



**Comment on Proposal to
Release for Registration a
Single-Character Label:
O.COM**

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Business Constituency Submission

GNSO//CSG//BC

Background

This document is the response of the ICANN Business Constituency (BC), from the perspective of business users and registrants, as defined in our Charter:

The mission of the Business Constituency is to ensure that ICANN policy positions are consistent with the development of an Internet that:

1. promotes end-user confidence because it is a safe place to conduct business
2. is competitive in the supply of registry and registrar and related services
3. is technically stable, secure and reliable.

BC Comment on Release for Registration one .COM Domain Name with a Single-Character Label¹

The Business Constituency (BC) is pleased to comment on the proposed amendment to implement the approved Registry Service request from registry operator, Verisign, Inc. (“Verisign”), to release one domain name with a single-character label, O.COM in the .COM generic top-level domain.

The BC supported the GNSO Reserved Names Working Group recommendations of May-2007 (the “GNSO RN WG Recommendations”) that “single letters and digits [currently reserved] in existing gTLD’s should be released”.² These recommendations included suggestions for how proceeds associated with the single letters might benefit the broader ICANN community and global public interest.^{3 4}

The BC also supports ICANN’s [Single-Character Second-Level Domain Name \(SC SLD\) Allocation Framework](#), which proposed that auctions be used to allocate single letter domain names in existing gTLD registries. In the follow-up to the Allocation Framework, several legacy gTLDs and ccTLDs decided to use the RSEP process for allocation of single letters. Examples include .info, .biz, and .org – all of whom used an RSEP process.

The BC acknowledges that ICANN has taken steps to ensure that allocation of single letters in .COM have no anti-competitive implications and notes the ‘no action’ letter from the US Department of Justice⁵.

The BC has reviewed Verisign’s RSEP proposal and notes that RSEPs are now standard for the legacy gTLDs. The BC also notes that based on work that took place during the Working Group on Reserved

¹ See ICANN public comment page at <https://www.icann.org/public-comments/o-com-single-char-2018-05-10-en>

² See [ICANN Synthesis on Single-Character Domain Names at the Second-Level](#) , February 27, 2008.

³ ICANN published an initial summary of comments on 23 December 2007 (See <http://forum.icann.org/lists/allocationmethods/pdfOfNV0mTfM7.pdf>).

⁴ The recommendations of the RN-WG can be found at <http://gns0.icann.org/issues/new-gtlds/final-report-rn-wg-23may07.pdf>.

⁵ 14-Dec-2017 DoJ Letter, at <https://www.icann.org/en/system/files/correspondence/hoag-to-jeffrey-14dec17-en.pdf>

Names, that a thorough assessment of the security implications of the release of single letters and corresponding digits has been addressed. We have long experience with single-character domains in .COM and other gTLDs, and there are no technical arguments against permitting the same for O.COM.

The BC supports Verisign's proposed method to allocate a single letter as a trial in .COM, as described in the RSEP.

Having reviewed the [Proposed Amendment to .COM Registry Agreement](#) (the "Proposal"), the BC has some questions related to future releases of single letters/corresponding digits, as detailed below.

1. The GNSO Reserved Names WG Recommendations proposed auctions and accepted the RSEP approach. Since Verisign suggests that the auction process for O.COM is a "trial" for .COM, the BC is interested to know when other single letters might be allocated in .COM. The BC believes that if the proposed auction of O.COM is a successful test of this allocation method, then subject to further comments and stakeholder input, ICANN and Verisign should move expeditiously to allocate all remaining single letter .COM domain names with a similar approach.
2. The past allocation of single letters in other legacy gTLDs has recognized prior rights. Since the proposed auction may be a precedent for future allocations, notice should be given to existing rights holders in advance of the auction via the ICANN website. Consideration should also be given to questions which arise from the existence of prior rights, such as how the process may proceed if there are multiple parties who have co-existing trademark rights corresponding to the single-letter at the second level. Subsequent to release and registration of O.COM, we note that rights holders will be able to initiate a UDRP (Uniform Dispute Resolution Process) against the domain registrant.
3. The proposed amendment to the .COM Registry Agreement at Section 8.2(ii), states that, "Notwithstanding the ICANN Transfer policy, following its initial registration, o.com shall not be transferred to another registrant, except to another registrant who has acquired all or substantially all of the assets of such registrant". The BC is interested in better understanding whether this transfer restriction is intended to also extend to further single letters, when allocated.
4. The O.COM Service Description attached to the proposed Amendment to the .COM Registry Agreement proposes that Verisign will select a third-party auction service provider. This is consistent with the approach taken by other legacy gTLDs. This seems consistent with the recommendation that a trusted and appropriate auction design consultant *be retained by the registry operator*, an important feature specifically recognized in the [Single-Character Second-Level Domain Name \(SC SLD\) Allocation Framework](#). The BC understands that because this is the first proposed auction in the .COM registry, it is important to design and implement an auction which is not only fair, but also *perceived* as fair. Thus, while not trying to micro-manage the process, we merely ask that information about the auction provider, consultant, and trustee be disclosed upon approval of the RSEP. We recommend that payments to the auction service providers and trustee be limited to vendor costs, and not become a significant drain on auction proceeds intended for nonprofit beneficiaries.

5. Verisign’s proposal requires the winning bidder to pay “premium renewal fees” equal to 5% of the winning bid for each renewal of the registration beyond the first five years. As set out in the Proposal by way of example, if the winning bid is \$10,000 in 2020, the registrant would also have to pay \$500 for each year after year 5 (2026). The reason given for premium renewal fees is that Verisign wants to enable a “continuous funding stream to the nonprofit organizations”.

The BC supports this objective and the premium renewal fee approach proposed by Verisign, with two qualifications. First, the registrar who receives the renewal registration fee must be required to pass the premium amount along to the trustee to provide to the nonprofit beneficiaries. And second, the premium renewal fee approach should be limited to the instant circumstance involving nonprofit beneficiaries, and not in the future be generally extended to .COM domains.

6. The Proposal contemplates that the third-party auction service provider selected by the registry operator will be entitled in its discretion to “pre-qualify” potential bidders, and may ask bidders to demonstrate the ability to pay for the domain name and provide “documentation describing the planned marketing and usage of the registered domain name”. The BC believes it a worthy objective to evaluate bidders’ planned use of O.COM in order to attract bids from those who want to maximize the value of the domain name and thereby maximize auction proceeds going to beneficiaries. This kind of registrant evaluation is also consistent with the allocation of single letters in other legacy gTLDs.

That said, we are interested to know the qualifying criteria and refer back to the earlier GNSO WG on RNs. The BC suggests that all such criteria should be fully established and published prior to the auction proceeding.

7. The Proposal contemplates that the proceeds of the auction are to be directed to one or more nonprofit beneficiaries, as described in the RSEP:

Nonprofit Beneficiary

As referenced in the background section above, proceeds derived from the auction of the SCDN subject to this RSEP will be provided to at least one of the nonprofit organizations, or its successors, set forth on Exhibit A hereto. None of the auction proceeds will directly or indirectly be used to benefit Verisign, its affiliates, or its directors, officers, or employees, other than to the de minimis extent those proceeds are used by the nonprofit(s) to benefit the Internet community in general. The nonprofit's, including its successor's, mission will align the use of funds resulting from the auction of the SCDN toward areas of public good of the Internet community, which may include one or more of the following:

- development, evolution, and use of open Internet protocols
- enhancing the cybersecurity readiness and response of public and private sector entities
- online safety for children
- improving security, stability and universal accessibility of the Internet
- capacity building for the benefit of the Internet community (such as assisting those in developing areas in applying to become registries and registrars)

None of the nonprofit organizations, including its successors, identified in Exhibit A have or will make any contributions, or conduct any activities directed by, or on behalf of, Verisign.

The BC supports the proposed concept of using auction proceeds for nonprofit beneficiaries and supports the five “areas of public good” proposed by Verisign.

We understand that the actual nonprofit beneficiaries have already been selected by Verisign and have been reviewed by ICANN. We understand the list of beneficiaries will be disclosed if and when the RSEP is approved. While we seek maximum transparency at ICANN, we respect Verisign’s decision to avoid a public debate on individual beneficiaries it has selected to receive the auction proceeds.

Conclusion: The Business Constituency participated in two years of policy development on Reserved Names that led to the release of single letters in new gTLDs and paved the way for release of single letters in legacy gTLDs. While such names were originally reserved because of possible technical concerns, the Working Group on Reserved Names directly addressed that issue and confirmed that no technical issues exist for single letters. All other legacy gTLDs have used the RSEP process to release and register single-letter second level names.

Therefore, the BC supports the .COM registry’s proposal for O.COM, including the plan to direct auction proceeds to non-profit beneficiaries who support the security, stability, and resiliency of the DNS and of the Internet, overall.

We also suggest that after evaluating the success of this trial allocation process, that ICANN and VeriSign move forward with a similar process to allow the auction/award of other single letters, with proceeds to benefit the broader Internet community.

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This comment was drafted by Zak Muscovitch, with edits by Andrew Mack, Claudia Selli, Marilyn Cade, and Steve DelBianco.

It was approved in accord with the BC charter.