

# **New gTLD Impact Study and Challenges of Enforcement for Trademark Owners**

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# Purpose and Snap Shot of Who Answered

- Purpose of study was to assess cost not effectiveness
- Sent to 1096 INTA regular members (large corporate, small and emerging, not profits)
- Questions (based on ICANN input) and Worksheet
- 33 Responses – 32 For Profit/1 Nonprofit
- Data has been analyzed and reported with a copy forwarded to ICANN review teams

# Challenges with Completion

- 93 entered the survey
- 33 completed
- 48 suspended
- 9 did not qualify
- 3 were in the survey when it closed and unable to complete (we were strict on time due to extension)

# Members who participated

No. of Employees	Total (n=33)
Less than 500	12%
500-4999	9%
5000-24,999	39%
25,000 or more	39%

Total Annual Revenue	Total (n=33)
Less than \$10M	3%
\$10M to less than \$250M	3%
\$250M to less than \$1B	6%
\$1B to less than \$5B	27%
\$5B or more	52%
Not sure	9%



Region Conduct Business	Total (n=33)
Europe: European Union	82%
Europe: Non-European Union	73%
Europe: Russia & CIS	70%
North American (US & Canada)	100%
Latin America, Caribbean, or Mexico	82%
East Asia & Pacific	79%
South Asia	76%
Middle East & North Africa	76%
Sub-Saharan Africa	61%



Region of Origin	Total (n=33)
Europe: European Union	21%
Europe: non-European Union	3%
North America (US & Can)	67%
Latin America & Caribbean	6%
East Asia & Pacific	3%

- The members who participated in the research represent a broad range of company sizes but tend to be larger.
- They conduct business in a range of geographies, but two-thirds are based in North America.

# Making Meaning of the Data

- Given the response rate, we would say that results are an *indicator of a trend* and not the trend itself
- This is a new endeavor for INTA and given that the survey was an onerous one in terms of data extraction, we are pleased with the participation of our members
- We aim to continue to review the gTLD issues more thoroughly and the starting point is the refinement of the survey worksheet as a tool for data collection that reflects real world practice and satisfies the need for information at outlined by the CCT-RT

# Registrations of New TLD's are Overwhelmingly Defensive

Registrations of new TLDs were overwhelmingly made for defensive purposes—to prevent someone else from registering. As such, few (10%) of the respondents felt there were alternative domains to consider—whether registering a New, Legacy or ccTLD.

# Trademark Defense Costs Have Increased

- The New gTLD program has increased the overall costs of trademark defense with internet monitoring and diversion actions as the largest line items.
- Average costs for all TLDs for 2 years = \$228,000
- For new TLDs for 2 years = \$40,528 (Approx. 14%)

# New gTLDs are Parked

Domain names registered by brand owners in new gTLDs are commonly parked and not creating value other than preventing unauthorized use by others.

# Company Size Does Not Correlate to Company Spend

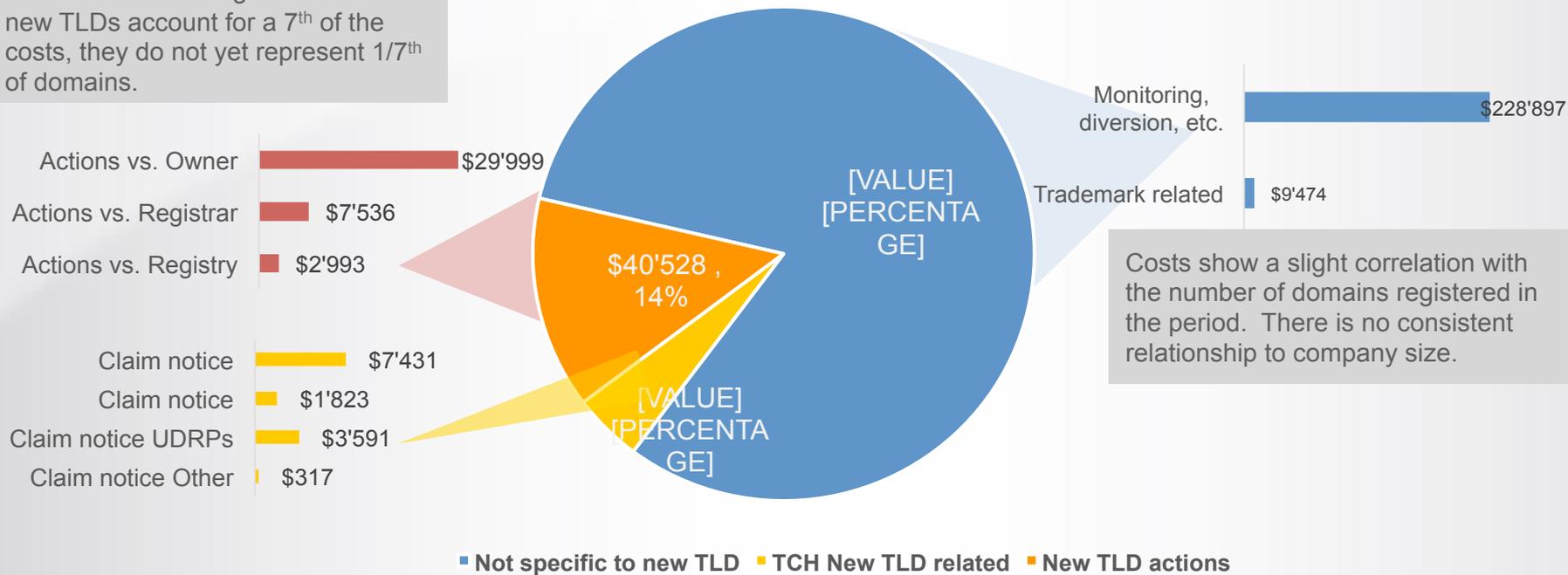
- Brand activity appears to be the driving factor for costs not company size.
  - *Brand activity refers to the number of trademarks and how much activity is around trying to protect or expand them. A big company with one brand in a not very dynamic market would spend less than a smaller firm with multiple brands in dynamic markets. Or two similarly sized companies could still vary internet expense costs based on number of brands and the nature of their brand strategy.*

# Average total defense costs per company

On average, INTA members spend \$150,000 per year on defensive actions with internet monitoring and diversion actions the largest line item. Costs specific to new TLDs comprise about a seventh of the total.

Since these costs were for the early years of the new TLD program, it is reasonable to expect the proportion specific to new TLDs to rise in future. It is also worth noting that while the new TLDs account for a 7<sup>th</sup> of the costs, they do not yet represent 1/7<sup>th</sup> of domains.

## Average 2yr Costs 2015-2016 (n=33)



Costs show a slight correlation with the number of domains registered in the period. There is no consistent relationship to company size.

# RPM's are Helpful

Two-thirds of the respondents surveyed feel that UDRPs and required sunrise periods have helped mitigate risks to a major/moderate extent. Of those who think that RPMs are effective the ranking is as follows:

UDRP 67%

Sunrise 64%

Claims 36%

URS 27%

PDDRP/RRDRP/PICDRP 15%

# TMCH Registrations Are Used by Majority of Respondents

The majority of respondents (~9 in 10) registered at least 1 trademark in the Trademark Clearinghouse (TMCH), with 6 in 10 registering 1-10. Costs run the gamut, ranging anywhere from \$1 to \$48,000.

Average Number: 15

Median: 7

Range: 0 – 148

Average Cost: \$7,773

Median: \$4,038

Range: \$1 - \$48,000

# Some Sunrise Period Takeaways

- 64% of respondents feel that Sunrise periods have helped mitigate risks to a major or moderate extent. (18% major/45% moderate)
- 90% of respondents who registered new TLD's registered during a Sunrise period.

# Premium Pricing

- Three-quarters of the respondents evaluate premium pricing for domain names on a case-by-case basis.
- Two-thirds of their domain name registration decisions have been affected by premium pricing with .sucks being mentioned the most as a TLD that they did pay premium pricing for.
- 15% of respondents refuse to pay premium pricing at all

# Defense Not Choice is Driving Purchases

- While the goal of the new gTLD program is to increase choice, for brand owners, choice does not seem to be the prime consideration.
- The new gTLD program does appear to have increased the overall costs of trademark defense.
- Cost has impacted small companies and big companies alike with the most relevant cost-driving factor being the number of brands.

# Challenges to Enforcement

- Exponential expansion of universe of names
- Using Right Protection Mechanisms intended to protect trademark owners against trademark owners
  - Reserved Names
  - Premium Pricing
  - Name Collusion policies
  - Uniform Rapid Suspension remedies are not permanent
  - Short Claims notice period

# Questions?

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