



December 8, 2010

VIA EMAIL

Mr. Peter Dengate Thrush
Chairman of the Board of Directors
Mr. Rod Beckstrom
President and CEO
ICANN
4676 Admiralty Way, Suite 330
Marina del Ray, CA 90292

Re: Comments of Microsoft Corporation on the Proposed Final gTLD
Applicant Guidebook

Dear Messrs. Dengate Thrush and Beckstrom:

Microsoft Corporation (“Microsoft”) welcomes this opportunity to provide its comments to ICANN on the Proposed Final gTLD Applicant Guidebook (“PAG”).

Microsoft is a worldwide leader in the IT industry, with a mission to enable people and businesses throughout the world to realize their full potential. Since the company was founded in 1975, it has worked to achieve this mission by creating technology that transforms the way people work, play, and communicate. Microsoft is also an owner and champion of intellectual property rights. It maintains sizable trademark and domain name portfolios and takes pride in the worldwide recognition of multiple of its trademarks. Further, Microsoft’s businesses rely heavily on the Internet and the current system of top level domains, and Microsoft is an ICANN-accredited registrar.

Microsoft has provided extensive and meaningful comments to ICANN on all four versions of the new gTLD Draft Applicant Guidebook (“DAG1”, “DAG2”, “DAG3”, and “DAG 4”), all three proposals for trademark rights protection mechanisms, and both documents relating to the ill-fated Expression of Interest proposal.¹ Thus far, Microsoft has submitted 11

¹ See December 15, 2008 Comments on the New gTLD Draft Applicant Guidebook, accessible at <http://forum.icann.org/lists/gtld-guide/pdfMvfg7LTxa8.pdf>; December 15, 2008 Comments Regarding Technical and Operational Issues, accessible at <http://forum.icann.org/lists/gtld-guide/pdf5Ld11Crw9E.pdf>; April 13, 2009 Comments on Draft Applicant Guidebook 2 (“DAG 2”), accessible at <http://forum.icann.org/lists/2gtld->
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separate comments, exceeding 70 pages, on the new gTLD Applicant Guidebook, mechanisms contained in it, and proposals relating to it. In addition, Microsoft substantiated the offer in its DAG1 comments to support ICANN's pursuit of scaleable, cost-effective, and efficient rights protection mechanisms through the participation of Russell Pangborn, its head of trademarks and signatory to this letter, on the Implementation Recommendation Team. Despite these significant efforts over the past two years, ICANN has failed to address and resolve many of the concerns raised by Microsoft and other stakeholders.

Notwithstanding its October 28 resolution, the ICANN Board of Directors should not approve the PAG as the Final Applicant Guidebook during its 10 December meeting because of essential outstanding issues of substance and process. To do otherwise contravenes ICANN's "mission of public trust"² and undermines ICANN's commitments to "improv[e] the processes by which ICANN receives public input (including adequate explanation of decisions taken and the rationale thereof) [and] assess[] the extent to which ICANN's decisions are embraced, supported and accepted by the public and the Internet community."³ Substantively, and as discussed further below, ICANN has failed to satisfactorily address the overarching issues that ICANN itself identified as requiring resolution before the new gTLD process could begin. The process concern is the potential Board action on the PAG on the same day that the abbreviated public comment period⁴ closes. Approval of the PAG on December 10 conveys the message that

<http://forum.icann.org/lists/2gtld-guide/pdfk6UvWqLcLy.pdf>; April 13, 2009 Technical Comments on DAG 2, accessible at <http://forum.icann.org/lists/2gtld-guide/pdfk6UvWqLcLy.pdf>; July 2, 2009 Comments on Final Report of the Implementation Recommendation Team, accessible at <http://forum.icann.org/lists/irt-final-report/pdfCZIN3Aa1Ni.pdf>; November 22, 2009 Comments on Draft Application Guidebook 3, accessible at <http://forum.icann.org/lists/3gtld-guide/pdfeHyfFPW2Jf.pdf>; December 11, 2009 Comments on Expression of Interest in New gTLDs Process, accessible at <http://forum.icann.org/lists/eoi-new-gtlds/pdfJ84r0zbgc.pdf>; January 26, 2010 Comments on "Special Trademark Issues Review Team Recommendations", accessible at <http://forum.icann.org/lists/sti-report-2009/pdfdTmcspsztsL.pdf>; January 27, 2010 Comments on "Aspects of an Expression of Interest Pre-Registration Model" ("EOI Model"), accessible at <http://forum.icann.org/lists/draft-eoi-model/pdfK4Q2pETRnu.pdf>; March 31, 2010 Comments on "Proposal for Trademark Clearinghouse" and Draft Uniform Rapid Suspension System, accessible at <http://forum.icann.org/lists/tm-clear-15feb10/pdfKjjShbN3RT.pdf>; and July 21, 2010 Comments on Version 4 of the New gTLD Draft Applicant Guidebook ("DAG 4"), accessible at <http://forum.icann.org/lists/4gtld-guide/pdfIel3VOIshV.pdf>.

² See ICANN Plan for Enhancing Internet Security, Stability, and Resiliency (FY11) at 14.

³ Affirmation of Commitments by the United States Dept of Commerce and the Internet Corporation for Assigned Names and Numbers ¶ 9.1 (Sept. 30, 2009), accessible at <http://www.icann.org/en/documents/affirmation-of-commitment-30sep09-en.htm>.

⁴ The comment periods for DAG1 through DAG4 were 45 days. The PAG comment period is 29 days, the last five of which occur during the Public Meeting.

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the Board deems public comment irrelevant.⁵ The possibility that ICANN staff will have read all public comment and provided a public comment summary to the Board with sufficient time for full consideration and discussion by the Board is slim at best.

Executive Summary. Notwithstanding recent pronouncements by Mr. Beckstrom, Microsoft disagrees that “strong trademark protections . . . are in place.” ICANN still has not satisfactorily addressed “the concerns of trademark owners.”⁶ Further changes to the Uniform Rapid Suspension system (URS), Trademark Clearinghouse, and Trademark Post-Delegation Dispute Resolution Procedure are essential. More broadly, ICANN should implement the recommendations in the IRT Final Report.

Similarly, the current mechanisms to mitigate malicious conduct are not strong, despite Mr. Beckstrom’s characterizations to the contrary. In addition, ICANN still has not yet satisfactorily addressed the concerns raised by numerous commenters about its plan to reserve to itself the sole discretion to redelegate a .brand TLD if the trademark owner registry operator chooses to no longer operate the TLD.

Finally, the Board’s recent elimination of the vertical separation requirement⁷ necessitates important additional changes to the PAG.

We incorporate by reference our comments on DAG 1, DAG2, DAG3, DAG4, the IRT Final Report, the STI Report, the Clearinghouse Proposal and the Draft URS. We provide below our comments on the PAG, which we have limited to Microsoft’s most significant concerns.

Trademark Protection Deficiencies

ICANN has not satisfactorily addressed “the concerns of trademark owners”⁸ and has not “fix[ed]” the “crucial concerns about trademark and intellectual property protections

⁵ Regrettably, such a message would be consistent with statements by Board members Messrs. Dengate Thrush and Jennings at the June 22, 2010 Commercial Stakeholders Group breakfast that CSG members should not address or copy Board members on public comments as they do not read them.

⁶ Press Release, ICANN, *Trademark Issues to be Addressed Ahead of Internet Address Expansion*, Mar. 7, 2009, accessible from <http://www.icann.org/en/news/releases/index-2009.htm#March>.

⁷ Avowals during the Brussels meeting that the Board did not “make policy” to the contrary, the recent Board resolution not only adopts a position that is diametrically opposite to the position taken in its Nairobi resolution, but ICANN has failed to provide the “thorough and reasoned explanation”, “the rationale thereof and the sources of data and information on which ICANN relied” as called for by the Affirmation of Commitments.

⁸ Press Release, ICANN, *Trademark Issues to be Addressed Ahead of Internet Address Expansion*, Mar. 7, 2009, accessible from <http://www.icann.org/en/news/releases/index-2009.htm#March>.

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once the expansion of gTLDs begins.”⁹ Identified below are only some of the changes that are necessary; see Microsoft’s comments on the IRT Final Report, STI Report, Clearinghouse Proposal, and Draft URS for other changes.

Uniform Rapid Suspension System (“URS”). Microsoft welcomes the decision to shorten the URS answer period to 14 days. However, Section 8.4 contains broad language that effectively ensures the dismissal of all URS Complaints in which no Response was submitted. Any competent lawyer can develop and articulate a defense that “would have been possible to show that the use of the domain name in question is a non-infringing or fair use of the trademark.” Section 8.4 should be revised to: “(2) “under the circumstances, and no Response was submitted, it would have been possible to assert and substantiate a successful defense that the use of the domain name in question is a non-infringing or fair use of the trademark.”

Trademark Clearinghouse. ICANN’s attempt to define “substantive review” (now “substantive evaluation”) has created new problems. Making distinctions between national trademark registrations issued by offices that examine on relative grounds and those that do not perpetuates ICANN’s apparent determination that some national trademark registrations and, by extension, their national trademark offices and national laws, are “better” or “more valuable” than others. In addition, it is unrealistic to believe that any Trademark Clearinghouse provider candidate is capable of conducting an accurate evaluation on absolute grounds as called for by Section 7.3. ICANN should define “substantive evaluation” to mean evaluation on absolute grounds.

Trademark Post-Delegation Dispute Resolution Procedure (“Trademark PDDRP”). ICANN’s new revisions to the Trademark PDDRP further undermine the utility of the Trademark PDDRP. It is clear that ICANN has incorporated only those changes suggested by its current revenue collectors, the registry operators. Section 6 must be revised to ensure that the definition of “registry operator” tracks the language in Section 2.9(c) of the new gTLD Agreement to ensure that the conduct of a registrar vertically integrated with a registry operator is imputed to that registry operator for purposes of Section 6. In light of the elimination of vertical separation, equity demands nothing less. Section 7.2.3(h) is unnecessary and inconsistent with Section 6.1 Any Complainant that meets the requirements of 7.2.3(a) and (b) will have met this burden. Limiting relief to owners of word marks is unjustified and unacceptable. Section 8.2 is missing the word “not” in the sixth line. If “substantive examination” in Section 9.2.1 has the same meaning as “substantive evaluation” in Sections 7.3 and Section 7.4 of the Trademark Clearinghouse section, the same concerns noted above apply

⁹ Dr. Paul Twomey, CEO, Internet Corporation for Assigned Names and Numbers, Written Testimony on Issues Concerning the Internet Corporation for Assigned Names and Numbers (ICANN), Including the Expiration of the Joint Project Agreement between the U.S. Department of Commerce and ICANN at the End of September and the Creation of New Global Top Level Domains (gTLDs) (June 4, 2009) , available at http://energycommerce.house.gov/Press_111/20090604/testimony_twomey.pdf.

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here too. It is unacceptable for ICANN to vest a panelist with the threshold evaluation of a nationally registered mark on absolute grounds. Finally, it defies common sense to prohibit deletion, transfer or suspension of second-level registrations where second-level registrations are the basis for the Trademark PDDRP claim.

Malicious Conduct

Microsoft remains concerned that the “introduction [of potentially hundreds of new ASCII gTLDs] will expand the environment and opportunities for online fraud, an environment and opportunities that will most certainly be seized upon by criminals and their enterprises.” PAG is a considerable improvement since DAG1, but the mechanisms in PAG fall short.

- Vetted Registry Operators. Microsoft is pleased to see that ICANN has set the threshold for cybersquatting-based disqualification at three or more decisions with one occurring in the past four years. In light of the Board’s elimination of the vertical separation requirement, ICANN should require applicants to disclose their Affiliates (as defined in Section 2.9(c) of the new gTLD Agreement) and ICANN should be permitted to disqualify applicants based on conduct of those Affiliates. This is particularly true with regard to cybersquatting where numerous Affiliates of likely applicants have been found to have engaged in cybersquatting in UDRP proceedings.
- Thick WHOIS. Microsoft regrets the elimination of the previously proposed requirement for a fully searchable Whois service and looks forward to the report of the Board data/consumer protection working group. Access to searchable Whois data is extremely valuable to entities, including Microsoft, that combat online fraud, abuse, and infringement. Extending the requirement to registrars would improve the value of this fraud-fighting tool. ICANN must also improve Whois compliance efforts to maximize value from searchable Whois.
- Rapid Takedown or Suspension Systems. ICANN should take now the opportunity to require registry operators to adopt and implement rapid takedown or suspension systems to combat malicious conduct. Such systems are and have been one of the most widely discussed mechanisms for combating the expansion of malicious conduct that is expected as new gTLDs are introduced. We proposed system requirements in DAG3 comments.¹⁰

¹⁰ An acceptable system must (i) require the reporting party to provide documented evidence of the alleged abuse; (ii) require the registry operator to review evidence within a set time period; (iii) if documented allegations of abuse are substantiated, require the registry operator to take down or suspend the relevant website or web page within a set period of time and simultaneously notify the domain name registrant; (iv) provide registrants with an opportunity to demonstrate that the allegations are not documented and, if so, have the website/web page restored; and (v) provide that registry operators that comply with the established process should have “safe harbor” against lawsuits from (continued...)

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- High Security Zones Verification Program. ICANN should have proceeded with the HSZ TLD program and made it mandatory for applicants.

Registry Agreement

Review of the proposed Registry Operator Code of Conduct is ongoing and supplemental comments specific to it may be submitted separately.

Microsoft has repeatedly commented that Registry Operators of .brand TLDs must have the discretion to terminate operation of the .brand TLD registry without concern about ICANN's transition of the TLD to a third party, possibly a competitor. To that end, Attachment A hereto provides a proposed amendment to the Registry Agreement that addresses this concern.

* * *

Microsoft continues to object to ICANN's planned introduction of an unlimited number of new ASCII gTLDs. The introduction will not result in true competition among them, but will introduce unparalleled opportunities for fraud and abuse, is likely to destabilize the Internet as a commercial platform, and the current plan will impose tremendous financial burdens and resource allocation requirements on virtually the entire non-contracting party, non-gTLD applicant business community.

If ICANN nonetheless proceeds with the introduction of new ASCII gTLDs in the face of such widespread opposition and in spite of the current economic downturn, Microsoft encourages ICANN to take the time necessary to consider and address the issues and questions raised by the community about the intended implementation plan. It is essential that ICANN "get it right" and the PAG demonstrates that ICANN has not.

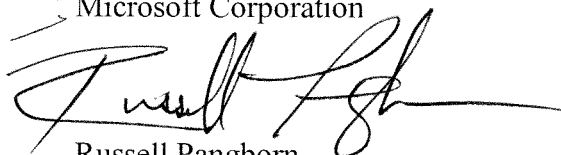
registrants whose websites or web pages are taken down and/or suspended. Microsoft has numerous employees who specialize in security and enforcement issues, and would be amenable to having one or more work on an ICANN-convened expert group to develop a required rapid takedown or suspension system.

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Thank you for your consideration. If you have questions or wish to discuss any of the points raised herein, please contact Russell Pangborn (russpang@microsoft.com)

Respectfully submitted,

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Microsoft Corporation

A handwritten signature in black ink, appearing to read "Russell Pangborn", with a long horizontal flourish extending to the right.

Russell Pangborn
Associate General Counsel – Trademark

Attachment A

Note: Text below would be added to Section 4.5 of New gTLD Agreement. Existing text would become Section 4.5(a).

(b) Subject to the Registry Operator's compliance with Section 4.5(c), ICANN shall not, unless consented to in writing by the Registry Operator in its notice of termination to ICANN, transition the TLD to any successor registry operator on or after the date of termination or expiration of this Agreement, if:

(i) such transition, or the use or operation of the TLD by a successor registry operator, would be reasonably likely to infringe, dilute, or otherwise violate any trademark or service mark to which the TLD string corresponds that was owned by or registered to the Registry Operator or any of its Affiliates¹ on or prior to the date that the ICANN Board approves the Applicant Guidebook as final, and

(ii) as of the effective date of termination or expiration of this Agreement, the Registry Operator or its Affiliate continues to own such trademark or service mark and is using such trademark or service mark for goods or services, other than domain name registry services.

(c) In order for the Registry Operator to exercise the rights set forth in Section 4.5(b), the Registry Operator must notify ICANN in writing of its exercise of such rights and must provide ICANN with the following information no later than thirty (30) days following the termination or expiration of this Agreement:

(i) a list identifying the trademark or service mark to which the TLD string corresponds, which list shall also identify the jurisdictions in which the mark is the subject of a registration of national effect, and for each such registration, the applicable registration number, registration date, and the goods or services covered by the registration;

(ii) copies of registration certificates for at least ten percent (10%) of the trademark or service mark registrations identified in the list described in Section 4.5(c)(1);

¹ "Affiliates" is used here as defined in Section 2.9(c) of the new gTLD Registry Agreement.

(iii) a declaration that the Registry Operator or any of its Affiliates is using the trademark or service mark for goods and/or services other than domain name registry services and that the Registry Operator believes in good-faith that operation or use of the TLD by a successor registry operator selected by ICANN would be likely to cause consumer confusion or otherwise infringe, dilute or violate any of the trademarks or service marks identified in the list described in Section 4.5(c)(i);

(iv) an acknowledgement that the Registry Operator's exercise of its right pursuant to Section 4.5(b) shall not prevent ICANN's consideration of a new third-party application for the same TLD string in accordance with ICANN's then-current procedures for considering new applications for TLD strings; provided, however, that Registry Operator's acknowledgement shall not constitute a waiver of or otherwise prejudice Registry Operator's ability to object to such third-party application; and

(v) an acknowledgement that if the Registry Operator wishes to resume operation of the TLD registry after the termination or expiration of this Agreement, the Registry Operator must submit a new application to ICANN and undergo the evaluation process in accordance with ICANN's then-current procedures for considering new applications for TLD strings.

(d) ICANN shall promptly review all requests and information submitted pursuant to Sections 4.5(b) and 4.5(c) , and all such requests submitted in compliance therewith shall be deemed to be approved by ICANN, unless ICANN demonstrates in writing and in reasonable detail, within thirty (30) days of its receipt of the request and information, that the transition of the TLD to a successor registry operator will not cause consumer confusion or otherwise infringe, dilute or violate any of the trademarks or service marks identified in the list provided by Registry Operator pursuant to Section 4.5(c)(i).

(e) Any disputes arising in connection with the transition of a TLD to a successor registry operator or the exercise of rights pursuant to Section 4.5(b) shall be resolved pursuant to Section 5 of this Agreement. Notwithstanding anything contained herein to the contrary, ICANN shall not transition the TLD to a successor registry operator during the pendency of any such dispute.