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VIA EMAIL: gtld-guide@icann.org
Internet Corporation for Assigned Names and Numbers
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RE: Comments to Draft Applicant Guidebook

Dear ICANN:

Greenberg Traurig, LLP on behalf of undisclosed client B, submits the following comments on the "Draft Applicant Guidebook" materials (the "Guidebook") released by ICANN with regard to the launch of new generic Top Level Domains (gTLDs):

1) Sunrise Procedures

We understand that the recommendations of the GNSO PROTECTING THE RIGHTS OF OTHERS WORKING GROUP have been incorporated into the Protection of Rights of Others in New gTLDs explanatory memo, including the agreement among the members of the Working Group that "That there is no universal rights protection mechanism." The statement, by its own words, is procedural in nature, rather than substantive. The Working Group agreed that there is no universal mechanism, not that there were no universal set of minimum standards that must be adopted by new gTLD registries. Whether the mechanism is a "sunrise" in advance of a first-come, first-serve registration model, or whether it is a "stop" procedure by which rights are asserted after the registration of a domain name in the second level, but before the domain name can be put to any use by the registrant, is immaterial. What is necessary, and missing, from the Draft Applicant Guidebook (the "Guidebook") is a description of the nature of rights that must be considered, the consequences should an assertion of such rights be sustained, the consequences should an assertion of such rights be rejected, the minimum standards of authentication to be applied, etc.

By adopting these minimum standards in advance, an applicant for a new gTLD registry will know for certain whether or not its efforts in developing a PRO mechanism will meet ICANN requirements. It would be unfair to require a PRO mechanism, and provide no substantive guidance to the applicant regarding whether or not its application will be rejected at a late stage because it did not meet unpublished requirements of which it did not have advance notice. Further, by making the minimum standards known in advance,

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vendor(s) can self-identify as possessing a solution which, in their opinion, will fulfill ICANN's minimum substantive requirements, whether or not the procedural mechanism is a "Sunrise" or a "stop" or some other form heretofore undeveloped. Also, by making the minimum standards known, brand owners can determine the estimated cost of advanced registration and/or opposition and make strategic decisions regarding both.

2) Allocation of Fees in Dispute Mechanisms

Module Three makes no mention of the allocation of the adjudication costs following a decision on the merits of any dispute. In order to curtail abusive, meritless objections designed to obstruct the new gTLD process, and also to curtail abusive, meritless applications designed to be a new, sophisticated form of cybersquatting, we recommend the inclusion of a new Section 3.2.3 which sets forth that the non-prevailing party in any dispute process will bear all adjudication costs and the prevailing party's adjudication costs will be refunded to it. In the alternative, that at least a prevailing objector will receive a refund out of the losing party's new gTLD application fee should the applicant lose the dispute.

3) ICANN Fee Structure

ICANN's proposed fees for new gTLDs are as follows:

\$ 100	Online filing system fee
\$185,000	Application fee
\$ 50,000	Registry services evaluation fee
\$1,000-\$5000	Dispute resolution filing fee (per party)
\$2,000-\$8000	Fixed fee dispute panel fee (most likely to be used for prior rights objection). It is unclear from the Guidebook whether or not these costs will be shared or if the loser will bear them.
\$32,000-\$56,000	Estimate for total fees based upon an hourly charge for a single member panel (most likely to be used for string confusion, morality/public order or community based disputes)

\$70,000-\$122,000

Estimate for total fees based upon an hourly charge for a three member panel (most likely to be used for string

Approx. \$75,000/year

ICANN minimum "tax" on being a gTLD registry

Of these, the application fee, registry services evaluation fee, and the annual minimum "tax" seem excessive, especially for a single enterprise gTLD registry ("seTLDs") which will likely heavily restrict its registry and use the seTLD primarily to express its brands and conduct internal processes, such as email. While we perceive that the cost approach on the various fees is meant to mutualize the cost and risk across all the various sorts of applicants, ICANN must also be aware of the fact that certainly categories of applicant, namely the brand-related seTLDs, simply will be less work, and less risk than open, unrestricted gTLDs with potentially controversial registry services designed for a broader segment of the public. ICANN should consider adopting a tiered approach to these three fees and should discount the fees equitably for seTLDs.

Additionally, these fees should be steeply discounted for multiple applications filed by the same seTLD applicant. Will ICANN staff truly have to reevaluate the applicant's financial and technological wherewithal *de novo* for each application, or will most, if not all, of that evaluation occur in response to the first application filed by that applicant? We believe the latter. Further, the \$75,000/year "tax" on being a registry is unsupported in the documentation, inconsistent with past treatment of small, well organized registries, and appears on its face to be merely designed to allow ICANN to enhance its budget. ICANN should produce the materials and rationale that it used to reach this calculation. Further, ICANN should heavily discount the "tax" for seTLDs, who due to their sophistication and narrow use of the registry compared with open, unrestricted gTLD registries. The fee levels enjoyed by the <.museum> registries appear appropriate.

4) Inadequacy of Current Version of Legal Rights Disputes

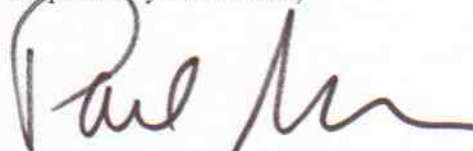
Both the Guidebook and the related supporting materials reflect a mechanism that is based upon an "infringement" analysis. The Guidebook describes the grounds upon which a Legal Rights Objection may be filed: "The applied-for gTLD string infringes existing legal rights of the objector." The principal conceptual problem with this is that infringement, generally speaking, is a tort which requires the use of the mark as a prerequisite for relief. If a particular top level string has not yet been delegated, how can any prior right of an objector be infringed?

ICANN should reconsider use of “infringement” analysis in its Legal Rights Objection process. Likewise, ICANN should also avoid adopting “bad faith” standards which reside in the UDRP and other informal dispute policies, as both lead to the same conclusion, namely that only the worlds’ arbitrary and famous marks will be afforded any protection. Bad faith based objection mechanisms, like infringement analysis mechanisms, are fact intensive and, absent an opportunity to use the string, difficult to prove from the application papers.

A better approach would be one that foregoes infringement and bad faith analysis and, instead, adopts a pure prior rights approach similar to what trademark examiners do in serious examining countries. The examiner should compare the string vs. the objector’s rights as evidenced by a trademark registration having national effect. In the event the string and the mark are confusingly similar to each other, the examiner should examine the application documents to see if the applicant has adopted charter restrictions and a streamlined dispute process, both of which should be reasonably designed to ensure that there will be no second level domain name registrations which incorporate any competitors’ marks or any elements which are generic words in the objectors’ industry or reflected in the goods and services recitation of the objectors’ trademark registration. Absent such restrictions, the application should be rejected.

GREENBERG TRAUIG, LLP

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Paul McGrady, Jr.", with a stylized, cursive script.

Paul D. McGrady, Jr.