COMMENT ON OPEN VERSUS CLOSED GENERIC TOP LEVEL DOMAINS

I am the designated representative of an institutional member of the Non-Commercial Users Constituency (NCUC) and the Non-Commercial Stakeholder Group (NCSG). In that capacity I support the substantive arguments in favor of permitting closed generics submitted by several other members of the NCSG. This comment, however, is being submitted in my personal capacity. As a Professor of Law and Director of the Franklin Pierce Center for Intellectual Property at the University of New Hampshire School of Law, my research focuses on the impact of the Internet and related technologies on international intellectual property rights protection and policy. In that capacity, I have co-authored law review articles on ICANN's new gTLD program, including the development of new rights-protection mechanisms and the impact of new private arbitration processes on traditional trademark rights and enforcement.

ICANN is requesting public comment at this stage of the new gTLD program rollout on an issue that has led to further lobbying from entities that oppose the approval of strings that could adversely impact their commercial interests. One problem with creating new rules at this stage in the process, after applicants have already in good faith relied on the final, much-negotiated, version of the Applicant Guidebook (AGB), is that this could put ICANN at risk of litigation by affected applicants. In addition, it is not clear what the relationship is, if any, between developing rules about so-called "closed" generic strings and the further evolution of a possible Public Interest Commitment (PIC) specification. Having both the PIC and the closed generics issues "in play" at virtually the same time creates uncertainty for applicants and could facilitate loss of confidence in ICANN's ability to craft robust, defensible and clear rules for the development and deployment of new gTLDs – a risk that could impact the next round of the new gTLD program.

This is not to say that changes can never be made once a program is launched. Indeed, there will be times and circumstances where substantive rule changes may be necessary and justifiable. These should, however, occur only where a fully justifiable and legally rational basis has been demonstrated such as to warrant changes to the program at this stage.

1. Would permitting registry operators to run "closed" registries dampen competition and lessen consumer choice?

One of the long-standing aims of gTLD expansion (even in previous rounds) was to encourage competition amongst registry operators, without undue restriction as to the form or nature of such competition. To date, the industry has operated mostly on the basis of a model that relies on the sale of second level domain name registrations to individuals and entities. In such a model, the obvious competition to be fostered is one where an increased number of new registry operators will be able to offer an increased number of domain names for sale. There is no lack of new gTLD applications that will probably go some way toward fulfilling

that goal; the question here is whether allowing closed registries will diminish that objective.

Previous expansion rounds did not see the emergence of new or radically different business models, and this may have been a reason for the relative lack of success of some of the previously approved gTLDs. It is thus even more important that in this current, unprecedentedly large expansion of the domain name system new forms of business models are encouraged rather than disincentivized. We do not currently know what types of innovative marketing or business practices will be attempted and adopted by new registry operators. It may be that some will fail; it may even be that some, if successful, will create competitive advantages in the relevant marketplace for particular entities.

The facilitation of innovation and legitimate competition is the essence of a free market. To the extent that any unfair market dominance or monopoly concerns are real, there are anti-trust, consumer protection and competition laws in place in many jurisdictions – including in jurisdictions where some of the applicants targeted by some commentators are located – that have the regulatory and investigative authority to handle these matters. These are all difficult legal issues, and this is not an area where ICANN has the competence, nor should it risk its mandate, to assume authority for.

Some of the current concerns no doubt stem from the lack of clarity in some new gTLD applications as to how closed a registry will be. It is understandable that businesses will not want to disclose their plans publicly, especially in an application that may not ultimately be approved or for which the long duration period involved in coming to market and commencing initial operations may necessitate changes. Requiring that applicants disclose details about their intended registry operations would likely discourage true innovation, particularly in future rounds, as would putting new and additional hurdles in place after businesses have expended time and resources in developing new strings and possibly devising new uses for those strings.

Consumer choice has been interpreted to mean choice in the sense of having the ability to register second level domains in multiple new gTLDs. Again, some of the new gTLD applications will permit and foster that goal. It is not known at this point how some of the new closed registries will work – it is certainly possible that even where second level registrations are not sold or otherwise permitted there could still be consumer benefits from having such a registry; for example, through activities that further the association by a consumer between a type of product or service, and the supplier of that product or service. While it may be alarming to some that this result could facilitate an increase in market share by certain entities holding generic TLDs related to their primary area of business, this is not per se illegal. For ICANN to intervene based on that possibility would again place ICANN in the position of assuming regulatory authority in an area beyond its mandate.

2. *What is a closed generic string?*

The very essence of the phrase "generic top-level domain" (gTLD) lies in the adjective "generic"; as such, all such strings inherently stem from either being an ordinary word or from an association therewith, including abbreviations (e.g. most people would think that .biz relates to business, .info to information, and .net to Internet). Some previously approved gTLDs are also run in a restricted manner (e.g. with rules as to who can register a domain name). It is difficult to see the substantive difference between such existing gTLDs and new gTLDs that will also be run in a restricted manner (e.g. the difference between a "generic product dot com" and a "dot generic product"); although the former type permits generic registrations only at the second level, both amount to control over a domain by a single entity.

Concerns have also been expressed over the difference between a "dot brand" and a "dot generic", on the basis that for the former at least, legally-recognized protection via trademark law is what makes a "dot brand" justifiable whereas the latter amounts to trademarking an untrademarkable word. Yet trademark law is territorial, so a "dot brand" application could have been made based simply on legal protection in a single country, with no corresponding restriction as to the scope of operation of the resulting registry. Trademark protection is also not universal across all types of use – trademarks are granted only over certain specified products or services – but a "dot brand" registry need not be so limited. Seen from these perspectives, it becomes difficult also to draw a clear line between "dot brands" and "dot generics".

In some jurisdictions, it is possible to obtain trademark registrations for descriptive (or generic) words, provided they can be shown to have acquired secondary meaning in the sense that the public has come to associate that word with that producer. There may be a concern that some new gTLD registries could attempt to use their control of a closed generic string to generate the necessary secondary meaning and goodwill so as to support an eventual trademark application over a "true" descriptive word. It is not evident that this will happen, nor is it at all clear that manipulating the domain name system in this way (which will come at a very high price) will succeed. Again, it is not for ICANN to resolve tricky legal problems, including trademark issues that may not emerge at all.

ICANN's call for advice via this public comment forum to see if it will be possible to define a closed generic TLD and the circumstances governing whether such registries will be permitted is a wise one, but none of the comments have specifically addressed these questions in a way that will allow for a objective definition or standard. It is likely to be simply impossible to do so, as there does not seem to be a fair and objective way to determine what, exactly, a closed generic string is or to distinguish between an approved use versus a prohibited one, especially when viewed in the context of existing gTLDs. Trying to determine whether and when an entity is operating a registry "exclusively for its own benefit" is more than likely a subjective exercise.

Further, should ICANN attempt to define what a "generic" word may be, it could find itself unwittingly in the midst of an ongoing trademark law debate as to what "genericism" means. This is already a matter on which courts are divided, and which carries important legal consequences, as its resolution can determine whether a potential trademark is granted, or whether a previously granted trademark no longer functions as such.

The issue of consumer confusion – which lies at the heart of trademark law – has also been raised in this context. One of the risks that has long been recognized about the new gTLD program has been the possibility that consumers and Internet users could be confused, at least initially, by the deluge of new gTLDs, especially if some are very similar strings or offer similar services. With the recent publication of the results of string similarity review, this may be a real possibility. However, just as we do not know how consumers and Internet users will adapt to the new gTLDs, or how their use of search engines rather than URLs will be impacted, it is not clear that allowing closed generics will generate any, or any additional, confusion that may result due to the introduction of a great many new gTLDs. It could equally and conversely be argued that closed generics could decrease consumer confusion, such as where their registry operators succeed in distinguishing their gTLD from others'.

Additionally, much of the current debate has centered on generic words in the sense that these are viewed as ordinary words in the English language. Should any rules or standards be developed as a result of this process, thought needs to be given to their applicability to IDNs as well as to the possibility that in the future there can be situations where the same combination of Latin-based letters may mean different things (possibly one generic and one not) in different languages.

3. How would regulating this issue fulfill the GNSO Principles and ICANN's mandate?

The GNSO's Principles for the Introduction of New gTLDs recommend that new gTLDs be introduced in an orderly and predictable manner. In this and previous rounds, the expectation has also been that criteria for new gTLDs are objective and measurable. In addition, throughout the several years of policy development relating to the new gTLD program, the possibility of closed generic strings was contemplated (even if it was not known whether and what these would be, just as it was not known whether and how many "dot brands" would apply.) Even though neither the GNSO Principles nor the AGB explicitly deal with closed strings, they do not prohibit them either. It is not clear that this lack of formal guidance was a result of a mistake or oversight on the part of the GNSO community, particularly given the extensive discussions and work done relating to the issue of open or standard applications in contrast to community-based applications, and the question of single-registrant TLDs. Unless the GNSO can be shown to have erred, there seems to be little justification to engage in what amounts to new policy development at this late stage in this expansion round.

Mention has already been made of the difficulty of defining what is "closed" and the essential subjectivity of inquiring into a potential registry operator's use of a gTLD. Another major risk of ICANN's making these inquiries is the possibility that in so doing ICANN inadvertently also engages in a form of content regulation, as it may be impossible to figure out whether someone is going to operate a gTLD in a closed manner (assuming that can even be defined) without also evaluating what it will be using the gTLD for. In addition to averting the litigation and regulatory risks mentioned earlier, it is perhaps even more important for ICANN to ensure that it does not stray into the arena of Internet content regulation.

Without addressing the issue of the PIC specification or the proposed changes to the baseline Registry Agreement, one possible approach is to see if a way can be found – either through a refinement (done through community engagement) of the PIC requirement or through the final Registry Agreement negotiated with a registry operator – to permit, for instance, initial mutual resolution of a situation that emerges where a registry operator is alleged to have operated its registry in a manner that adversely affects consumers or competitors. This may be a better, more appropriate, more certain and less subjective solution to a problem that currently exists more as a matter of perception rather than reality.

The fundamental dilemma there, as here, lies with finding a clear and objective way to state whether something is or is not in the public interest. This is a vague term for which there is no legal standard or universal agreement, including in public international law. As experience with the Rec 6 (Morality & Public Order) issue shows, the question of what is in the public interest – and in this case whether certain closed generics should not be permitted for being judged to be against the public interest – is extraordinarily difficult, divisive of the community and impossible to define as there is no single law or international norm that allows for a clear measurable standard. As with some of the other concerns described above, ICANN should be wary of developing rules and standards which do not currently exist in national or international laws, legal doctrines and norms, and which could place it in the uncomfortable position of being a regulator in a legally substantive area outside its mandate or competency.

Respectfully submitted,

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