



**AT&T Comments on an Economic Framework for the Analysis of the
Expansion of Generic Top-Level Domain Names
July 21, 2010**

AT&T appreciates the opportunity to comment on the new paper, “An Economic Framework for the Analysis of the Expansion of Generic Top-Level Domain Names” (“Economic Framework Paper”), which ICANN released in June. As discussed further below, the paper provides analysis and recommendations that are directly relevant to the structure of ICANN’s implementation plan for new gTLDs. Accordingly, AT&T’s comments on the Draft Applicant Guidebook Version 4 include our comments on the Economic Framework Paper and discuss how the economic analysis relates to other issues, such as trademark protections and mitigating malicious conduct.

AT&T and other stakeholders repeatedly have urged ICANN to undertake a fact-based economic analysis which is designed to thoroughly assess the potential costs and benefits of new gTLDs. Last year, ICANN released a high-level economic paper that was limited to examining the potential competitive benefits of new gTLDs on a theoretical basis. In response, AT&T submitted an assessment of the economic paper prepared by the Analysys Group, which was supported by industry data submissions and an analysis of actual domain name registrations.

ICANN’s release of the Economic Framework Paper is a major step in the right direction, although it is a self-described initial economic analysis and it finds that existing studies of gTLD issues are inconclusive. Indeed, one of the main conclusions of the paper is that more data and information is needed for ICANN to understand fully the costs and benefits of new gTLDs. The Economic Framework Paper provides analysis and recommendations that are directly relevant to the structure of ICANN’s implementation plan for new gTLDs.

First, the Economic Framework Paper reiterates the need for ICANN to compile additional information to facilitate its assessment of the costs and benefits of new gTLDs. The paper notes that existing studies are informative, but not conclusive. Accordingly, it proposes a set of empirical studies that would provide guidance for procedures and rules governing new gTLDs, and it recommends that ICANN create mechanisms for systematically collecting data about the experiences of new gTLDs.

AT&T fully supports the recommendations of the Economic Framework Paper that ICANN gather much more comprehensive data about new and existing gTLDs. We continue to believe that valuable information can and should be obtained about existing TLDs *before* new gTLDs are introduced. The information about defensive registrations and trademark disputes that was submitted with the Analysys Group economic assessment was readily obtained from other companies, and this type of study could be replicated on larger scale. The Economic Framework Paper also identifies several types of studies, including case studies, which could be undertaken to better understand the potential costs and benefits of new gTLDs.



Improvements in ICANN's data collection will have broader benefits beyond facilitating an economic analysis of the costs and benefits of new gTLDs. This type of information is critical to understanding malicious conduct and the associated economic and consumer costs that such conduct creates throughout the Internet ecosystem. Further, the data that ICANN collects will help to inform its decision-making on security, stability and resiliency issues.

Second, the Economic Framework Paper supports the need for trademark protections and other safeguards to mitigate potential consumer confusion and other externalities. The paper concludes that the potential for externalities imposed on third-parties implies that an open-entry delegation process may not lead to the socially optimal number of new gTLDs. It also analyzes the potential that new gTLDs will not make Internet navigation and search easier, but could increase potential consumer confusion and fragmentation of the Internet. Based on this analysis, the Economic Framework Paper concurs with the position of the U.S. Department of Justice that ICANN should craft rules for new gTLDs that are likely to enhance the benefits and minimize the external costs of new gTLDs.

Once again, there is a clear inter-relationship between trademark protections and safeguards that are needed to mitigate malicious conduct that causes harm to consumers. Moreover, as the Economic Framework Paper points out, the economic benefits of new gTLDs will flow from innovative business models and services, not from defensive registrations. While the Economic Framework Paper cites the fact that ICANN has adopted several recommendations of the Implementation Recommendation Team to address trademark protections, it does not attempt to analyze the likely impact of these protections. AT&T urges ICANN to consider a comprehensive set of safeguards to address the related issues of trademark infringement, consumer confusion and malicious conduct.

Third, the Economic Framework Paper supports an implementation plan that introduces new gTLDs in discrete, limited rounds and that prioritizes the introduction of Internationalized Domain Names ("IDNs"). The paper notes that there are various factors indicating that there may not be large competitive benefits from introducing new gTLDs. Instead, the additional benefits are likely to come from innovative new business models, gTLDs that serve communities of interest and expansion of IDNs. The paper also notes that ICANN will be able to learn from experience to craft even better registry rules and procedures to increase net social benefits and address concerns. The Economic Framework Paper recommends that ICANN proceed by continuing to introduce new gTLDs in discrete, limited rounds and creating mechanisms for systematically collecting data about the experiences of new gTLDs.

AT&T supports the recommendations of the Economic Analysis Paper. By introducing new gTLDs in discrete, limited rounds, ICANN will be able to mitigate consumer confusion and make any necessary adjustments to the implementation plan



based in its learnings from initial rounds. As the paper acknowledges, there simply is no way for ICANN to fully assess and understand all of the potential costs and implications of introducing new gTLDs. Moreover, by prioritizing the introduction of IDNs, ICANN will be facilitating new gTLDs that are likely to deliver new benefits to global Internet users.