

ICANN Reversal Core Message Points

Situation

- A major, ill-conceived program is about to seriously encumber the Internet, hamper economic recovery, harm brand-owners and consumers
- ICANN, the organization that oversees creation / registration of Internet domain names under a contract with the U.S. Department of Commerce, will open registration of virtually any word – generic or branded – as an Internet top-level domain name in January 2012
 - Top-level domains refer to the word to the right of the ‘dot’ in an Internet address, e.g., ‘com’ in .com
 - Anyone who can present an argument for a domain, such as ‘.soda,’ ‘.apple,’ ‘.bank ‘or ‘.cocacola,’ can apply and be granted exclusive rights to it and the right to sell second level domain name, i.e., the word to the left of the dot, e.g., ‘whitehouse’ in ‘whitehouse.gov’.
 - ICANN estimates as many as 300 new TLDs in the first year with up to 1,000 per year thereafter.
- IFA has called on ICANN to abandon this program
 - Formally expressed concerns on two occasions during top-level domain debate before ICANN
 - Provided ICANN with written notice in July 2011, requesting that the program be abandoned
 - Other associations have joined ANA in opposing program, e.g., 4A’s, IAB, AAF, DMA, ACA, WFA

Flawed Justification

- ICANN has not conducted responsible / rigorous cost-benefit analysis
 - Its thin studies lack support for purported benefits, e.g. spurring competition, supporting differentiated services / new products, relieving top-level domain name scarcity
 - ICANN’s own experts agree that the purported benefits are speculative
- Past new TLDs introduced by ICANN, e.g., .biz, .travel, .jobs, were commercial failures. No reason to believe new TLDs will do any better

Excessive Costs / Harm to Brand Owners

- If a Brand owner decides to purchase a TLD, it is conservatively estimated to cost \$2 million dollars per brand:
 - \$185,000 per application for every top-level domain name
 - Could be higher if names need to be auctioned to competing bidders
 - \$25,000 annually per registration
 - Attorney / consultant fees to prepare applications in accordance with ICANN’s guidebook
 - Fees to outsourced registry services
- If a Brand owner decides to not to purchase a TLD, it must still police its brands. Costs could be in the hundreds of thousands per year and include:
 - Attorney / consultant fees to police the TLDs and file objections and challenges with over 300 owners of the new TLDs located throughout the world
 - Fees to outsource monitoring services
- Brand owners will need to divert resources to manage new top-level domains or risk brand dilution
 - Costs will be passed on to consumers
 - Diversion of business resources better used for job creation / capital investment

- ICANN, domain name sellers, consultants and trademark attorneys, not brands or consumers, will most profit, all at the expense of brands and consumers
 - Estimate: a minimum of \$55.5 million in application fees – more than 80% increase from projected FY 2012 revenues (assuming 300 new TLDs at a minimum of \$185,000 per application)
 - Registrars that sell the second level domain name will make millions
 - Consultants are already charging thousands of dollars in anticipation of the program
 - Trademark attorneys will have a windfall in fees charged to police domains

Consumer Harm

- Exacerbates online confusion and the potential for unlawful invasions of personal privacy
- Diminishes cyber-security, increases likelihood of predatory cyber-harm, e.g., phishing
- Undermines hard-earned consumer confidence in online transactions, e.g. confidence in on-line banking, medical advice sites, and social media may be greatly diminished

Lack of Stakeholder Consensus

- ICANN failed to act in the public interest and reach consensus among most affected stakeholders – both requirements of its contractual obligations with the Department of Commerce
- ICANN decision-making appears to be unduly influenced by parties that stand to directly benefit , e.g., Internet registries/registrars, consultants.

Clearinghouse and Pre-Introduction Protections Inadequately Protect Brands

- ICANN's protections in the program for brands and trademarks are woefully inadequate
 - Process requires extensive monitoring at substantial ongoing costs
 - Despite the clearinghouse and pre-introduction filings, introduction of over 300 new TLDs will require monitoring and policing with no proven need for the TLDs nor benefit to brands or consumers

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