AT&T Comments on ICANN Implementation Recommendation Team (IRT) Preliminary Recommendation for an IP Clearinghouse, A Globally Protected Marks List, and Other Top and Second-Level Right Protection Mechanisms
May 22, 2009

AT&T appreciates the IRT's efforts to implement the Board's resolution to develop possible solutions to avoid the potential risks and costs to rights holders attendant on ICANN's planned introduction of new gTLDs. Trademark protection is one of four overarching issues that ICANN has acknowledged must be resolved prior to any introduction of new gTLDs. All four issues must be considered holistically, and all must be resolved before any new gTLD is introduced. ICANN nevertheless issued a second draft Applicant Guidebook (DAG2) without fully taking into account the comments on each of the overarching issues, including trademark protection, in connection with the first draft Guidebook (DAG1). Moreover, as AT&T indicated in its comments, we have broader concerns about trademark infringement as just one type of end-user confusion and as a source of fraud and abuse. For these reason, AT&T reiterates its position that ICANN should immediately suspend further development of the Applicant Guidebook and avoid creating any expectation that it would be feasible to move forward with a new gTLD application process until these issues are resolved.

I. ICANN Must Continue to Obtain Community Input and Develop Trademark Protections Beyond the Abbreviated IRT Process

With respect to trademark protection, ICANN has assigned the extensive comments from numerous parties on the need for trademark protection safeguards in connection with both guidebooks to an ancillary "proceeding within a proceeding" with an extremely limited time frame. As the IRT itself acknowledged, its mandate was broad, its time frame was tight, and it was not possible for the IRT to extensively consider and work on each proposal submitted by interested parties in connection with DAG1 and DAG2. Moreover, ICANN established concurrent May 24 deadlines for the IRT's final report and for public comments to the IRT's preliminary report, thus making it very difficult for the IRT to consider and respond to rights holders and other interested parties and incorporate those comments into its final report. While the IRT did permit a limited interim "comment" opportunity by a small number of parties who submitted detailed proposals in their prior submissions, those parties were required to digest the preliminary report and reduce all questions and comments to a mere two pages within 12 days of the preliminary report's issuance.

While ICANN has taken a positive step by initiating a process to undertake the development of a range of solutions for trademark safeguards that build on and draw from the solutions submitted during the public comment process, the IRT process and especially its time frames have created serious barriers to the development of robust solutions that will take all submissions fully into account. The extremely limited timeframes that were established by the Board for the work of the IRT made it very

difficult for full consideration of all solutions that were submitted. It is impossible to tell whether the IRT had access to all needed resources and information in order to complete its preliminary proposals. Further, stakeholders have no assurance that the final IRT proposals, submitted concurrently with stakeholder comments on the interim proposals, will in any way resemble those interim proposals. This makes it even more important that ICANN be open to considering solutions that were neither considered nor embraced by the IRT, and to allow sufficient time to allow the work in these areas to continue. ICANN must avoid both the appearance and the existence of a rush to judgment before serious policy considerations are thoroughly vetted by the community.

II. AT&T Supports Many of the Proposals in the IRT's Preliminary Report

The ICANN Board of Directors recognized, appropriately, that consumer confusion and trademark protection are among the key threshold issues in the introduction of new gTLDs. To this end, ICANN created the IRT to facilitate the development of robust and meaningful trademark protection mechanisms, drawing on the contributions submitted during the public comment process on the new gTLD. Experience confirms what common sense should dictate: preventative safeguards are far less expensive, and far more effective, than after-the-fact remedial measures. In general, AT&T believes that the IRT's preliminary recommendations focus on these *ex ante* safeguards to address trademark infringement issues in the application and registration process for new gTLDs and in the creation of new gTLD registries.

Proposal: The IP Clearinghouse (IPC)

AT&T supports the IRT's recommendation that ICANN create an IP Clearinghouse to support any new gTLD registries in operating cost-effective rights protection mechanisms of all kinds that do not place a heavy financial or administrative burden on trademark owners. AT&T believes that further discussion should ensue to ensure that initial accreditation fees, and any ongoing fees, are cost-based, and that any out-sourced functions are bid competitively to neutral third parties who must adhere to specific standards established and overseen by ICANN. AT&T also recognizes that there may be efficiencies from centralizing the operation of services like the IP Clearinghouse in order to limit the possibility of error and disparate or unequal quality of services. However, ICANN will need to demonstrate neutrality and transparency in the development of criteria for the IP Clearinghouse and the bidding process, as well as ensure contractual safeguards to ensure that ICANN will, and can suitably enforce the operational criteria. Because all of these changes and processes would be the direct result of ICANN's decision to undertake a new gTLD launch, ICANN must ultimately remain both responsible and accountable for the provision of any IPC services at cost-based rates, notwithstanding any attempts to outsource those services.

Proposal: The Globally Protected Marks List (GPML)

Permitting the unfettered registration of new gTLDs that infringe on global brands is a recipe for protracted disputes, user confusion and increased business costs. AT&T and many other enterprises, whatever their status and domiciliary, have long operated globally. Many other enterprises, and an increasing number in the developing world, are expanding their reach to global markets. In the case of established global brands, much money and time has been spent to register and maintain trademarks and service marks, as well as to secure, maintain, and protect other forms of intellectual property. As AT&T and others demonstrated in their comments, global companies also are being forced to pay for thousands of defensive registrations to protect their brands and are prime targets for those who want to confuse end users and engage in fraud and abuse. It is critical to the world's economic recovery that today's global brands not be forced to assume unnecessary burdens and expenses in connection with protecting against consumer exploitation through increased exploitation of registration of names in vast numbers of new gTLDs, thus increasing both the cost of consumer protection and brand protection.

AT&T has advocated the establishment of a reserve list of global brands top level names for all new gTLD registries based on clearly defined, objective criteria, together with contract terms in registry agreements that require all new string applicants to adopt and adhere to this list in order to minimize disputes between new registry applicants and global brand holders. To the extent a new registry applicant pursues registration of a name on the reserved list, a dispute procedure should be provided, with the cost borne by the registry applicant.

The IRT, in recognition of AT&T and others' similar proposals, proposed a GPML that, while not identical to AT&T's initial proposal, is nevertheless a good start. AT&T initially had concerns about the threshold eligibility criteria proposed by the IRT for the GPML, and expressed those concerns with the IRT in the course of its May 11, 2009 workshop in San Francisco. While AT&T meets the proposed threshold requirements, we sought assurance that the threshold requirements were thoughtfully calibrated to ensure balance and fairness, as well as practical utility, and sought to explore that concern with the IRT. We were initially satisfied that the GPML eligibility criteria set forth in the IRT preliminary report is fair and balanced. To the extent that in its final report the IRT changes essential aspects of its preliminary recommendation, such as the extent of the list of words associated with the GPML at the top and second levels, AT&T would have significant concerns.

Proposal: Top Level Protections

AT&T received helpful clarification from the IRT during its May 11, 2009 workshop on the reasoning behind its specific proposals in this area. The application safeguard of string confusion review is especially important. Automatic opposition status should be given to applications for TLD strings that correspond to or are confusingly similar to recognized global brands that have not yet been added to the reserve list or have otherwise been identified after the initial application screening. AT&T also

supports the proposal to create a Watch Service. AT&T observes that any such services should be reasonable, cost-based, subject to competitive bid or open to competitive provision and, for the reasons stated above, subject to provision by ICANN as a provider of last resort. These services are currently available as competitive offerings and should remain as such.

Proposal: Second Level Protections

The global brand reserve list can and should serve as an effective backstop to prevent third party registration of infringing or confusingly similar strings at the second-level. A name should not be released for registration at the second level by anyone other than the legitimate rights holder. All new gTLD registries must be required by contractual terms to proactively prohibit all reserved names, and if the list is extended to geographical names of countries, such names should also be proactively prohibited at registration. The IRT's proposal is generally consistent with this approach, and therefore AT&T supports this proposal to that extent (including reasonable procedures for applicants to overcome a blocked application under certain defined circumstances).

ICANN should also revise the dispute process at the second level to mandate a standard sunrise process which should apply to all registries. The central reserve list of global brands established by ICANN at the top level should also be used to establish eligibility for such second level domain sunrise priority rights, but sunrise protection cannot be limited to such names for trademark holders. The IRT's proposal with respect to a standard sunrise process represents "a floor, not a ceiling," and the proposed eligibility requirements do not preclude registries from adopting more stringent criteria. AT&T believes that a standard sunrise process across multiple registries will help to reduce costs, confusion, uncertainty, and error, and make it easier for ICANN to hold registries accountable to a standard set of practices.

Proposal: Draft Uniform Rapid Suspension System (URS), Post-Delegation Mechanisms

AT&T has long advocated that reasonably priced, standardized dispute resolution mechanisms must be available throughout the gTLD launch cycle to resolve conflicts about initial second level registrations or between prospective registrants at the second level. To this end, we urged that the Uniform Dispute Resolution Process (UDRP) should be reviewed and enhanced as appropriate to respond to any expansion of the TLD space. In turn, we demonstrated that ICANN should assure that all new registry agreements should ensure that registrars are obligated to adopt, implement and enforce all UDRP enhancements. Importantly, no ICANN-sponsored dispute resolution process should operate to preclude resort to legal processes provided under applicable law, and therefore all operative documents must provide that participation in any ICANN registration or dispute resolution process at any DNS level does not foreclose any avenues for rights holders to vindicate their rights in any available forum.

The IRT's URS proposal appears designed to take these concerns into account. Of course, many of the forms and exhibits included in this section of the IRT report were

blank, and have yet to be developed, which precludes the ability of stakeholders to fully comment on them. Nevertheless, AT&T believes that the proposed URS outlines the essential underpinnings of a reasonably priced, standardized dispute resolution mechanism. AT&T looks forward to working with the IRT and ICANN as the details of this proposal continue to be fleshed out. Moreover, AT&T supports any type of feasible post-delegation dispute mechanism that will operate to hold abusive registrar or registry actions accountable, and we oppose relaxing any standards governing the separation of registries and registrars.

Proposal: Thick WHOIS

DAG 2 fails to impose affirmative obligation on registrants to maintain open, publicly accessible, free and accurate WHOIS data. ICANN proposed to give extra 'points' to an applicant who did propose thick WHOIS, but failed to mandate thick WHOIS in all cases, which, in our view, is unacceptable. During the application process, part of the technical and business evaluation should include addressing the applicant's commitment to maintaining and enforcing WHOIS requirements, with a focus on standard and accurate information. All registries should be required to maintain centralized "thick" WHOIS data as part of the standard registry contract; and all registrant agreements must include the acceptance of that requirement. To this end, ICANN should ensure that the terms and conditions included in all Registry and Registrar agreements assure the maintenance of accurate, publicly accessible, and thick WHOIS data; appropriate standards for proxy registration services (including appropriate mechanisms to identify the actual registrant and obtain access to contact information), and that these mechanisms are enforceable throughout the contract hierarchy.

The IRT draft report states that the provision of WHOIS information at the registry level under the Thick WHOIS model is essential to the cost-effective protection of consumers and intellectual property owners, and recommends that ICANN amend DAG2 to include an obligation that all registry operators for new gTLDs must provide registry-level WHOIS under the Thick WHOIS model currently in place in the .info and .biz registries. IRT further recommends that ICANN immediately "begin to explore" the establishment of a central, universal WHOIS database to be maintained by ICANN. For the reasons stated above, AT&T wholeheartedly endorses both recommendations.

Prioritizing Proposals that were not Fully Considered by the IRT

The IRT acknowledges that it was not able to consider every trademark protection proposal given its time constraints, but that it was able to identify a number of proposals that it believed warrant "further consideration." AT&T agrees that other proposals merit further consideration, and suggests that phased implementation and special status in the application process for "brand" type be given priority consideration.

III. ICANN also Must Address the Other Overarching Issues Related to the Launch of any New gTLDs

Trademark protection is but one of four overarching issues that ICANN must resolve before it launches any new gTLDs. With the growth of cyber crime and online fraud, ICANN needs to assert leadership in supporting the availability of the essential tools that allow law enforcement and other legitimate interests to identify both infringing registrations as well as registrations that are used for malicious purposes, such as identity theft, malware, phishing, etc. Along with trademark protections and malicious conduct, security and stability concerns remain threshold issues that must be thoroughly analyzed and addressed before any future versions of the guidebook are released. Finally, but perhaps most fundamentally, ICANN must complete a suitably detailed market and economic analysis in order to address the long-outstanding questions identified in the ICANN October 2006 Board resolution. AT&T submitted extensive comments and commissioned an external economic analysis on ICANN's preliminary draft reports earlier this year; those submissions must be considered in conjunction with these IRT comments, as well as AT&T's prior comments to DAG1 and DAG2.

AT&T will not repeat the extensive comments, suggestions and proposals it has made with respect to each of these over arching areas, but will instead provide examples of how aspects of each of these areas issues are interrelated to trademark protection, and thus illustrate that trademark protection cannot be considered in a vacuum.

Holistic consideration of trademark protection along with malicious conduct is especially warranted because there is an evident correlation between inadequate trademark protections and the proliferation of fraud and abuse on the Internet. Further, abuses are not limited to trademarked names. Because the abusive exploitation of the DNS at the second level is well documented in various ICANN sponsored workshops, including most recently in the Mexico City workshop on e-crime, AT&T suggests that ICANN adopt a process similar to the IRT (but with more reasonable comment periods) to consider proactive mechanisms to address abusive use of domains by those who would seek to commit online fraud, phishing and other cyber crimes through the misuse or abusive use of a unique indictor, such as a domain name. The group should also address how abusive use of a unique indicator, such as a domain name, will be addressed when new mechanisms for abuse of the use of domain names and other unique indicators emerge.

With respect to the issue of stability and security as it relates to trademark protection, ICANN should develop a protocol associated with "brand associated" registries; specifically, procedures that describe how strings that serve as brands or trade names are addressed in the context of registry transfer or closure. Such registries, when operated as a direct linked service to a brand name, cannot be summarily transferred away from a brand holder. ICANN should undertake an effective process to determine what modifications are needed to address this category of potential registries, including how registrar services will be managed, what contractual changes would be needed, and whether there would be limitations on purpose and marketing scope for these registries so that they do not unfairly compete with 'open' and general purpose gTLDs. Such

registries could logically become a sub-category of sponsored gTLDs, with specialized conditions and parameters.

Finally, and must fundamentally, it is imperative that the ICANN Board provide the resources and leadership that will enable ICANN staff to undertake a validated, thorough market and economic analysis, to include an analysis of domain name growth characteristics in all gTLDs, sponsored gTLDs, as well as the fastest growing country codes. As demonstrated in AT&T's filed analysis of the Carlton draft economic papers, there are significant costs to global brand holders who must engage in large numbers of defensive registrations, and often in fact, have to recover large numbers of second level names that have been abusively registered by a non affiliated party. It is reasonable to expect that the costs of monitoring domain names that are both exact matches and confusingly similar to brand names, engaging in other forms of brand protection, such as defensively registering and undertaking other forms of brand protection across multiple new TLDs will be burdensome in both resources and financial costs. This makes it clear that, at a minimum, that ICANN should establish price caps for registration fees in connection with all new gTLDs, while at the same time maintaining existing price caps for legacy registries.

IV. Conclusion: It is Inconsistent with the Public Interest and ICANN's Accountability to its Global Stakeholders to Move Forward with New gTLDs until all Threshold Issues are Resolved

By supporting the IRT preliminary recommendations, AT&T is not endorsing the launch of new gTLDs subject to the implementation of those recommendations. Moreover, AT&T's support is confined to the specific proposals contained in the April 24 Preliminary Report, and AT&T reserves its right to thoroughly review and comment on any changes or variants to those proposals that may appear in the IRT's Final May 24, 2009 Report. As AT&T has stated before, and notwithstanding the interim or final IRT Reports, ICANN should immediately suspend further development of the Applicant Guidebook and avoid creating any expectation that it would be feasible to move forward with a new gTLD application process before these issues are resolved.

Fundamentally, all four overarching issues must be thoroughly analyzed, and solutions developed and implemented, and the timeline adjusted accordingly (as ICANN itself recognizes) before any new gTLDs are introduced. As AT&T's comments have demonstrated, ICANN still has considerable work to accomplish before it can proceed with launching large numbers of new gTLDs and the attendant potential for massive Internet ecosystem disruption. The available evidence indicates that ICANN should, at a minimum, have serious doubts about whether to move forward the way it proposes.