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Stephen Crocker
Chairman
ICANN
4676 Admiralty Way, Suite 330
Marina Del Ray, CA 90292

Dear Chairman Crocker:

In response to ICANN's request for public comment, The Prudential Insurance Company of America, its parent company and its and their subsidiaries and affiliates ("Prudential") writes to express its concern with ICANN's proposed introduction of "closed generic" top level domains ("TLDs") owned and operated by an industry player at the expense of competitors and others in the industry. Specifically, our concerns center on the impact of closed generic TLDs on the financial and insurance industries.

Individually, Prudential applied for three new gTLD strings – .pru, .prudential, and .pramerica – each of which is a registered trademark of Prudential. In addition, Prudential joined with others in the financial industry and collectively applied for the .insurance and .bank domains. Prudential is also a member of the American Council of Life Insurers ("ACLI") which applied for the .lifeinsurance string. Accordingly, Prudential's applications range from applications for its well-known brands to group and community applications for a generic industry terms. Notably, however, Prudential did not apply individually for a generic industry term to be owned and operated as a closed registry, but only in the context of a group of industry members.

The Internet has played an increasingly significant role in the financial industry. For example, scholars have noted the "Internet has had a profound effect on the financial service sector,

dramatically changing the cost and capabilities for marketing, distributing and servicing financial products and enabling new types of products and services to be developed.”¹ However, due to the nature of the business, the financial industry is “predestined to utilize new technologies but is also vulnerable to its effects.”² Consequently, Prudential strongly supports policies that create open, reliable, secure, and consumer-friendly venues for legitimate online transactions and fair competition.

Likewise, we are concerned about the anti-competitive impact that will be felt by members and consumers of the financial industries if ICANN permits an individual industry member to own and control generic industry terms to the exclusion of others in that industry.

Of the over 1900 applications filed, a majority fell into two groups that do not present this competitive concern: (1) closed brand name TLDs (e.g. .Pru, .Prudential, .Pramerica); and (2) generic TLDs which are either open³ or belong to a group, association or collection of industry members for the benefit of the industry and public.⁴ However, a competitive concern is clearly raised by another group of applications for generic industry terms with the stated goal of controlling those TLDs as closed registries and thereby securing an impermissible online monopoly on a source-identifying generic TLD.⁵

As a member of the financial industry, we believe the following applications raise significant concerns:

- Fidelity Brokerage Services, LLC (“Fidelity”) submitted applications for the .MUTUALFUNDS, and .RETIREMENT domains; and
- Progressive Casualty Insurance Company (“Progressive”) submitted an application for the .INSURANCE domain

Both Fidelity and Progressive stated their intent to administer these domains in a closed fashion.

¹ Eric K. Clemons and Lorin M. Hitt, *The Internet and the Future of Financial Services: Transparency, Differential Pricing and Disintermediation*, Univ. of Penn. Wharton School Center for Financial Institutions, Center for Financial Institutions Working Papers, 00-35 (Sept. 2000), available at <http://fic.wharton.upenn.edu/fic/papers/00/0035.pdf> (last visited Feb. 28, 2013).

² Hans-Dieter Zimmermann, “E-Commerce in the Finance Industry,” *hicss*, vol. 7, pp.7025, 34th Annual Hawaii International Conference on System Sciences (HICSS-34-2001), available at <http://www.computer.org/csdl/proceedings/hicss/2001/0981/07/09817025-abs.html> (last visited Feb. 28, 2013).

³ See Microsoft’s January 31, 2013 letter to ICANN found at <http://www.icann.org/en/news/public-comment/closed-generic-05feb13-en.htm>

⁴ See Property Casualty Insurers Association of America (PCI) Feb. 25, 2013 letter to ICANN found at <http://forum.icann.org/lists/comments-closed-generic-05feb13/pdfexkhNv74nR.pdf>

⁵ For example, we are aware of dozens of such applications for items and concepts as generic as .app, .cloud, .ira, .game, .mutualfunds, .search, and .video.

If these applications are granted, no one other than the applicant and its chosen designees will be able to register second-level domain names in that generic TLD, leaving the applicant free to exclude competitors and exploit the generic TLD for its sole benefit. Accordingly, we believe ICANN should decline these applications for generically-named gTLDs that are intended to be administered in a closed fashion, or at least require that they operate as open registries. To do otherwise would threaten the openness of the Internet and create mechanisms to thwart competition in these broad and historically innovative sectors.

The Property Casualty Insurers Association of America (PCI) Feb. 25, 2013 letter to ICANN provides a clear example to distinguish the applications at issue:

For example, control of hypothetical .WIDGET by the ABC Widget Company for its sole use would create an unfair competitive advantage. On the other hand, community-based control of .WIDGET by a widget manufacturers association, and open to any qualified widget industry company, would be appropriate. It would provide an opportunity to improve the safety and credibility of the .WIDGET TLD for consumers and the widget industry.

Issuance of generic gTLDs to applicants intending to control them as closed registries threatens to hamper competition and consumer choice, particularly where applicants seek gTLDs for generic terms in industries where they hold market share.⁶ If only one member of an industry is allowed to use the online designation matching a generic term, others in that industry are likely to suffer a competitive disadvantage in the online world.⁷ Such a result would cause difficulties for competitors as well as hardship for consumers, who might not realize what product the competitors are selling because the product does not carry its common name.

Traditional legal principles have long recognized that generic industry terms are not entitled to exclusive ownership because doing so hinders competition. The economic implications of and the need for competitors to use generic terms were well stated by Judge Richard Posner:

If a generic word could be trademarked by the producer of one brand of the product denoted by the word, and thus (upon proof of likely confusion) barred to use by producers of competing brands, the producer who trademarked it would have a competitive advantage that bore no relation to relative efficiency. Competitors would have difficulty informing consumers that they were competitors, because they would be unable, without elaborate and possibly confusing paraphrase, to give the name of the

⁶ See Retail Council of Canada's February 15, 2013 letter to ICANN found at <http://forum.icann.org/lists/comments-closed-generic-05feb13/pdfA0C6x33kRJ.pdf>

product they were selling. . . . The trademarking of generic terms would impose excessive costs of information on competitors and consumers and is therefore forbidden.

1-2 Gilson on Trademarks § 2.02 (citing *Door Sys. Inc. v. Pro-Line Door Sys. Inc.*, 83 F.3d 169, 38 U.S.P.Q.2d 1771 (7th Cir. 1996)). See also, e.g., Restatement (Third) of Unfair Competition § 15 cmt. a ("The recognition of trademark rights in generic designations could significantly impede competition in the market for the goods or services denominated by the generic term.").

This reference to traditional legal principles is appropriate and relevant under the present circumstances because, as many commentators are noting, "trademarks and domain names have become inextricably intertwined over the years." Dennis S. Pahl & Eric Null, *The New Generic Top-Level Domain Program: A New Era of Risk for Trademark Owners and the Internet*, 101 Trademark Rep. 1757, 1757 (Nov-Dec, 2011).

Domain names are increasingly functioning as source identifiers, i.e. as trademarks. This trend will accelerate with the launch of numerous new gTLDs. *Id.* ("As gTLDs become more numerous, it is probable that consumer perception will change, and at least some new gTLDs will be seen as source identifiers").

The view that domain names are mere addresses with no source identifying function is increasingly viewed as a relic of the past. See, e.g. *Image Online Design, Inc. v. ICANN*, Case No. CV 12-08968, at 17 (C.D. Cal. 2013) ("the USPTO has recognized that 'as the number of available TLDs is increased by [ICANN], or if the nature of new TLDs changes, the examining attorney must consider any potential source-indicating function of the TLD and introduce evidence as to the significance of the TLD.' It asserts that 'the function of TLDs as generally not being source indicating is a relic of an essentially exclusive '.com.'").

Indeed, several applicants for the new TLDs explicitly state and recognize the inherent source-identifying role of the TLD in their applications, including applicants for closed generic TLDs. For example, one of the applicants for the .app string emphasized the source identifying aspect of the proposed TLD, by stating:

"The proposed gTLD will clearly be differentiated from other gTLDs due to its purposefully limited scope. . . . and as a result Internet users will immediately know the source of the gTLD." (Charleston Road Registry application);

Thus, we believe the longstanding trademark law principles that prevent exclusive ownership and control of generic industry terms are fully applicable to closed TLDs involving generic industry terms.

For these reasons, we share the concerns of others that ICANN's delegation of closed generic TLDs for exclusive ownership and control by a single industry leader is contrary to the existing accepted legal norms for intellectual property rights and may have an anti-competitive effect that is contrary to ICANN's stated goals and policies.

Thank you for your continuing attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dorothy C. A. von Hollen', with a stylized flourish at the end.

Dorothy C. A. von Hollen