

December 12, 2008

Via E-Mail: [gtld-guide@icann.org](mailto:gtld-guide@icann.org)

Dr. Paul Twomey  
President and CEO  
Internet Corporation for Assigned Names and Numbers (ICANN)  
International Square  
1875 I (EYE) Street, NW, Suite 501  
Washington DC, 20006

Re: **Draft Applicant Guidebook for New Generic Top-level Domains  
("gTLDs")**

Dear Dr. Twomey:

The Securities Industry and Financial Markets Association ("SIFMA")<sup>1</sup> appreciates the opportunity to comment on The Draft Applicant Guidebook for New Generic Top-level Domain Names ("Draft Guidebook")<sup>2</sup> submitted on October 24, 2008 by the Internet Corporation for Assigned Names and Numbers ("ICANN").

As discussed in further detail below, while SIFMA understands and supports ICANN's policy goals, SIFMA firms believe that the negative consequences of issuing new generic top-level domains ("gTLDs") will far outweigh any potential benefits. These negative consequences include, but are not limited to, consumer confusion, domain name abuse, threatened Internet stability and security, trademark infringement, phishing and an overall devaluation of domains already in existence. Additionally, SIFMA believes that the implementation of an objection-based process for dispute resolution is an unsatisfactory mechanism to protect trademark holders.

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<sup>1</sup> The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

<sup>2</sup> Full Draft Applicant Guidebook available at <http://www.icann.org/en/topics/new-gtlds/draft-rfp-24oct08-en.pdf> ("Draft Guidebook").

Much greater safeguards are required to protect registrants, not only in the new gTLDs, but in existing gTLDs that would be affected.

SIFMA strongly opposes the proposed gTLD project as a whole. However, if ICANN insists on moving forward with its proposal, SIFMA urges ICANN to address the issues outlined below when revising and preparing the final Applicant Guidebook, which is scheduled to be released in 2009.

SIFMA's comment letter follows the Draft Guidebook's numbering system; however, we would like to raise two initial concerns. First, SIFMA disagrees with ICANN's stated purposes regarding the need for new gTLDs. Second, SIFMA would like to address Intellectual Property concerns raised by the Draft Guidebook. SIFMA would be pleased to discuss any or all of these issues further at your convenience.

#### **I. SIFMA Concerns Regarding ICANN's Purposes for New Generic Top-level Domains**

ICANN states that "one of its foundational principles is to promote competition in the domain name marketplace *while ensuring Internet security and stability*" (emphasis added).<sup>3</sup> While SIFMA acknowledges that competition in the domain name marketplace is an appropriate policy goal, we are concerned that the issuing of new gTLDs will actually threaten Internet security and stability. New gTLDs will subject trademark holders, communities, and other rights holders to abusive infringement while providing no benefit to consumers. This infringement will produce multiple and confusingly similar domain names while subjecting the rights holder to significant costs, including fees to both ICANN and the appropriate dispute resolution service provider ("DRSP") for possibly extensive formal objection filings. ICANN needs to take more preventative measures to ensure that trademark holders do not have to expend funds chasing a proliferation of unauthorized abuse of their intellectual property rights.

Consumer protection is part and parcel of a secure and stable Internet. New gTLDs expose consumers to increased fraud and confusion on a global scale. Many of SIFMA's member firms spend millions of dollars to manage other domains as a defensive tactic. These firms have purchased thousands of domains in order to protect both their brands and their customers. New gTLDs will make it even more difficult for our member firms to protect their customers from fraud as these customers will be unable to distinguish valid domains from malevolent and potentially dangerous domains. The costs of defensively registering domain names would be unbearable, and our member firms will not be able to meet the increased expense to fully protect their brand and their customers. The increase in fraud due

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<sup>3</sup> Draft Guidebook at 1.

to new gTLDs would not only decrease the quality of the public's Internet experience, it ultimately threatens Internet commerce entirely.

Performance, availability, and accessibility are features of a secure and stable Internet. The Draft Guidebook's applicant review process, specifically the "Demonstration of Technical and Operational Capability", is insufficient to protect the performance and security of the Internet. Applicants are not required to have deployed an actual registry to complete the requirements for a successful application, and instead it is sufficient at application time for an applicant to demonstrate a clear understanding and accomplishment of some groundwork toward the key technical and operational aspects of running a gTLD registry. This could easily downgrade performance and accessibility of all sites falling under certain new gTLDs, including email and other applications, as these applicants may not have the resources to meet user demand.

ICANN states that "the New gTLD Program...can meet some of the needs unmet by the current market."<sup>4</sup> The Internet's addressing system currently has 21 generic top-level domain names servicing over 1.5 billion Internet users<sup>5</sup>, with dot com undoubtedly the most popular, as evidenced by the superior amount of user traffic and registered domain names on dot coms. SIFMA believes there is no significant demand from the public for additional gTLDs at this time, and that any needs unmet by the current market surely would have been fulfilled by other currently-available domains. Yet these newer registries are unable to attract web sites or user hits. Neither businesses nor consumers are clamoring for additional gTLDs to host commercial sites, and one has only to look at the marketplace to see that expansion in this area is unwarranted at this time.

## **II. SIFMA Concerns Regarding Intellectual Property Rights**

The Draft Guidebook provides little to no protection for trademark holders while at the same time increases the exposure of rights holders to increased fraud and legal liabilities. Indeed, the Draft Guidebook provides that any "community-based" applications will take priority in the process, resulting in rights holders having little recourse in acquiring gTLDs containing their own legally protected brand names. Intellectual property in brands is a well established, universally recognized legal concept. The Draft Guidebook gives more weight to "community" interests than it does to the legal rights of a brand owner, and permits the auctioning off of a brand owner's property. For example, if the Royal Blind Society<sup>6</sup> wanted to

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<sup>4</sup> *Id.*

<sup>5</sup> New gTLD Program Explanatory Memorandum, Protection of Rights of Others in New TLDs available at <http://www.icann.org/en/topics/new-gtlds/protection-rights-22oct08-en.pdf>

<sup>6</sup> <http://www.royalblindsociety.org/>

register “.RBS”, according to the Draft Guidebook, they would have priority over RBS (The Royal Bank of Scotland Group), which actually owns the RBS trademark.<sup>7</sup>

SIFMA believes that the system would be much improved if brand owners are given the possibility, at a very low cost, of blocking or parking certain gTLDs which contain the brand owner’s trademark. This would reduce the brand owner’s cost of protecting their brands while minimizing fraud. Another possibility would be reserving certain gTLDs , through a master IP registry of brand names and common letter transpositions that may not be used as gTLDs or second level domains by anyone except their owner.

As discussed in further detail in Module 3 below, rights protection issues are not sufficiently safeguarded by ICANN’s objection-based process for dispute resolution. ICANN needs to take more preventative measures to ensure that trademark holders do not have to expend substantial funds, time and resources to prevent unauthorized abuse of their intellectual property rights.

## **II. Introduction to the gTLD Application Process (Module 1)**

### 1.1.2.2

SIFMA believes that all portions of the application should be made public, subject to confidentiality protection, in order to curb abusive registration. Transparency and accountability demand that the entire application be made available for public scrutiny.

### 1.1.2.3

During the ‘Initial Evaluation’, it is not disclosed how the panels of independent evaluators are chosen or accredited. Again, transparency and accountability demand that the panels be made available for public scrutiny and for a review of conflicts of interest.

### 1.2.1

The eligibility requirements are overly broad, as any established corporation, organization, or institution in good standing may apply for a new gTLD. Many entities can and will mask themselves by creating new corporations in other jurisdictions, and these “shell corporations” can be used for phishing, trademark infringement and consumer confusion. Applicants should be required to reveal owners, directors, officers, and should disclose any involvement in fraudulent or criminal activity.

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<sup>7</sup> [http://www.rbs.com/global\\_options.asp?id=GLOBAL/LEGAL\\_INFORMATION](http://www.rbs.com/global_options.asp?id=GLOBAL/LEGAL_INFORMATION)

#### 1.2.2.1

Open gTLDs should not be permitted at this time and should be deferred until future rounds. Community-based gTLDs are not sufficiently defined nor is the “established institution” to which ICANN would look for endorsement. ICANN does not sufficiently define “restricted population”.

#### 1.2.3

Higher standards for eligibility are demanded in order to protect the public, including, but not limited to, disclosure of any fraudulent or criminal activities by the applicant.

#### 1.5.1

The gTLD evaluation fee is far too small and needs to be raised in order to discourage frivolous and malevolent applications.

#### 1.5.2

Credit card payments should not be accepted as this will undoubtedly create more opportunities for abuse.

### **III. Evaluation Procedures (Module 2)**

#### 2.1.1.1

As expressed earlier, SIFMA is concerned about the lack of disclosure regarding how the panels of examiners are chosen or accredited. In addition, the use of an algorithmic score for visual similarity is insufficient, as this does not account for aural similarity or other types of misunderstandings. String similarity should be subject to human review.

#### 2.1.1.2

Trademark holders should receive the same protection that ICANN provides itself under the “Reserved Names List”.

#### 2.1.2.1

Financial capability questions need to be carefully constructed so to ensure that malevolent entities face enormous obstacles to securing a gTLD. As stated above, applicants and major shareholders should undergo thorough background checks.

### **IV. Dispute Resolution Procedures (Module 3)**

#### 3.1

As stated above, SIFMA believes that an objection-based dispute resolution procedure is insufficient, and that a mechanism that allows trademark holders to block, park, or reserve certain gTLDs would be preferable. SIFMA believes that ICANN’s dispute resolution procedure is insufficient to protect the rights of trademark holders as the objection-filing procedure puts all of the policing requirements onto the trademark holder. In addition, objections must be filed by the posted deadline date and directly with the appropriate dispute resolution service

providers (“DRSP”) for each objection ground while the objector bears the burden of proof in each case.

### 3.2.1

The requirement to file each objection separately, and pay a separate filing fee, is overly burdensome, especially in situations where objections are reasonably similar.

## V. String Contention Procedures (Module 4)

### 4.1.1

SIFMA reiterates our previous concern that visual similarity and algorithmic scores are insufficient for determining string similarity.

### 4.3

Auctions are an insufficient mechanism for allocating gTLDs where a legal rights objection is involved.

## VI. Transition to Delegation (Module 5)

### 5.1

A universal standard contract should be applied to ICANN and registry owners and should not be subject to modification.

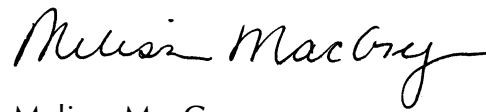
## VII. Terms and Conditions (Module 6)

Section 6 attempts to release ICANN from any and all claims arising from the application process. SIFMA objects to any rule that would prohibit an applicant from seeking judicial redress, especially in cases of a legal rights objection involving intellectual property rights.

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SIFMA greatly appreciates ICANN's consideration of the issues raised above, which are intended to ensure that any issuance of New Generic Top-level Domains be accomplished in a logical and efficient manner, and without requiring firms to incur extensive costs which are not commensurate with the benefits to be derived from such expansion. We would be pleased to discuss these comments in greater detail with ICANN. I can be reached in this regard at 202-962-7385 or at [m\\_macgregor@sifma.org](mailto:m_macgregor@sifma.org).

Sincerely,

A handwritten signature in black ink that reads "Melissa MacGregor". The signature is written in a cursive, flowing style.

Melissa MacGregor  
Managing Director & Associate General  
Counsel

cc: Ryan D. Foster