

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

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VIA ELECTRONIC MAIL

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

**Re: Comments on the New gTLD Applicant Guidebook on behalf of the U.S.
Chamber of Commerce**

Dear Dr. Twomey:

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region. Our members include the owners and operators of many prominent web properties as well as the owners of many well known brands. While the Chamber generally supports promoting competition, innovation, and choice in the Internet domain-name marketplace—the goal that motivates the Internet Corporation for Assigned Names and Numbers' ("ICANN") proposed introduction of new generic top level domains ("gTLDs")—the proposed gTLD program will introduce significant threats to businesses and consumers without clear evidence of counterbalancing benefits.

The proposed gTLD program is likely to introduce a new era of cyber squatting and spoofing that will compel businesses to invest millions of dollars in defensive domain registrations and litigation this proposed regime could expose consumers to a vast expansion of Internet-enabled crime. Moreover, in light of the disappointing adoption rate of recently introduced gTLDs, such as .biz and .info, ICANN has provided little persuasive evidence that establishment of additional gTLDs will provide competition against .com addresses. Finally, the proposed gTLD program may mire ICANN in needless administrative processes in an attempt to enforce norms of morality and public order ordinarily reserved for governmental institutions¹ that may undermine the credibility of ICANN and the private sector-led domain registry process.

¹ See ICANN Generic Names Supporting Organisation, *Final Report – Introduction of New Generic Top Level Domains* (August 8, 2007), available at: <http://gns0.icann.org/issues/new-gtlds/pdp-dec05-fr-parta-08aug07.htm> and <http://gns0.icann.org/issues/new-gtlds/pdp-dec05-fr-partb-01aug07.htm> ("GNSO Council Report").

I. Concerns Raised by the Proposed gTLD Program

A. *Protection of Intellectual Property*

The proposed gTLD program provides insufficient protections for trademark holders. As currently designed, the application screening process includes flaws that will make it far too easy for malicious actors and entities to infringe protected marks and brands. Once a new gTLD has been successfully awarded, a trademark holder will bear the economic burden of seeking redress in a procedure that may not be appealed to a court. With regard to the resulting second level domains, once new gTLDs are introduced trademark owners have to bear the costs of either: (1) applying for expensive “sunrise” applications; (2) litigation through the Uniform Domain-Name Dispute Resolution Policy (“UDRP”) or courts; or (3) paying the extortionate prices of sophisticated cyber squatters. Regardless, the trademark holder will suffer substantial economic and reputational harm. In the current economic climate where businesses and consumers face heightened spending constraints, any loss of consumer goodwill could devastate the relationship between businesses and their customers.

While the existing arbitration services made available through the UDRP, such as those offered by the World Intellectual Property Organization (“WIPO”), provide an adequate, albeit expensive, means of redress in the current environment, that solution will not effectively scale to meet the challenges created by the proposed gTLD program. The gTLD proposal will increase the number of potentially infringing domains, particularly among second level domains, exponentially.² Moreover, the Draft Application Guidebook identifies one of the current UDRP providers, WIPO, as the primary Dispute Resolution Service Provider (“DSRP”) for Legal Rights Objections to new proposed gTLDs. However, the Draft Application Guidebook makes no provision for the anticipated growth in potentially infringing second level domains.³ Thus, the existing arbitration infrastructure will be expected to adjudicate all conflicts regarding hundreds of top level and thousands of second level domains. There is no practical reason to believe that existing arbitration providers can manage such a dramatic influx in claims.

Accordingly, many trademark holders will be forced to resort to defensive registrations of the new gTLDs and relevant second-level domains in order to prevent malicious infringement

² It is important to note that trademark holders must be concerned with *both* the strings registered for new gTLDs *as well as* every potentially infringing second level domain name issued for the new gTLDs. Hypothetically, XYZ Corporation would be required to enforce its intellectual property rights against any infringing uses of .xyz; it would also have to be concerned with any infringing use of [xyz.bank](#), [xyz.house](#), [xyz.insurance](#), and so forth.

³ For example, in anticipation of the dramatic growth of second level domains available for resale by successful gTLD applicants, the Draft Application Guidebook, could require all successful gTLD applicants implement intellectual property protection system that would allow trademark holders to preempt registration of infringing second level domains.

before it can take place.⁴ Alternatively, monitoring and enforcement costs will increase dramatically. In either case, trademark holders will be forced to engage in an expensive and laborious undertaking that is particularly disadvantageous in the current economic climate. To that end, the Organisation for Economic Co-operation and Development (“OECD”) has stated: “[t]he strongest argument for not creating new domain names is the cost to business users of defensive registrations.”⁵

B. Protection of Consumers

ICANN should be wary of the impact the proposed gTLD program could have on consumers. The expected rapid increase in gTLDs is prone to generate both unintentional consumer confusion and attractive opportunities for cyber crime. First, an influx of new gTLDs may increase the chances of consumer confusion when searching for the source of genuine products and services on the Internet. Common company names such as United will be no less liable to cause confusion simply because one such entity has the opportunity to acquire the .united gTLD. Consumers will still have to specifically investigate such a domain to determine whether it is an airline, parcel delivery service, health care provider, or any other line of business.⁶ Search engine results may be filled with intentionally and unintentionally misleading information as a result of the initial introduction of 500 new gTLDs.

Furthermore, since many business registrations are likely to be defensive in nature, many new domains created as a result of this program may simply lie fallow or serve as re-directs to existing .com sites.⁷ This could have the consequence of confusing some consumers while further perpetuating the common perception that all reputable commerce is conducted on .com domains. The result will not be the innovation ICANN seeks to achieve through the new gTLD program but instead a replication of the present domain name space.

⁴ According to the study conducted by Summit Strategies International on behalf of ICANN, this appears to have been the case for other recently introduced gTLDs. In fact, 41% of survey respondents indicated that their registration was defensive in nature, including 61% of .museum and 52% of .biz registrants. See Summit Strategies International, *Evaluation of the New gTLDs: Policy and Legal Issues*, p. 100 (July 10, 2004), available at: <http://www.icann.org/en/tlds/new-gtld-eval-31aug04.pdf> (“Summit Strategies”).

⁵ OECD, *Generic Top Level Domain Names: Market Development and Allocation Issues*, p. 34 (July 13, 2004), available at: <http://www.oecd.org/dataoecd/56/34/32996948.pdf>.

⁶ Even if every company with a common name, such as United, were to instead acquire more specific gTLDs, such as .unitedairlines or .unitedhealthcare, consumers could still be confused if a third party acquired a .united gTLD and issued second level domains such as www.airline.united and www.health.united.

⁷ This has apparently been the case for recently introduced gTLDs such as .info (30.46% of responding sites were redirects while 29.95% of responding sites were active), .biz (27.87% redirects and 28.42% active), and .museum (37.23% redirects and 25.53% active). See Summit Strategies at 101-02.

Beyond such unintentional consumer confusion, certain marginal entities, such as gambling and pornography website operators, may seize upon short term profit opportunities by registering gTLDs (or second level domains from other gTLD owners) that free-ride on existing popular names in order to draw traffic. This was a common practice in the early days of the commercial Internet that has recently reemerged in the growth of domain name “tasting” and “kiting” schemes that will likely grow swiftly given the plethora of new domains that may be available. This concern is further exacerbated by the likelihood that growth of domains will exceed the ability of the existing dispute resolution system to deter such activity. Throughout this process, consumers may be misled into visiting web sites that they find objectionable, which could erode consumer confidence in the affected brand and in the Internet as a safe place to engage in commerce and seek entertainment.

Most troubling is the potential for an increase in cyber crime. Criminals may take advantage of the confusion arising from the proliferation of available domains to facilitate spoofing and phishing schemes. This threat is not limited to the scenario of criminals directly applying for gTLDs associated with attractive commercial brands. We are hopeful that ICANN intends to scrutinize gTLD applications in a manner that will generally preempt such actions, although the current Draft Application Guidebook does not make provision for background reviews of gTLD applicants. Most likely, the threat is posed by the proposed plan’s insufficient tools for regulating the owners of new gTLDs after the domains have been awarded. We are particularly concerned that some applicants may be ill-equipped to assume the extensive responsibilities associated with operating a registry. For example, there is little structure in place to control the second level domain registrations allowed by an entity that acquires the .bank gTLD. This could be a prime target for criminals seeking to steal money and/or identities by spoofing the web sites of well-known financial institutions, and the current UDRP system would be ill-equipped to manage such increased fraudulent activities.

C. Assumption of Governmental Powers and Responsibilities

Recommendations 3⁸ and 6⁹ of the GNSO Council Report include a troubling assumption of powers and responsibilities normally reserved to governmental institutions. The Chamber is concerned that attempts to implement these recommendations may mire ICANN in disputes that are far removed from its areas of expertise and/or accepted authority. Such potentially divisive issues of morality and public policy are best left in the hands of governments, as was expressly recognized in Principle 49 of the World Summit on the Information Society (“WSIS”) Declaration of Principles.¹⁰ Unnecessary involvement of ICANN in such matters presents a dangerous risk of damaging the credibility of the organization in the eyes of many governmental institutions and the general public. This, in turn, could undermine the existing consensus for private sector-led management of the Internet.

II. Recommended Changes to the Proposed gTLD Program

Based upon the concerns discussed above, the Chamber recommends the following changes to the proposed gTLD program:

⁸ “Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law. Examples of these legal rights that are internationally recognized include, but are not limited to, rights defined in the Paris Convention for the Protection of Industry Property (in particular trademark rights), the Universal Declaration of Human Rights (UDHR) and the International Covenant on Civil and Political Rights (ICCPR) (in particular freedom of expression rights).” GNSO Council Report.

⁹ “Strings must not be contrary to generally accepted legal norms relating to morality and public order that are recognized under international principles of law. Examples of such principles of law include, but are not limited to, the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the International Convention on the Elimination of All Forms of Racial Discrimination, intellectual property treaties administered by the World Intellectual Property Organisation (WIPO) and the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).” *Id.*

¹⁰ See WSIS, *Declaration of Principles* (December 12, 2003), available at: <http://www.itu.int/wsis/docs/geneva/official/dop.html> (“Policy authority for Internet-related public policy issues is the sovereign right of States. They have rights and responsibilities for international Internet-related public policy issues”).

A. *Withhold Implementation for Further Study*

The Chamber believes that ICANN should suspend implementation of the proposed gTLD program for further study in order to determine:

- (1) whether there is concrete need for such broad expansion of gTLDs that counterbalances all of the consequences and costs for business, consumers, and the stability and security of the Internet;
- (2) if so, whether this is the appropriate time for gTLD expansion;
- (3) if so, whether this initiative is consistent with the mission of ICANN; and
- (4) if so, whether all necessary safeguards and procedures have been put into place to protect all stakeholders.¹¹

The results of implementing other recent gTLDs very much calls into question the value of substantial expansion of gTLDs. Domains such as .info and .biz have not substantially alleviated registration pressure on the .com domain. Moreover, in the current economic climate many businesses should not be required, or do not have the resources, to expend additional funds on domain acquisition or domain monitoring and trademark enforcement, especially if many of the acquisitions will be solely for name and brand defense purposes that would not be necessary otherwise.

As noted above, there are certain aspects of the proposed gTLD program that could implicate ICANN in moral and political conflicts that are outside its primary mission and area of expertise. Such overreaching could harm the position of ICANN in the perception of important governmental institutions and the general public. Moreover, as a non-profit organization established under U.S. law, it is not entirely clear how ICANN's charitable purpose is best advanced by participating in a vast expansion of gTLDs and the significant revenue streams that would result.

Should ICANN decide to adhere to its current gTLD application schedule despite these concerns, we would caution it to approve a limited number of applications from the initial pool of requests and then postpone subsequent application review until the effects of the first wave of new gTLDs can be carefully assessed. This would allow all interested parties to examine the actual resulting business and cultural developments in order to determine whether the desired effects were achieved and compare those benefits to any negative consequences that arise.

¹¹ We note that in October 2006, the ICANN Board directed the ICANN CEO to commission a comprehensive economic study on the domain name registration marketplace. See ICANN, *Special Meeting of the Board – Minutes* (October 18, 2006), available at: <http://www.icann.org/en/minutes/minutes-18oct06.htm>. Such a study could shed light on how best to structure a new gTLD roll-out to maximize positive effects on competition while avoiding unintended negative consequences. Unfortunately, it does not appear that such a study was undertaken. It should be launched as soon as possible and its results fed into the decision-making process on new gTLDs.

B. Intellectual Property Registry

It is highly implausible that the existing dispute resolution system will be able to handle the creation of thousands, perhaps millions, of potentially trademark-infringing domain registrations. The costs to trademark holders of defensively registering every possible infringing string would be prohibitive. Therefore the Chamber recommends that ICANN create a no-cost (or low-cost) registry of protected intellectual property, which would apply both to applicants of new gTLDs and to the second level domains made available by successful gTLD applicants. This intellectual property registry would then be used to screen out applications that would infringe upon the registered trademarks and prevent trademark owners from having to defensively register trademarks in each new gTLD.

Trademark owners should have a reasonable opportunity to place their protected trademarks into this registry by meeting certain objective criteria. The criteria may include proof of properly registered national trademarks in at least three of the five ICANN geographic regions and evidence that the trademark has historically been subject to cyber squatting.¹² If an applicant wishes to use a name it must obtain the consent of the trademark owner. If the trademark owner does not grant such consent, the applicant could be given an opportunity to seek arbitration at its expense through a DSRP.

This solution would accomplish several important goals. First, it would alleviate the costs of widespread defensive registrations, monitoring, and enforcement by trademark holders. Second, this registry would substantially limit disputes to prospective applicants who have an actual business justification for pursuing their desired domain and effectively reduce the caseload for the DRSPs. Third, this solution still provides an opportunity for applicants with genuine and innovative offerings to secure appropriate domains. Fourth, requiring all successful gTLD applicants to adopt a meaningful intellectual property registry for second level domains would best address the threat of free riding by unscrupulous entities and criminal spoofing/phishing scams because these entities are unlikely to successfully apply for a gTLD.

¹² This could be demonstrated by successful arbitration rulings or other proceedings brought in relevant national courts.

C. *String Review*

The use of pure visual algorithmic review of strings for identifying potentially infringing or conflicting with existing or other proposed TLDs is not sufficient to protect intellectual property owners or consumers. Both gray market free riders and cyber criminals have been known to take advantage of phonetically similar domains in order to confuse and mislead consumers. Therefore, the Chamber recommends that ICANN implement manual review of all proposed strings in order to ensure that they do not bear excessive visual or auditory similarities to protected names and brands. Such a review would require the expansion of the scope of the initial evaluation to include a review for potential trademark infringement.

D. *Robust WHOIS Databases*

The ability to quickly and accurately identify the owners and operators of web sites is a critical element in the protection of intellectual property interests and the deterrence of cyber crime. Thus, the Chamber recommends that ICANN require that all gTLD applicants make a commitment to participate in an open and transparent WHOIS database with full contact information on domain name registrants and their administrative and technical agents. In addition, applicants should be required to maintain centralized WHOIS databases, enforce terms of service and WHOIS accuracy obligations on registrars and registrants, and make the true identity of domain name registrants known to brand holders, law enforcement agencies, and similar parties upon reasonable request even if proxy registrations are allowed. In addition to requesting such commitments, ICANN should thoroughly examine the historical practices of all applicants to determine how they have dealt with such issues in the past. Applicants unwilling to make such commitments or with a clear history of ignoring such principles should not be granted new gTLDs.

E. *Application Review Standards*

In order to deter fraud and misconduct on the part of entities that are awarded new gTLDs, the Chamber recommends that ICANN amend the Draft Application Guidebook to require background reviews of the gTLD applicants and their managers, officers, and directors. The Sponsoring Organization's Fitness Disclosure form used by ICANN in the past provides an excellent framework for such background reviews. In addition, the Chamber suggests that ICANN require new gTLD applicants to disclose any past adverse judgments or rulings regarding cyber squatting or other abuses against the intellectual property rights of others.

F. Dispute Resolution

Despite all of the suggestions discussed above, some increase in domain name disputes will be inevitable if new gTLDs are created. Hence, the Chamber recommends the following changes to the proposed program in order to deter malicious activity and preserve consumer confidence.

The Role of DRSPs Should be Revised

We recommend that ICANN revise the role that DRSP rulings can play regarding gTLD strings alleged to infringe legal rights. At the moment, the Draft Application Guidebook designates such rulings as “expert determinations” to be considered by ICANN as a “factor” in evaluating gTLD applications.[1] This raises significant concerns. Anything less than binding effect undercuts DRSPs as viable avenues for seeking redress of claims. At the same time, ICANN must recognize that parties with legitimate intellectual property rights must have access to a court of competent jurisdiction to pursue remedies when their rights are not properly addressed. While these issues are complex, it is clear that further work is needed in this area.

Recovery of Attorney Fees and Litigation Expenses

Finally, the Chamber recommends that ICANN provide for the recovery of attorney fees and litigation costs by the prevailing party at the conclusion of a DRSP proceeding. The current Draft Application Guidebook provides only for the recovery of some filing fees by the prevailing party. The Chamber believes that intellectual property owners should not experience financial burdens simply for protecting their legally recognized property interests. Otherwise, prominent brand holders may face extraordinary financial burdens to protect themselves from potentially thousands of infringing domain registrations.

III. Conclusion

In conclusion, the Chamber strongly urges ICANN to reconsider the necessity and timing for the introduction of new gTLDs. The proposal creates substantial risks to intellectual property owners and consumers, as well as the mission of ICANN itself, without generating commensurate countervailing benefits. If ICANN still finds the case for new gTLDs compelling, then the Chamber respectfully recommends that the current plan be amended to provide greater protections for intellectual property owners and consumers in this delicate economic time.

The Chamber looks forward to working with ICANN to support competition, innovation, and choice in the domain-name marketplace, and appreciates this opportunity to comment on the Draft Application Guidebook and gTLD Program and hope that ICANN will carefully consider the points raised above in light of the important impact its proposals will have on Internet commerce.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with the first name "R." and last name "Josten" clearly legible.

R. Bruce Josten