



International Trademark Association
Representing Trademark Owners Since 1878

Alan C. Drewsen
Executive Director

July 24, 2009

Mr. Rod Beckstrom
Chief Executive Officer and President
Internet Corporation for Assigned Names and Numbers
International Square
1875 I Street, NW, Suite 501
Washington, DC 20006

Dear Mr. Beckstrom:

I am the Executive Director of the International Trademark Association (INTA), a 131-year-old not-for-profit membership association of more than 5,500 trademark owners and professional firms from more than 190 countries. INTA is dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce.

On behalf of the entire membership of the INTA, I wish to congratulate you on becoming the Chief Executive Officer and President of the Internet Corporation for Assigned Names and Numbers (ICANN). We wish you success as you lead ICANN's important mission of coordinating the Internet's unique identifiers and ensuring the stable and secure operation of the Internet's domain name system.

Since the Internet was first opened for commercial use, INTA has been active in the deliberations concerning the introduction of generic top-level domains (gTLDs) to the Internet. INTA has supported ICANN in its work as the private-sector led coordinating body of the domain name system and is a founding member of the Generic Names Supporting Organization's (GNSO) Intellectual Property Constituency (IPC). We have worked over the years to advance sound policies that address the legitimate needs and concerns of commercial Internet users and the public.

It is in this spirit of cooperation and constructive contribution that INTA approaches the current debate over ICANN's planned introduction of an unlimited number of new gTLDs to the domain name system. INTA believes that the critical issue for brand owners, consumers and other Internet users is to ensure that the introduction of any new gTLDs is responsible, deliberate and justified. Therefore, we agree with the stated intention of the ICANN Board to resolve what ICANN has identified as the overarching issues of trademark protection, the potential for malicious conduct, Internet security and stability, and top-level domain demand and economic impact before any additional gTLDs are introduced to the Internet.

However, the ICANN Board's initiative to form the Implementation Recommendation Team (IRT) and to undertake other steps in 2009 to deal with these overarching issues, while a positive response to the many comments critical of the proposed rollout of new gTLDs, should have preceded, and not followed, the decision to move forward. In that way, ICANN would have had the empirical data to support its decision and a full appreciation of its consequences.

In fact, the IRT, on an extremely tight deadline, came up with some very useful recommendations in the final IRT Report, but whether those recommendations are sufficient and cost-effective, particularly given ICANN's intention to introduce an unlimited number of gTLDs, has not been demonstrated. Clearly, significant work remains before ICANN's new gTLD program addresses the array of complicated challenges and obstacles for protecting trademarks and preventing consumer confusion and fraud in a drastically expanded gTLD space.

Trademark owners around the world, who are already overwhelmed in dealing with trademark infringement in the current gTLD and ccTLD domain name space, will face much greater burdens and costs in protecting their trademarks across an exponentially larger number of new gTLDs. Since ICANN's current DNS management mechanisms, including those designed specifically to deal with abusive domain name registrations, have proven inadequate for protecting trademarks in the twenty-one gTLDs currently in place, INTA believes that new mechanisms must be developed and tested and existing mechanisms improved before new gTLDs are introduced, and that in any case, the introduction of new gTLDs should be measured and not unlimited.

Moreover, without mechanisms that are proven to be effective, a dramatic expansion of gTLDs guarantees that those who currently perpetrate and profit from widespread consumer fraud in the domain name system will seize this opportunity to further expand their schemes to the detriment of brand owners and consumers.

In support of this view of the harm that will be caused by the new gTLD initiative as presently structured and on the timetable in place, the Board of Directors of INTA passed a resolution, a copy of which is enclosed, opposing the introduction of an unlimited number of new gTLDs and the introduction of any new gTLDs until the four overarching issues are resolved.

You have taken this important new position with ICANN at a critical time for the Internet, and, not bound by some of the flawed decision-making of the past, you have an opportunity to exercise new leadership. INTA is committed to working with you, your staff and the ICANN Board on these important issues.

Sincerely,



Enclosure

cc: Doug B.
Kurt P.
John J.
Dan H.
Karla V.
Marge M.

REQUEST FOR ACTION BY THE INTA BOARD OF DIRECTORS

Creation of New gTLDs and Trademark Protection

8 July 2009

ACTION REQUEST: The Executive Committee requests that the INTA Board of Directors approve a Resolution concerning the proposed introduction of an unlimited number of generic top-level domain names (gTLDs).

PROPOSED RESOLUTION:

WHEREAS, since the inception of the Internet Corporation for Assigned Names and Numbers (ICANN) in 1998, INTA, through its participation in the Intellectual Property Constituency, part of the governance structure of ICANN, and through written submissions to the U.S. Department of Commerce, to the U.S. Congress and to ICANN has consistently expressed concerns about the impact on rights holders and consumers of the expansion of the number of generic top-level domain names (gTLDs);

WHEREAS, despite strong industry concerns about the increase in rights violations (e.g., cybersquatting) and malicious behavior to defraud consumers (e.g., phishing, malware), ICANN increased the number of the original “legacy” gTLDs (.com, .edu, .arpa, .gov, .mil, .net, .org, .int) by seven gTLDs (.aero, .biz, .coop, .info, .museum, .name, .pro) in 2001 and by another six gTLDs (.asia, .cat, .jobs, .mobi, .tel, .travel) in 2005, which are administered by ICANN separately from the 248 two-letter country-code TLDs (ccTLDs);

WHEREAS, even with the implementation of such measures as the Uniform Dispute Resolution Policy (UDRP) and anti-cybersquatting laws, domain name abuse has proliferated and trademark owners continue to incur significant costs in enforcing their rights on the Internet;

WHEREAS, ICANN has yet to commission the independent, comprehensive economic study of the domain name registration market called for by its Board of Directors in 2006, which was to provide essential information and analysis relating to the exercise of market power by gTLD registry operators and to assess the likely impact of new gTLDs on rights holders, consumers and other Internet users and, accordingly, ICANN has demonstrated no adequate economic or public policy justification for the introduction of new gTLDs;

WHEREAS, despite this lack of justification, ICANN announced its intention in 2008 to drastically expand the generic domain name space by allowing for the unlimited introduction of new gTLDs;

WHEREAS, in its analysis of the public comments received on its new gTLD proposal, ICANN identified four overarching issues that needed to be addressed before it would introduce new gTLDs (Trademark Protection, Potential for Malicious Conduct, Security

and Stability issues, and Top-Level Domain Demand and Economic Analysis), none of which has been satisfactorily resolved;

WHEREAS, in response to continued industry concerns about the rollout of unlimited new gTLDs, ICANN in 2009 formed the Implementation Recommendation Team (IRT) which, under an extremely tight deadline, developed five proposals, which would in combination improve protection for trademark owners but whose ultimate success is untested and whose adoption by ICANN uncertain;

BE IT RESOLVED that additional generic top-level domains (gTLDs) should not be introduced unless and until ICANN resolves the overarching issues of trademark protection, the potential for malicious conduct, Internet security and stability, and top-level domain demand and economic impact; and

BE IT FURTHER RESOLVED, that any expansion of the generic domain name space must not be unlimited, but must be responsible, deliberate and justified.

BACKGROUND:

The domain name space on the Internet is constructed as a hierarchy. The space is divided into top-level domains (TLDs), with each TLD subdivided into second-level domains, and so on. Most TLDs with three or more characters are referred to as "generic" TLDs, or "gTLDs". There are currently twenty-one gTLDs. More than 240 national, or country-code, TLDs (ccTLDs) are administered by their corresponding national governments or through governmental arrangements with private parties.¹

Policy discussions concerning how best to structure the top-level space of the Internet's addressing system have been ongoing since the Internet became open for commercial use in the mid-1990s.

In 1998, an independent Internet policy committee called the "gTLD-MoU" consisting of certain Internet stakeholders, proposed adding seven new gTLDs to the Internet.² Following the "gTLD-MoU" proposal, the United States government issued a "Green Paper" on Internet policy that proposed the addition of five new Top-Level domain names, with each new domain controlled by a separate registry.

INTA expressed concern with the "Green Paper" because the proposal for gTLD expansion was not formed through a consensus process of Internet stakeholders, and because the "Green Paper" appeared to pre-empt a responsibility that would fall under the purview of the yet-to-be formed private-sector-led coordinating body of the Internet's domain name system, which became the Internet Corporation for Assigned Names and Numbers (ICANN).

Following the reaction to the "Green Paper," the US government issued a revised policy document that became known as the "White Paper." INTA expressed satisfaction with

¹ A Proposal To Improve Technical Management of Internet Names and Addresses" US Department of Commerce. 1998

² Establishment of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU). February, 1997.

certain provisions in the "White Paper" that suggested that there should be a prudent regard for the stability of the Internet, and that the expansion of gTLDs should proceed at a deliberate and controlled pace, which would allow for the evaluation of the impact of newly introduced gTLDs.

It was within this context that ICANN was formed in 1998 through the initiative of the United States Department of Commerce, National Telecommunication and Information Administration. ICANN immediately took on the task of considering the introduction of new gTLDs.

Beginning with its comments on the "Green Paper," INTA has consistently urged that any expansion of the gTLD space be done slowly with careful analysis of the impact of such expansion. In congressional testimony in 1998, INTA stated that new gTLDs should only be added, if at all, after the completion of a study by WIPO and that if additional gTLDs were to be added, such expansion should be at a one-at-a-time pace.³ In congressional testimony in 1999, INTA reiterated its "go-slow" approach on new gTLDs.⁴

Subsequently, ICANN formed a Working Group on new gTLDs, which concluded that ICANN should introduce new gTLDs, and that ICANN should begin the introduction of gTLDs with an initial rollout of six to ten new gTLDs, followed by an evaluation period.⁵

In 2001 based on the conclusions of the Working Group, ICANN introduced seven new gTLDs and in 2005 ICANN further expanded the generic domain name space by introducing six more new gTLDs.

In 2005, WIPO issued a report entitled *New Generic Top Level Domains: Intellectual Property Considerations*, where it expressed the view that thematic differentiation in the DNS, or within a gTLD, could, at least in theory, provide trademark owners and Internet users with benefits. However, WIPO stated that, "such differentiation works only when gTLDs are restricted to limited and clearly circumscribed specific purposes. The less this is the case, the less will further gTLDs enhance the possibilities for differentiation."⁶

In the report, WIPO stated that the introduction of new gTLDs could lead to user confusion on the Internet when one trademark owner registers its trademark in one gTLD and another owner registers an identical or similar mark in another gTLD. WIPO also stated that, "to the extent Internet users are unable (or become unaccustomed) to associate one mark with a specific business origin, the distinctive character of a trademark will be diluted."

³ Testimony of Anne Chasser. HEARING ON TRADEMARKS, ELECTRONIC COMMERCE, AND THE FUTURE OF THE DOMAIN NAME ASSIGNMENT SYSTEM. Committee on Commerce Subcommittee on Telecommunications, Trade, and Consumer Protection. June, 1998

⁴ Testimony of Anne Chasser. Internet Domain Names and Intellectual Property Rights. United States House of Representatives Committee on the Judiciary Subcommittee on Courts and Intellectual Property, July, 1999.

⁵ Report of Working Group C. March 2000

⁶ New Generic Top-Level Domains: Intellectual Property Considerations. WIPO Arbitration and Mediation Center. 2005.

To avoid these negative effects the WIPO report observed that trademark owners would be likely to try to register their marks in all gTLDs, and referred to a report commissioned by ICANN that suggested that those new gTLDs that had either no or only minimal registration restrictions, had the lowest number of new domain name registrants and the largest share of registrants that already held over 100 domain names.⁷ The WIPO report further observed that the data suggested that a large number of domain names were registered for defensive purposes, and “from an IP perspective, adding more open, i.e., unrestricted and unsponsored gTLDs, is more likely to increase the likelihood of confusion (and the cost for defensive or preemptive measures) than the scope for brand differentiation.”⁸

While new gTLDs were added to the domain name system in 2001 and 2005, the original gTLDs, primarily .com, still constitute over ninety percent of all gTLD domain name registrations. However, this expansion, particularly with respect to unrestricted gTLDs, led to an increase in cybersquatting and frauds directed at consumers. These threats to the stability and integrity of the Internet and to the trademarks of companies around the world have required brand owners to expend significant funds to protect and enforce their trademarks in the new gTLD space so as to prevent consumer confusion and preserve the investment in their brands.

As a result of these concerns, in January 2006 the Intellectual Property Constituency (IPC), part of the ICANN governance structure, advocated that “any new gTLD should create a new and differentiated space and satisfy needs that cannot reasonably be met through the existing gTLDs.”⁹

In October, 2006, the IPC urged that ICANN “adopt selection criteria that will bring about TLDs for which there is legitimate demand from communities that have not been well served by the current TLDs, and prevent a proliferation of TLDs that are likely to simply lie fallow, or to depend for their viability upon unproductive defensive registrations.”¹⁰ In June, 2007, IPC reiterated the need to “limit any new gTLDs to those that offer a clearly differentiated domain name space with mechanisms in place to ensure compliance with purposes of a chartered or sponsored TLD.”¹¹

While in 2006, the Board of Directors of ICANN announced the intention to commission a comprehensive, independent economic study of the domain name registration market that might have provided information and verifiable conclusions about the impact of the introduction of the additional gTLDs, the study was never undertaken.

In 2008, ICANN’s Board adopted a new gTLD policy based on an unrestricted or unlimited expansion of the new gTLD space. In light of the numerous comments ICANN received on this expansion proposal focusing on consumer and IP protection concerns,

⁷ Summit Strategies International, Evaluation of New gTLDs: Policy and Legal Issues, July 10, 2004.

⁸ New Generic Top-Level Domains: Intellectual Property Considerations. WIPO Arbitration and Mediation Center. 2005.

⁹ IPC Comments on Terms of Reference for New gTLDs. January 31, 2006.

¹⁰ IPC Initial Comments on the GNSO Recommendation Summary Regarding the Introduction of New Generic Top Level Domains October 20, 2006.

¹¹ IPC Impact Statement Regarding the Introduction of New gTLDs. June 7, 2007.

the ICANN Board requested that the IPC form an Implementation Recommendation Team (IRT) to address the trademark protection issues that will arise as a result of the proposed expansion.

The final report of the IRT, a thoughtful and innovative document prepared within the unrealistically short time frame established by ICANN, highlights the significant need for trademark protection in the Internet DNS and for the establishment of additional rights protection mechanisms in the introduction of new gTLDs. However, there is no indication that ICANN will adopt these mechanisms or that they will ultimately turn out to be cost-effective and successful in protecting brand owners and consumers.

As a result, given that the harm associated with the unlimited expansion of the gTLD space proposed by ICANN – cybersquatting, fraud and significant expense to brand owners – is not offset by any currently justified improvements in the stability, integrity or innovation of the Internet, the Executive Committee of the Board recommends that it should be INTA’s position that any expansion of gTLDs should only take place when the issues identified by ICANN, including trademark protection, have been resolved, and that any expansion of the generic domain name space must not be unlimited, but must be responsible, deliberate and justified.