with an online presence will be affected in some way; for some, this represents great opportunity.
- New gTLDs are a platform for innovation.
- They bring risks and rewards, and potential applicants should evaluate the program carefully before deciding whether to proceed.
- The New gTLD program was developed in a transparent, inclusive and thorough way.
- Strong efforts were made to address the concerns of all interested parties.
- Ensuring the security, stability and resiliency of the Internet is paramount. New gTLDs will not affect the stability of the Internet.
- Additional safeguards were put in place to enhance property, consumer and other Internet protections.
- Internationalized Domain Names make it possible to access the Internet in scripts other than Latin-based characters.

GLOBAL MARKET REACH WILL BLOW THE ROOF OFF THE HOUSE

ICANN is targeting five geographic regions – Africa, Asia/Australia/Pacific, Europe, Latin America/Caribbean and North America – for its information campaign prior to the opening of the application process January 12, 2012. The information will be available in the six official United Nations languages – Arabic, Chinese, English, French, Russian and Spanish.

Organizations in every country will have new market opportunities for reaching more customers. The TLD to the right of the dot will be in the language and script of their country. International Domain Name (IDN) removes the restriction of only Latin-based script to include Arabic, Chinese, Kanji and Cyrillic. Removing the language and script barrier to accessing the Internet will usher in millions more Internet users and new market potential and innovation. The playing field is leveled and now truly global.

NASDAQ.COM predicts a jump from 120 million to 350 million Internet users.

RIGOROUS APPLICATION PROCESS

The time to start planning for the application and assembling a team of experts is now. The application is estimated to be 300 pages with additional supporting documents.

OVERVIEW OF THE APPLICATION PROCESS (FROM ICANN GUIDEBOOK)

APPLICATION SUBMISSION PERIOD

At the time the application submission period opens, those wishing to submit new gTLD applications can become registered users of the TLD Application System (TAS). A deposit is required at this point. To complete the application, users will answer a series of questions to provide general information, demonstrate financial capability, and demonstrate technical and operational capability. Then the evaluation fee is paid.

Only one gTLD is allowed per application.

ADMINISTRATIVE COMPLETENESS CHECK (APPROXIMATELY 8 WEEKS)

Immediately following the close of the application submission period, ICANN will check all applications for completeness. This check ensures that:

All mandatory questions are answered;

Required supporting documents are provided in the proper format(s);

The evaluation fees have been received.

Applications are made public for a comment period of 60 days posted on the ICANN website.

INITIAL EVALUATION (APPROXIMATELY 5 MONTHS)

Initial Evaluation will begin immediately after the administrative completeness check concludes. At the beginning of this period, background screening on the applying entity and the individuals named in the application will be conducted. Applications must pass this step in conjunction with the Initial Evaluation reviews.

There are two main elements of the Initial Evaluation:

String reviews (concerning the applied-for gTLD string). String reviews include a determination that the applied-for gTLD string is not likely to cause security or stability problems in the DNS, including problems caused by similarity to existing TLDs or reserved names.

Applicant reviews (concerning the entity applying for the gTLD and its proposed registry services). Applicant reviews include a determination of whether the applicant has the requisite technical, operational, and financial capabilities to operate a registry.

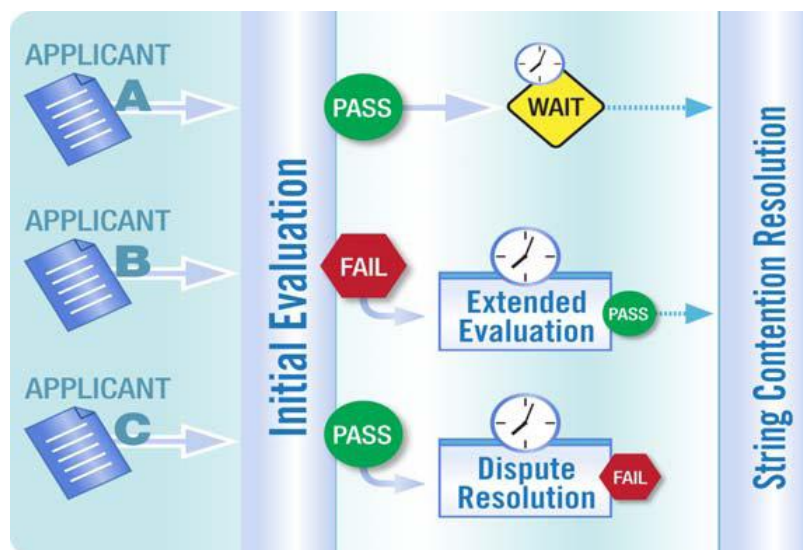
OBJECTION FILING (APPROXIMATELY 7 MONTHS)

Formal objections to applications can be filed on any of four enumerated grounds, by parties with standing to object. The objection filing period will open after ICANN posts the list of complete applications. All applicants should be aware that third parties have the opportunity to file objections to any application during the objection filing period. Objectors must file such formal objections directly with dispute resolution service providers (DRSPs), not with ICANN. The objection filing period will close following the end of the Initial Evaluation period, with a two-week window of time between the posting of the Initial Evaluation results and the close of the objection filing period.

EXTENDED EVALUATION

Extended Evaluation is available only to certain applicants that do not pass Initial Evaluation.

Applicants failing certain elements of the Initial Evaluation can request an Extended Evaluation. If the applicant does not pass Initial Evaluation and does not expressly request an Extended Evaluation, the application will proceed no further. The Extended Evaluation period allows for an additional exchange of information between the applicant and evaluators to clarify information contained in the application. The reviews performed in Extended Evaluation do not introduce additional evaluation criteria.



DISPUTE RESOLUTION

Dispute resolution applies only to applicants whose applications are the subject of a formal objection.

Where formal objections are filed and filing fees paid during the objection filing period, independent dispute resolution service providers (DRSPs) will initiate and conclude proceedings based on the objections received. The formal objection procedure exists to

provide a path for those who wish to object to an application that has been submitted to ICANN.

STRING CONTENTION

String contention applies only when there is more than one qualified application for the same or similar gTLD strings.

String contention refers to the scenario in which there is more than one qualified application for the identical gTLD string or for similar gTLD strings. In this Applicant Guidebook, “similar” means strings so similar that they create a probability of user confusion if more than one of the strings is delegated into the root zone.

Applicants are encouraged to resolve string contention cases among themselves prior to the string contention resolution stage. In the absence of resolution by the contending applicants, string contention cases are resolved either through a community priority evaluation (if a community-based applicant elects it) or through an auction.

TRANSITION TO DELEGATION

Applicants successfully completing all the relevant stages outlined in this subsection 1.1.2 are required to carry out a series of concluding steps before delegation of the applied-for gTLD into the root zone. These steps include execution of a registry agreement with ICANN and completion of a pre-delegation technical test to validate information provided in the application.

Following execution of a registry agreement, the prospective registry operator must complete technical set-up and show satisfactory performance on a set of technical tests before delegation of the gTLD into the root zone may be initiated. If the pre-delegation testing requirements are not satisfied so that the gTLD can be delegated into the root zone within the time frame specified in the registry agreement, ICANN may in its sole and absolute discretion elect to terminate the registry agreement.

LIFECYCLE TIME ESTIMATES

Based on the estimates for each stage described in this section, the lifecycle for a straightforward application could be approximately 9 months. A complex lifecycle could be 20 months.

COSTLY APPLICATION AND OPERATION FEES, YES . . . AND NO IF DEVELOPED AND MANAGED IN LUXEMBOURG

The ICANN application fee is 130,000 euros with annual fees of 17,000 euros. This does not include registrar services costs or the upfront investment of developing the new gTLD plan and additional resources for marketing, operations management and ICANN reporting. Recovering those costs is possible through the Luxembourg IP tax exemption.

Businesses can expect a low 5.72% tax rate on income generated by trademarks, domain names, patents, designs, models and software in Luxembourg.

Based on 1.500.000 € royalties from the DotBrand domain names, you can make the economy of about 300.000€, covering your application costs.

What Are the Requirements for Qualifying?

The two main conditions are: (1.) Intellectual Property was created or acquired after December 31, 2007, (2.) Intellectual Property is licensed by a Luxembourg company; or patents are used internally by a Luxembourg company

Who Benefits from the Tax Exemption?

New companies and businesses that launch new products, brand owners and domain names owners, franchisers with international development operating within Luxembourg benefit amongst others

Clearly, many organizations will not have on board the expertise needed to navigate the new TLD terrain—from application to execution. Internal resources may be stretched already or the company lacks the technical expertise and infrastructure to take advantage of optimizing and securing its brand reach with new gTLDs.

Decisions must be made quickly and resources must be available to prepare a rigorous plan for managing and operating the new gTLD according to ICANN requirements.

VAYTON. Brand Capital cautions those interested not to be overwhelmed with the process or the prospect of operating a TLD. Choosing not to apply for a Dot Brand for those reasons would be regretted later—when it is too late. The next round for applications is uncertain and likely to be several years down the road. Acting now by outsourcing consultation and gTLD management to a team of experts is your best option.

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