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CADNA's Policy Forum Discusses the \$1.5 Billion Business “Tax” Brands Are Not Expecting

WASHINGTON, February 4, 2009- The Coalition Against Domain Name Abuse (CADNA) held a policy forum for government experts and brand owners yesterday, February 3, in Washington, D.C. The purpose of the forum was to explore the state of the Internet and discuss the shortcomings of existing Internet governance and policy development. Attendees shared their ideas about what actions brand owners and the US government can take to change the current course of the domain name space and prevent the Internet from becoming increasingly dangerous and unruly.

One of the topics covered during the event was decision by the Internet Corporation for Assigned Names and Numbers (ICANN) to issue a potentially unlimited number of new Top Level Domains (TLDs). This move will force businesses to spend millions of dollars to protect their brand on the Internet. “In any new generic TLD, brands will have two avenues for defending their trademarks; they can go and register as many domain names containing their marks as they can to keep them off the market, or they can spend money reclaiming those domain names that are registered by third-parties. In either case, the introduction of hundreds of new gTLDs will put an enormous strain on brand owners,” said Elisabeth Escobar, Senior Counsel for Intellectual Property to Marriott, a CADNA member. CADNA estimates that brands are likely to spend a total of \$1.5 billion to register their brands in new TLDs. Furthermore, these registrations are unlikely to provide a return on investment, since recently launched new TLDs have amounted to little and there is no indication that future TLDs will be any different.

When ICANN was established as the governing body for the domain name system (DNS), it was tasked with fairly representing all of the diverse constituencies that compose the Internet community. In recent years, however, ICANN policy has become strongly aligned with the special interests of the registrars and registries that operate under contract with ICANN, resulting in policies that often benefit these parties to the detriment of the rest of the Internet community. The decision to allow the launch of such a large number of new TLDs is a prime example of such a policy. Too much is at stake from a user, security, and economic perspective to allow the system to continue down this path.

Asked to comment on the forum, Eric Pearson, Senior Vice President of Global Distribution Marketing for CADNA member InterContinental Hotels Group (IHG), said “ICANN must do more to ensure the safety and stability of Internet. As a brand owner, IHG knows all too well how prevalent the cybersquatting problem is in the current domain name space, and how much time and money already goes into protecting both a brand and its customers online. Now, with ICANN’s decision to allow a potentially unlimited number of new TLDs, Internet users will be even more vulnerable to online fraud and brand owners will be forced to police an even bigger space.”

Under ICANN’s current plan, by summer of 2009, there may be hundreds of new TLDs from dot-ART to dot-ZURICH slated for deployment.

Vice President of the Corporate Internet Department for CADNA member New York Life Insurance Company, Ken Hittel, questioned the need for such a move. “ICANN has yet to prove a market demand for more extensions, and there seems to be overwhelming evidence to the contrary. Most brands already own hundreds, and some own thousands, of domain names in dot-COM, dot-NET, dot-INFO, dot-BIZ, dot-MOBI, and other TLDs,” he said, “Few if any of them will ever be put to use, because virtually all of them were purchased for purely defensive reasons and it has proven to be exceedingly difficult to get anyone to go to addresses that don’t end in dot-COM. Online users have spoken: they expect businesses to be reachable via dot-COM and they won’t go through the trouble of trying to locate a destination at dot-NET, dot-ORG or dot-INFO.”

The Coalition Against Domain Name Abuse (CADNA) is a 501(c)(6) nonprofit organization dedicated to ending the systemic domain name abuses that plague the Internet today. For more information, please visit www.cadna.org.

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