



May 7, 2012

Mr. Rod Beckstrom
President and Chief Executive Officer
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

Dear Mr. Beckstrom:

As you know, the Association of National Advertisers (ANA)/CRIDO suggested to the Internet Corporation for Assigned Names and Numbers (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. This 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. This suggestion was made in part because ANA/CRIDO members do not believe that ICANN’s current procedures regarding defensive registrations are adequate.

The Department of Commerce (DOC) also has weighed in on the issue of defensive registrations. On January 3, 2012, in a letter to ICANN, Assistant Secretary Strickling, 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 DOC strongly suggested 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.”¹

In view of the substantial concerns ANA/CRIDO and other parties expressed, we had hoped that ICANN would consider seriously the issue of defensive registrations and appropriate responses. However, that does not appear to be the case. According to a “Preliminary Report: Meeting of the New gTLD Program Committee,” ICANN announced on April 10 that its New gTLD Program Committee (formed on the same date) voted not to adopt a Do Not Sell approach for TLDs.² At that time, ICANN provided scant

¹ Letter from L. Strickling to S. Crocker, dated January 3, 2012, available at: http://www.ntia.doc.gov/files/ntia/publications/ntia_letter_on_gtld_program_jan_3_2012.pdf.

² “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>).

justification for its decision, citing “commenters” who said that the Board should not “introduce new protections at the top level at this stage without bottom-up policy discussion” and suggesting that it was not timely to include any such approach. Rather, ICANN indicated that existing protections and its objections process afford sufficient redress for any perceived harm. This assertion was made despite the fact that ANA/CRIDO and others pointed out serious gaps in these protections, including potential string confusion problems (e.g., that string confusion could only be challenged by filing an application for a TLD, and that ICANN’s trademark protections were inadequate).³

ICANN further 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 parties had submitted comments emphasizing the need for defensive registrations and a Do Not Sell-like mechanism on *both* application levels.⁴ ICANN also recognized this in its summary of top-level defensive registration solutions for the discussions in Costa Rica.⁵ Because we have been provided no further explanation, ANA/CRIDO and other stakeholders are left to assume that ICANN has either summarily dismissed these concerns, or misunderstood the filings made by interested stakeholders. Either of these possibilities is cause for serious concern.

ICANN’s dismissive action is troubling for various reasons, but most significantly because ICANN has provided little 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 to speculate, with no basis to evaluate 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 that seem to have gone into a “black hole,” never to be addressed again. Unlike other entities which receive, analyze and publish the basis for their decisions grounded in the proceeding record, it does not appear that ICANN assumes any obligation to provide stakeholders with any detailed, meaningful explanation for its actions, which would be in accordance with the proceeding record developed.

Obviously, it would be extremely helpful if ICANN would provide stakeholders with such information and accountability, particularly as it relates to the Do Not Sell proposal. In this way, commenters with legitimate concerns can attempt to understand the basis for ICANN’s decision and fashion appropriate responses to address the very real and continuing concerns associated with defensive registrations, which have very significant potential financial impacts for the international brand community. Unless ICANN creates a mechanism for brandholders to declare whether they are filing defensively for

³ See ANA Filings on Defensive Registrations to ICANN. Available at <http://www.ana.net/getfile/17269> and <http://www.ana.net/getfile/17346>.

⁴ See Attachment A. (Demonstrating that during ICANN’s Defensive Registration comment filing period, numerous groups specifically raised concerns about Top Level Domain defensive registration issues.)

⁵ See ICANN Defensive Registration Comments Summary in Preparation for ICANN 43, Attachment B.

Top Level Domains, it will be extremely difficult, if not impossible, to assess the scope of the problem.

Expansion of TLDs is a matter of grave interest and concern among global Internet stakeholders. It is essential that ICANN provide full disclosure regarding its decisions in key areas such as this one. ICANN needs to operate in as transparent and accountable a manner as possible if it wishes to encourage confidence in its operations. Comment periods are only meaningful if stakeholders have an opportunity not only to voice concerns, but also to have their concerns receive real consideration. ICANN will then have a truly “multi-sector bottom-up” approach to stakeholder involvement and consultation.

We, therefore, strongly call on ICANN to provide a full and careful analysis of the defensive registration issues specifically raised by the commenters and the concerns stated in the January 3rd letter from the Department of Commerce to ICANN. Sweeping these important issues aside dismissively is unacceptable. Failure to act quickly in this area will, in effect, create a definitive decision in regard to the defensive registration issues at the top level through inertia and inaction. We hope that ICANN will do all that it can to help avoid this inappropriate and unfortunate outcome.

We stand ready to discuss this matter with you in detail at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel L. Jaffe". The signature is fluid and cursive, with the first name "Daniel" being the most prominent part.

Daniel L. Jaffe
Group Executive Vice President, Government Relations

Attachments

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**

- “AT&T supports a Do Not Register List as an effective way to provide 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 want 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 REGISTER 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)