

Sale and purchase of new gTLD registries continue in 2017 as Donuts acquires '.irish' Ireland - Hogan Lovells

gTLDs

February 20 2017

The [Internet Corporation for Assigned Names and Numbers](#) (ICANN) launched the application process for new generic top-level domains (gTLDs) in January 2012. The new gTLD programme resulted in an unprecedented expansion of the Domain Name System from the existing 22 TLDs, such as '.com' and '.org', to currently over 1,200 gTLDs.

While a handful of new gTLDs appear to be showing reasonable growth of domain name registrations, the volume of domain name registrations across the new gTLD name space overall is less than impressive. As a result of this, some new gTLD registry operators are seeking to implement an exit strategy in order to cut their losses and to sell their gTLD registry. This has resulted in an emerging aftermarket for the purchase of new gTLD registries, which saw the [sale of '.reise' \(which means 'travel' in German\) and '.hiv' in 2015](#).

Initially, the aftermarket was mostly conducted via auctions, with the gTLD registry being purchased by the highest bidder. However, this method seems to have been eschewed in favour of direct negotiations between interested parties. For example, 2016 saw the sale and purchase of '.observer', '.shopping', '.jetzt' (which means 'now' in German), '.boston' and the portfolio sale of '.archi', '.bio' and '.ski'.

As such, the sale and purchase of new gTLD registries is becoming more common place and the consolidation of ownership of new gTLD registries is well underway.

This trend has continued in 2017 with the acquisition of the '.irish' gTLD by Donuts, the company which oversees a portfolio of circa 200 gTLDs.

The '.irish' gTLD was applied for by a company called Dot-Irish LLC, based in California. In its ICANN new gTLD application, '.irish' was described as "a new top-level domain for the global Irish Diaspora". The application noted:

"While approximately 6 million people reside on the island of Ireland, nearly 80 million people worldwide identify themselves with Irish heritage. Annual trade exports on the Island of Ireland now exceed €100 billion and imports exceed €50 billion. Therefore, a social and business marketplace exists for the '.irish' top-level domain."

The application materials also stated that, as a result of various consultations and discussions, the registry operator was confident that there was a "demand for the domain, and the concept is well received".

On paper, it seemed that '.irish' had the potential to be a new gTLD success story, especially when taken in the context of the restrictions governing domain name registrations under '.ie', the country-code TLD for Ireland. In order to register a domain name under '.ie', an applicant must demonstrate a connection with Ireland such as being a registered Irish business, an Irish citizen or resident in Ireland, or having a trademark registration affording protection in Ireland. The '.irish' gTLD appeared to provide an easy way for individuals and businesses to show their Irish credentials without having to meet the '.ie' registration criteria.

Dot-Irish LLC's application for '.irish' passed through ICANN's new gTLD evaluation processes without any issues and the Registry Agreement was executed on August 7 2014. The '.irish' gTLD was then delegated to the root on November 25 2014. The registry ran a 60-day sunrise period for trademark holders and started accepting domain name applications from the general public on June 25 2015. In addition to this, the '.irish' registry has over 50 ICANN-accredited registrars signed up to sell domain names, including three of the top five largest registrars.

However, despite all of this, the '.irish' gTLD never managed to get over 2,500 domain name registrations and, at the time of writing, had 2,124 domain name registrations under management. Quite why the '.irish' gTLD failed to take off is not clear. One theory is that the plethora of new gTLD extensions that have come to market over the last few years has exhausted potential registrants' enthusiasm for domain name registrations. An alternative theory is that the gTLDs that are experiencing real growth are those which attract domainers, and '.irish' is simply not attractive to domainers.

In any case, the acquisition of '.irish' indicates that Donuts sees enough of a future for the '.irish' gTLD to step in and purchase it.

There are currently roughly 27,000,000 domain names registered across all the new gTLDs. Of these, circa

17,500,000 are registered across just 10 gTLD registries. That means that there are a lot of smaller gTLD registries in operation that may well be struggling to meet their operating costs. As a result, it is likely that we will see further registry acquisitions and consolidation throughout 2017.

David Taylor and Daniel Madden, Hogan Lovells, Paris

World Trademark Review (www.worldtrademarkreview.com) is a subscription-based, practitioner-led, bi-monthly publication and daily email service which focuses on the issues that matter to trademark professionals the world over. Each issue of the magazine provides in-depth coverage of emerging national and regional trends, analysis of important markets and interviews with high-profile trademark personalities, as well as columns on trademark management, online issues and counterfeiting.