

May 7, 2012

The Honorable Lawrence E. Strickling Assistant Secretary for Communications and Information United States Department of Commerce Washington, D.C. 20230

Dear Assistant Secretary Strickling:

On January 3, 2012, you wrote, on behalf of the Department of Commerce, to the Internet Corporation for Assigned Names and Numbers (ICANN) expressing concerns regarding the issue of defensive registrations of top-level domain names (gTLDs). The Department correctly identified defensive registrations as a matter of serious concern among various stakeholders and stated, "First, in our recent discussions with stakeholders, it has become clear that many organizations, particularly trademark owners, believe they need to file defensive applications at the top level." The Department went on to state, "We think, and I am sure ICANN and its stakeholders would agree, that it would not be healthy for the expansion program if a large number of companies file defensive top-level applications when they have no interest in operating a registry. I suggest ICANN take some measures well before the application window closes to mitigate against this possibility." So far, unfortunately, ICANN has refused to heed the request of numerous stakeholders and the Department in regard to this issue.

As you know, the Association of National Advertisers/CRIDO also suggested to ICANN that, in view of the very real (not "perceived") concerns regarding the ability to protect brandholders' investments in TLDs, ICANN should institute a "Do Not Sell" (or similar) mechanism that would enable parties to identify brands to be reserved temporarily, so as to avoid the need and substantial expense associated with defensive registrations. If another applicant did not file for a related TLD, the party that had reserved its brand would then not incur any further need (or substantial additional expense) to engage in the TLD application process.

Nevertheless, ICANN, in its "Preliminary Report: Meeting of the New gTLD Program Committee," noted that "some of the comments were in favor of providing additional protections, such as block lists, 'do not sell' lists, or additional refund levels to allow the withdrawal of applications after the reveal [sic] of all strings," and went on to state that,

ANA

¹ Letter from L. Strickling to S. Crocker, dated January 3, 2012, available at: http://ntia.doc.gov/files/ntia/publications/ntia letter on gtld program jan 3 2012.pdf.

² Id at 1 (emphasis added).

"some commenters noted that the Board should not attempt to introduce new protections at the top level in this stage in the first round of applications without bottom-up policy discussion." Instead, ICANN suggested that commenters who had urged adoption of a Do Not Sell like approach were focused instead on registrations at the second level. Of course, that was and is not the case, as ANA/CRIDO and various other commenters had emphasized the need for defensive registrations and a Do Not Sell like mechanism on *both* application levels.

ICANN, for example, either chose to ignore or did not realize that, of the two existing protections provided by ICANN with respect to the top level, only one is available to non-applicants. The only way an entity can have access to the string objection process to protect the entity's brand is by paying the substantial application fee and applying for a TLD, even if that entity has no interest in running a registry. ANA/CRIDO have pointed this out to ICANN on numerous occasions. Unfortunately, once again, ICANN – in its desire to rush forward – has disregarded the serious concerns expressed by commenters and the Department's own requests.

We have provided attachments demonstrating that numerous groups specifically raised concerns about the need for Top Level Domain defensive registration issues and that ICANN was fully aware of those concerns and possible solutions.⁴

ICANN's dismissive action is troubling for various reasons, but most significantly because ICANN provided virtually no analysis or explanation for its determination. Stakeholders seeking to understand how (or if) their comments and concerns were evaluated and considered are once again left with no basis to judge the validity of ICANN's decision-making.

The lack of transparency about which many parties have complained consistently during ICANN's management of domain names is strikingly present once again. As has so often been the case, commenters filed various submissions with ICANN that seem to have gone into a "black hole," apparently never to be addressed again. Unlike other entities (including the Department) which receive, analyze and publish the basis for their decisions in accordance with the record, ICANN does not seem to believe that such clarifications are necessary. ICANN, while purporting to embrace a multi-sectoral, bottom up process, simultaneously ignores its stakeholders.

We respectfully request that the Department seek further, detailed clarification from ICANN regarding the basis of its rejection of concerns about defensive registrations and either share that information directly with stakeholders, or prompt ICANN to make such disclosure. Simply put, unless ICANN creates a mechanism for brand holders to declare whether they are filing defensively for Top Level Domains, it will be nearly impossible to

³ "Preliminary Report: Meeting of the New gTLD Program Committee." Internet Corporation for Assigned Names and Numbers. 10 April 2012. (http://www.icann.org/en/groups/board/documents/prelim-report-new-gtld-10apr12-en.htm).

⁴ See ANA/CRIDO Defensive Registrations Comments Summary, Attachment A. See ICANN Defensive Registrations Comments Summary in Preparation for ICANN 43, Attachment B.

assess accurately the full scope of the problem. If ICANN (like the Department, ANA, CRIDO, and numerous others) believes that registrations solely for defensive purposes are counterproductive, it should provide an alternative to defensive registrations, rather than just summarily dismissing or ignoring the problem.

Expansion of TLDs is a matter of grave interest and concern among global Internet stakeholders with billions of dollars at stake. Already, ICANN has stated that more than 2,000 new Top Level Domains have been applied for and that ICANN has already received over \$350 million in application fees with more than 200 additional applications still pending.⁵

It is essential that ICANN provide full disclosure regarding its decisions, and operate in as transparent a manner as possible so as to encourage confidence and trust in its operations. Failure by ICANN to act quickly in this area will, in effect, create a final decision in regard to the issue of defensive registrations at the top level through inertia and inaction. We believe that result would not only be highly unfortunate, but also totally unacceptable, considering the serious concerns that have been raised by ICANN's constituents in this area.

We would be glad to discuss this matter with you at your convenience, and appreciate the Department's efforts to assist global stakeholders regarding any potential TLD expansion.

Sincerely,

Daniel L. Jaffe

Group Executive Vice President, Government Relations

Attachments

⁵ Statement by Akram Attalah. Internent Corporation for Assigned Names and Numbers. 4 May 2012. (http://www.icann.org/en/news/announcements/announcement-04may12-en.htm).

Comments from ICANN's "Defensive Applications for New gTLDS" Comment Period¹

American Intellectual Property Law Association

- "Create a "do not sell" list based on famous brands, globally protected marks (as recommended by the IRT), or proven victims of cybersquatting. The effect of the list could be to block conflicting applications or to shift the burden to the applicant to demonstrate that it has a legitimate right and interest in using the gTLD."
- "Allow an applicant to submit an incomplete application that may be completed within six months of the close of the application period with an option to opt out and receive a full refund after the applications are made public."

AT&T

o "AT&T supports a Do Not Register List as an effective way to provider stronger protections and to at least reduce the need for companies to file defensive registrations and rely on post-delegation remedies to address domain name abuse. The existing new gTLD program provides only limited protections designed to keep infringing domain name registrations out of the system in the first place. At the top level, a company must resort to a defensive registration or the filing of a legal rights objection process. At the second level, a company can register with the Trademark Clearinghouse, but this offers only limited and temporary protection. By contrast, a Do Not Register list would provide a more effective and persistent mechanism for preventing the registration of infringing domains. The protections that we are seeking are similar to the protections that ICANN has afforded itself and other globally recognized organizations that have been placed on a Reserve List."

The ICANN GNSO Business Constituency

 "Add a "do not register" or "registry block" service based on the Trademark Clearinghouse, allowing any trademark holder to pay a one time fee to permanently prevent registration of names that are an identical match or include the identical match trademark name.

The fee per name should be a one time fee that covers all new gTLDs through a database of 'reserve names'. Operate this service for two years, then evaluate its continuation."

Gap, Inc.

"For these reasons, Gap Inc. urges ICANN to consider adopting a process whereby brand owners could choose to register their trademarks and exclude them from adoption as gTLDs. Our proposal would allow companies to pay a nominal administrative fee to register their trademarked names for defensive purposes only. This type of registration would enable companies to protect their valuable brands in a fair and cost-effective way and base their decision on whether or not to apply to run a ".brand" registry on business versus defensive reasons."

¹ These quotes are taken from comments filed and posted on the ICANN website. For more information, please see http://forum.icann.org/lists/newgtlds-defensive-applications.

Intellectual Property Constituency

"Moreover, the IPC recommends that ICANN implement a complete refund window into the application process. That is, the IPC recommends that ICANN allow a short window of opportunity after the publication of the applications for applicants to withdraw their application for a full \$180,000.00 refund. While this mechanism is not a perfect solution, it would allow a safety valve for those applicants that feel compelled by the current atmosphere of uncertainty to recoup a great deal of their investment once they are assured that the need for a defensive application is no longer necessary; before ICANN has expended any significant resources in evaluating the application."

Intellectual Property Owners Association

"We are aware of the "Do Not Sell" List solution proposed by the Association of National Advertisers and the Coalition for Responsible Domain Name Oversight (CRIDO) (of which IPO is a member). The "Do Not Sell" List would eliminate many concerns of trademark owners, and we encourage ICANN to evaluate such alternative proposals, but we cannot say without further study whether it is an adequate answer to all trademark owner concerns."

• Verizon Communications Inc.

- "The ICM registry, the registry of the .xxx TLD, offers a variation of this remedy today at the second level. There could be a small one-time fee to opt out from having one's trademark included across all the gTLDs. The list would be maintained by ICANN's proposed "Trademark Clearinghouse" and available to trademark holders who submit proof of a national trademark registration and other requirements to supplement their trademark information. Registries would need to check the list and decline any registrations that run up against the names on the list. In the case of disputes, there could be an administrative process similar to a UDRP, where a party could challenge a particular name on the list. This list is not the same as a "Globally Protected Mark List." Governmental organizations, IGOs, and nonprofits should all have the right to make use of the do not register option."
- "Second, although a Do Not Register list is an imperfect remedy, it is at least one step that arguably prevents a party from applying for their own name at the top level, but more importantly (for the vast majority of trademark owners) at the second level."

• General Electric Company

"GE endorses a proposal to create a procedure which would allow any entity, for a nominal fee, to enter a name to which that entity has a lawful entitlement on a "Do Not Sell" list and thus exclude it from being registrable as a gTLD. Based on the comments submitted by stakeholders, this proposal appears to be widely supported in the trademark community. We believe that implementation of this proposal would significantly reduce the need for defensive gTLD registrations, which some brand owners neither wont nor need."

Association of National Advertisers (ANA) and the Coalition for Responsible Internet Domain Oversight (CRIDO)

 "We believe that only through adoption of a "Do Not Sell" list or lists pertaining both to the top and second levels or some similar approach can entities adequately protect their critically valuable trademarks, wordmarks and other names and identifiers. We encourage ICANN to open a comment window immediately to solicit views of the stakeholder community regarding how such a list could operate and how effective it would be in eliminating the need for counterproductive defensive registrations, with all their attendant significant costs. We look forward to working with ICANN, through its multi-stakeholder process, to create such a list or lists as soon as possible."

Public Comment Summary

The public comment period is closed; the "reply" period is open until 20 Mar. What follow here is a very brief summary of the models for addressing defensive applications at the top level. (Comments regarding second-level protections are not included in this summary.) A better understanding of the comment can be had in the more complete summary attached to this document.

"DO NOT SELL" LIST: For top level, any entity could add to the list a name to which that entity has a lawful entitlement to make that name ineligible for delegation into the authoritative root until such time as: all entities with competing legitimate claims agreed that selling the name would not cause confusion or otherwise harm legitimate business interests; and that the benefits of creating a new TLD using the name outweigh the costs. *CRIDO; ANA*

"DO NOT REGISTER" LIST: Nationally registered trademark owners, Governmental organizations, IGOs, and nonprofits pay small one-time fee to have a one-stop "opt out" from having one's trademark included across all the gTLDs. Includes names identical to registered trademarks and also names that include additional words along with trademarks. *Verizon, Business Constituency. AT&T*

"DO NOT SELL" LIST: of famous brands, globally protected marks, proven victims of cybersquatting. List used to block conflicting applications or to shift burden to applicant to demonstrate legitimate right and interest to use gTLD. AIPLA

"WHITE LIST": of unavailable strings because they are identical to a mark on the list. Also use list to analyze applied-for gTLD strings for confusing similarity to marks on the list. Allow time before the application period closes to reach consensus on this proposed solution. *NCTA*

BLOCKING APPLICATIONS or RIGISTER TO EXCLUDE: Brand owners file low-cost blocking applications during the current application period or during a post-election period after the full applications are made public. Would not require full development of registry capabilities at this time but would afford the applicant the protections available to other applicants. *AIPLA, GAP*

REFUND WINDOW: After publication of applications, gTLD applicants have a short window (7-30 days) to withdraw their application for a \$162K - \$180K refund. Alternative: allow withdrawal for refund after initial evaluation if there is only one applicant that passes. Alternative: allow partial application with option for completion w/i 6 months or opt out with refund. *Microsoft, Yahoo!, INTA, IPC, IACC, NCTA, AILPA*

BATCHING ORDER: IDNs and Community, Geographic, .Brand, Generic. *MARQUES, INTA, Yahoo!*

LIMITED BETA TEST: 30 applications: 10 IDN, 10 Geo/Reg'l, 10 Generic. Alternatively, pilot for Cultural / Linguistic / Geographic. *Verizon, AILPA*

PUT THE ISSUE THROUGH THE BOTTOM-UP PROCESS. These issues properly belong under the policy umbrella, and introducing new measures would set a bad precedent. Adding new issues or actions is problematic as applications may have already been submitted based on the current Applicant Guidebook. (Gunnarson, Komaitis)