



Litigation Department

19 November 2009

To: ICANN (gtld-guide@icann.org)

**Re: Comments on the New GTLD Program and Process: Version 3 of the Draft Application Guidebook**

Dear Mr. Beckstrom, Mr. Dengate-Thrush and the ICANN Board of Directors:

The BBC, and our commercial subsidiary, and BBC Worldwide Limited, appreciate the opportunity to submit these comments in connection with Version 3 of the Draft Application Guidebook ("DAG3").

We are aware that ICANN has indicated that the DAG3 would not contain the vast majority of rights protection mechanisms ("RPMs") that were developed and recommended by the Implementation Recommendation Team ("IRT"). In particular, we are extremely disappointed that ICANN has decided to reject the IRT's proposal to adopt a Globally Protected Marks List (GPML). Although, as was clear from our submissions on the IRT's report (6 July 2009), we regarded the GPML as an imperfect mechanism for the protection of famous trade marks, it did nevertheless provide some comfort to the owners of famous brands that their rights might be protectable under ICANN's new regime.

This position is of significant concern to us. However, we also recognize that the ICANN Board has requested that the GNSO review and evaluate (on an expedited basis) several of the recommendations contained in the IRT Report. We look forward to reviewing the recommendations of the GNSO with respect to these important RPMs that are described in the IRT Report which, while imperfect, nevertheless do provide some basic safeguards for brand owners.

**Introduction**

ICANN staff previously outlined four (4) overarching issues that were raised during the first comment period. ICANN staff indicated that these issues needed to be properly addressed prior to moving forward with the introduction of new gTLDs. These overarching concerns were issues related to: (i) trademark protection, (ii) malicious conduct, (iii) economic demand and analysis, and (iv) the impact on security and stability of Root Zone Scaling. As set forth below, we believe that significant concerns remain with respect to these four overarching concerns and that there is still additional work to be done before ICANN can proceed with the introduction of new gTLDs.

**1. Trademark Protection:**

We appreciate that ICANN has stated that it recognises the importance of brand holder rights protection issues and has specifically acknowledged that it must protect brand holder's rights and prevent abusive registrations. We are also encouraged that ICANN has shown a commitment toward providing this protection to brand holders by recommending that all proposed registry agreements for new gTLDs be modified to reflect a requirement that they offer a "Thick Whois" service. As set forth in the IRT Report, Whois information at the registry level under the Thick Whois model is essential to the cost effective protection of consumers and intellectual property.

We are also pleased that ICANN has incorporated a second RPM in the DAG3 that was recommended by the IRT. This is the specification of a trademark post-delegation dispute procedure ("PDDRP") that allows trademark holders to lodge complaints against new gTLD registries in certain cases. However, the PDDRP incorporated into the DAG3 deviates markedly from the PDDRP originally recommended by the IRT. Specifically, the PDDRP under the new ICANN version places the burden of policing and enforcement back on rights holders and requires that complaints be lodged and prosecuted not with ICANN, but with a relevant dispute resolution provider; thus allowing ICANN to relinquish any investigative or enforcement role. This falls short of the recommendation made by the IRT which required ICANN to investigate potential breaches of the Registry Agreement, and accept responsibility for deciding the appropriate remedy for an infringing registry. ICANN has already indicated that it will continue to pursue its contractual compliance activities and enforcement for all of its contracted parties. We therefore believe that ICANN should take a greater leadership role with respect to the investigation and enforcement of complaints in connection with the Trademark PDDRP.

We were, however, extremely concerned that the GPML was dropped from the DAG3 and ask that ICANN reconsider its position on this proposal. We continue to believe that this RPM is critical for protecting consumers from abuse and would serve a positive function by significantly reducing the need for defensive registrations. We are looking forward to reviewing any additional input from the GNSO on this and hope that the GPML will ultimately be incorporated into a future version of the DAG.

## **2. Malicious Conduct:**

As we indicated in our previous comments to DAG1 and DAG2, we firmly believe that malicious conduct and brand abuse will likely increase upon the introduction of hundreds or thousands of new gTLDs.

As set forth in the RISG Statement on New gTLDs:

"A TLD may become more of a target for criminals once it becomes accepted by and known to end-users. Criminals also tend to migrate from TLD to TLD (and registrar to registrar) over time. The criminals move on as the affected registries and registrars become aware of problems and implement mitigation procedures. This already happens in the 200+ TLDs already in existence, and among the hundreds of ICANN-accredited registrars. We assume this pattern will continue... New gTLDs have the potential to transform the organization of the DNS, and for this reason should be pursued in a cautious manner."

As set forth in our previous comments, domain name abuse problems are growing both in terms of number of incidents, and in the complexity and ingenuity of the attacks perpetrated. Consumers are the ultimate victims of these abuses and they suffer losses of their time, money and even health and safety. Although ICANN has identified a number of measures it will implement to mitigate malicious conduct with respect to the new gTLDs, it has not yet identified the types of malicious conduct that these measures are intended to affect.

We believe that additional work is necessary to ensure that risk areas are identified and specific solutions are implemented to address malicious conduct. We encourage ICANN to pursue the course of forming a working group "combining members within the security industry and ICANN community to help develop and assess solutions and specific implementations of proposed mitigation measures."

## **3. Economic Demand and Analysis:**

The introduction of new gTLDs could not come at a worse time for business owners. The international business community is facing a calamitous event in the form of a worldwide recession that is having a significant impact on the wallets of business owners. Although there are signs of a slow and positive turnaround, companies are still being forced to cut budgets and continue layoffs. Stated simply, companies simply do not have the internal funds or human resources to cover the application costs and ongoing operations of a new TLD program or even in some cases to object to third party applications. Currently, there is no adequate economic analysis of what the true impact of new gTLDs will have not only on registries and registrars, but also on individuals and businesses. Given that billions of dollars of eCommerce are transacted over the Internet, ICANN should move forward with a more comprehensive study regarding these potential costs.

We recognise that an economic study was commissioned by ICANN and posted on March 4, 2009 that studied the effect of the introduction of new gTLDs on competition and price. This study however did not evaluate the global demand for these gTLDs nor the economic impact on registrants for these new gTLDs, particularly in light of this global recession. In previous comments, Mark Monitor has requested that an additional study be commissioned to evaluate the actual demand by individuals and businesses for new gTLDs and recommended that ICANN take a phased approach to this introduction. Given the results of the Root Scaling Study as discussed in Section 4 herein, this phased approach seems to be prudent at this time. A request for further study is also supported by the comments made by the Government Advisory Committee ("GAC") in its missive dated August 18, 2009 to Mr. Dengate-Thrush, Chairman of the Board of ICANN regarding the DAG2. In that letter the GAC stated:

"The GAC notes that the economic reports commissioned by ICANN have failed to distinguish adequately between real demand and derived demand arising from widespread concern in the business community about the multiplication of the opportunity for cybersquatting, fraud and malicious conduct generally...However, the GAC believes that there is an urgent need for separate empirical research to be undertaken regarding the cost of defensive registrations and the impact on consumers of the availability of new gTLDs."

We believe that a study that evaluates actual demand versus derived demand would be more appropriate given that it might suggest that ICANN launch a controlled TLD program which is targeted first to IDNs or geographic based TLDs that are supported by significant community demand.

## **4. Impact on Security and Stability of Root Zone Scaling:**

The recent report submitted by the Root Scaling Team ("Scaling Report"), indicates that:

"Adding new TLDs, IDNs, and IPv6 addresses would also increase the size of the root zone; adding IPv6 addresses would in addition increase the size of the priming response. With aggressive re-planning (some of which is already underway), the system is capable of managing the risks associated with adding either (a) DNSSEC or (b) new TLDs, IDN's, and IPv6 addresses over a period of 12-24 months—but not both. **If a choice must be made, DNSSEC should come first.**"

The Scaling Report seems to suggest that there are significant risks attendant to increasing the size of the root without first deploying DNSSEC. This is a recurring comment that has been made over the course of the last several comment periods by a number of commentators. It would therefore appear to be prudent for ICANN to slow the process of increasing the size of the root with the introduction of new gTLDs until it has deployed DNSSEC and introduced ccTLD IDNs and IPv6.

## Conclusion

There is deep concern with respect to the fate of the RPMs recommended by the IRT, and we therefore urge ICANN to incorporate further RPM policy changes in the next version of the DAG as recommended by the IRT. While we are pleased that ICANN has recommended the implementation of the Thick Whois model for all registries of new gTLDs, there are a number of issues that remain in connection with the four overarching issues referred to above which, if left unresolved, would pose significant consumer health and safety risks. We therefore look to ICANN and the general community to work these issues toward a positive and effective resolution.

In addition, we make the following specific comments on the following sections of the DAG v3:

### Module 1

- Para 1.1.2.4: We note that the time limit for filing objections will not close until two weeks after the posting of the Initial Evaluation (IE) results however we are of the opinion that this time limit is too short. Whilst it does mean that one could hold off incurring the objection filing fee until it is clear that the application has been accepted by ICANN, nevertheless with only a two week window to file objectors will have to do all the work in preparing an objection in advance, only to find that an application may fail at the initial evaluation stage. This is likely to be a significant time and cost investment. In addition, since the two week window for objecting will close before the outcome of an Extended Evaluation (EE) is known there appears to be no opportunity to object to applications which fail the IE but are subsequently successful in the EE process.

The majority of trade mark jurisdictions allow for a period during which one can oppose a new trade mark application, largely on the basis of prior rights. These opposition periods generally run for a period of two to three months after the application has been accepted as fulfilling the requirements for registration. For example, the opposition period in the UK is now two months. ICANN should adopt a similar model to allow a reasonable period to object.

- Para 1.2.1 Eligibility: It is encouraging that ICANN proposes to exclude those shown to have a pattern of bad faith in regard to domain name registrations from operating a gTLD.
- Para 1.5.1 Refund of Evaluation Fee: It is proposed that having completed Dispute Resolution, Extended Evaluation or String Contention Resolution an unsuccessful applicant would be reimbursed 20% of the evaluation fee, or \$37,000. At least in the case of Dispute Resolution, this seems unreasonable. Whilst it may be reasonable to refund some of the application fee if the applicant decides to withdraw at the outset of objection proceedings, there will be less incentive to take such an approach if the applicant knows that they will recover this sum whatever the outcome of the dispute resolution.

### Module 3


- Para 3.2.1 Separate objections: In the event that there were two or more applications by a single applicant, to which a single objector would be objecting on the same grounds (for example the same trade mark rights) these should be the subject of a single objection. Further, in the event that a single objector has two different grounds to object to an application, for example legal rights and community grounds, this should also be the subject of a single objection not two separate objections being administered by different bodies and subject to two objection fees.
- Para 3.3.1: Objectors should be given a brief opportunity to rectify any errors where their objection does not comply with procedural rules.

- Para 3.3.3: ICANN suggests that negotiation/mediation is to be encouraged, but that time extensions to allow for this are to be discouraged and that, except in exceptional circumstances, parties must limit requests for time extensions to 30 days. Given that the applicant, objector and mediator could all be on different continents and time zones, and the overall importance of the outcome of the proceedings, limiting time extensions in this way will not encourage resolution in practice. Again, trade mark proceedings could be a useful model to follow, where in many jurisdictions parties are encouraged to put the proceedings on hold in order to facilitate settlement.
- Para 3.3.5: Refers to the goal of “resolving disputes rapidly and at reasonable cost”. Cost is certainly an important factor. Given the major impact of a decision on any of these objections, particularly a legal rights objection, we do not believe that rapidity of resolution should take priority over ensuring that there has been a full and fair adjudication. The proposed time limits throughout the dispute resolution procedures are very short.

#### Module 4

- Para 4.1.1: We agree that ICANN should not approve applications for gTLDs that are identical or would result in user confusion. We note that ICANN's proposals for resolving string contentions are limited to community priority (comparative) evaluation or through an auction process. We believe that it is unfair to legal rights owners to be required to bid against third parties, to the financial benefit of ICANN and for which the owners will have already paid for trade mark registrations, possibly in many national trade mark registries, to prevent the same or a confusingly similar name being registered as a gTLD. While we appreciate that existing legal rights provide a ground for third party objection in the evaluation process, we consider that existing legal rights should also be taken into consideration when resolving string contention. Where there are legitimate competing rights, a more sophisticated mechanism should be adopted for allocating the relevant gTLD, which reflects the nature, breadth and longevity of those rights.
- Para 4.1.3 and 4.3: It is inevitable, given the national nature of trade mark rights, and the global nature of the internet, that conflicts will arise between competing brand owners in different jurisdictions. We consider it is naïve to suggest (as ICANN does) that applicants who are identified as being in contention can be encouraged to reach a settlement or agreement to resolve that contention, at least where trade mark rights, are concerned. The nature of a trade mark is to identify the source of origin of the goods or services offered under the mark and mitigates against such settlement or agreement being possible. It is highly unlikely that a brand owner would be prepared to share or relinquish control over its brand to a competing brand owner, either in the same industry in a different country or a different industry in the same or a different country. Ultimately, we do not consider it is possible to reconcile the conflict between national trade mark rights and the global nature of the internet. It is for this reason, amongst others, that we have opposed and maintain our opposition to ICANN's proposals.
- Para 4.2.3: We consider ICANN's self-appointed role of evaluating, as between competing Community applications, the preferred applicant, to be highly problematic. We are aware that problems of competing 'communities' are already arising in relation to .eco, .gay, .food and so on. An unsuccessful applicant, with an arguably equally legitimate right to a 'Community' application, will therefore be shut out from owning the relevant gTLD. We believe these problems will inevitably increase as the rollout of the new gTLDs moves forward

Yours sincerely,




Diane Hamer, Trade Mark Lawyer, on behalf of the British Broadcasting Corporation  
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