

---

JONATHAN ZUCK:

DNS abuse and intellectual property protection. I apparently have scrolling rights here, so let me just get you right into the meat of the presentation.

I'm Jonathan Zuck, the Chair of the CCT review. [inaudible] quite a while. Our mandate, if you recall, was to evaluate how the gTLD program has promoted competition, consumer trust, and consumer choice as well as evaluate the effectiveness of the application evaluation processes and of safeguards.

We set a goal for ourselves to make our assessment as data-driven as possible and to inform policy prior to any subsequent procedures or additional new gTLDs.

Our current timeline is to deliver a final report early in the new year. We have these new sections out for public comment now, which is why we're holding the webinar, and then hopefully the Board will be able to put it back out for public comment and take action by September of 2018.

So, the new sections were published for a shortened comment period of 30 days starting on the 26<sup>th</sup> of November. There's the section on parked domains, a section on DNS abuse, and also a section that was sort of instigated by the INTA survey on intellectual property protection.

The updates and additions are marked in orange. Public comments on previous draft reports we're already working on, so you don't need to

---

*Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.*

---

reiterate those things. We just included some sections for context, but we're already hard at work addressing the previous comments.

There's a commitment to a data-driven effort. Statistical analysis of DNS abuse and gTLDs was a SADAG report. It measures the effectiveness of technical safeguards, analyzes rates of spam, phishing, and malware, distribution of global gTLD space, and [inaudible] the DNS from 2014 through 2016 [inaudible] legacy in new gTLDs.

The International Trademark Association did survey members to begin to understand the impact on the new gTLD program on rights holders.

Without further adieu, I'd like to introduce Drew Bagley, who is our head of DNS abuse issues for the review time to take away [inaudible] of that section of the report.

DREW BAGLEY:

Thank you, Jonathan, and hello everybody. So, as Jonathan mentioned, our mandate was a broad one looking at the new gTLD program. As part of that mandate, what we were required to do was to look at the safeguards put in place as part of the new gTLD program to mitigate what the community identified as potential issues related to the expansion of the DNS.

So, in order for us to do that, we first identified all of the safeguards that were put in place as part of the new gTLD program, assess and agree to which they were implemented and how they were implemented, and then we sought data to use as a proxy to measure the effectiveness of those safeguards in preventing issues that included

---

and mainly focused on what the community identified as being DNS abuse.

The way we define DNS abuse was that we focused on the technical definition of DNS abuse for which there was community consensus and for which we could actually measure with data for purposes of this evaluation.

So, if you see the definition here on the screen, we looked at abuse broadly in terms of acknowledging that abuse takes on many aspects of behavior in different parts of the community. So we narrowed it down to just a few areas.

Here you see the broad definition, because of course abuse can be an abuse on the terms of service to engage in all sorts of things that in some jurisdictions would be cybercrime and some would merely be a violation of the terms of service, and some would be very hard to define.

So, the areas that we focused on for purposes of measurement were phishing, malware, and spam hosting because, as I mentioned, these areas we were able to technically measure them and there is community consensus. Additionally, these are areas that are prohibited through registrant agreement and in ICANN agreements with contracted parties.

In order to get a data set to evaluate the effectiveness of these safeguards and measure these rates of abuse in new gTLDs compared to legacy gTLDs we commissioned a comprehensive historical study looking

---

at abuse rates in the entire DNS from the introduction of the new gTLD program until December of last year, December 2016.

This study was released in August this year and went out for a public comment period. Many of you may have seen that and had the opportunity to comment on the result of the study as well as the methodology.

The methodology relied upon zone files, WHOIS records, and black list feeds of DNS abuse including those categories I discussed – phishing, malware, and spam – from 11 distinct lists.

From this comprehensive analysis, the researchers were able to produce absolute counts of abuse per gTLD and registrar as well as abuse rates, and the rates and amount of abuse associated with the use of privacy and proxy services.

Moreover, their analysis looked at the geographic locations associated with the abuse of activities and they distinguished domain names that were potentially registered from the onset for malicious purposes from those that were likely legitimate registrations that were later compromised and used for DNS abuse.

For those of you who may have seen the study, what the study discovered was that the introduction of new gTLDs on its own did not increase the total amount of abuse for the entire DNS or the entire gTLD ecosystem, rather.

---

However, there still were many troubling characteristics of the new gTLD – of some of the new gTLD top-level domains, particularly in relation to measuring the introduction of the safeguards.

I think someone maybe needs to mute their line. Okay.

So, what the study found was while the number remained relatively constant in terms of how much abuse was seen in all gTLDs, there's certainly an upward trend in terms of the number of phishing and malware domain names associated with new gTLDs.

In terms of potential migration of abuse, there appeared to be a big migration ... Could somebody mute their microphone? I'm not sure where that sound is coming from. Someone who recently joined needs to mute their microphone. Alright, I think we got it.

So, while there's this upward trend of phishing and malware domain names associated with new gTLD registrations, there actually appears to be perhaps a migration of spam domain names from legacy gTLDs to new gTLDs because the absolute number of spam domain names in new gTLDs is actually higher and surpassed that of legacy gTLDs by the end of 2016, continuing this upward trend in abuse rates associated with new gTLDs.

What this meant, along with some of the other findings I'll get into, is that the nine safeguards that were adopted as part of the new gTLD program on their own did not prevent abuse.

---

In addition to this, spam migration and then the absolute numbers of phishing and malware domains rising in new gTLDs the actual rates of abuse were similar in both legacy and new gTLDs by the end of 2016.

More troubling, in terms of registrations that were perhaps registered from the onset for malicious purposes, those were higher in new gTLDs than legacy gTLDs, whereas legacy gTLDs being older and more mature in terms of the number of registrations or the length of registration, the abuse there dealt more with compromise gTLDs, so there were higher rates of compromised gTLDs and legacy gTLDs [inaudible] that there's an increased number of malicious registrations [inaudible].

In the use of privacy and proxy services – so, not necessarily associated with abuse, but just the overall use of them – was more common in new gTLDs, whereas the research found that there was not a strong correlation between abuse and the use of privacy and proxy services.

Here are some perhaps not-so-pretty charts to illustrate the trends I was speaking about. As you can see, the legacy gTLD rates or totals – this one is on totals – are in blue, and the new gTLDs are in green. You can see that upward trend I was discussing with regards to abuse and new gTLDs. So as new gTLDs become more common and more introduced over time than 2014, you can see the uptick.

Same thing here with domain names associated with malware. And then here's the phenomenon I was describing a moment ago with regard to spam registration, the new gTLDs overtaking those of legacy gTLDs and not just in rates, but in total numbers.

---

Here is phishing rates. So, rates actually follow a very similar arc, so perhaps there was some sort of similar campaign in mid-2015 until you see the rise and fall similarly, but then by the end of 2016, you can see that the rates in new gTLDs are needing that legacy gTLD.

Notably, the top five most abused new gTLDs, which the researchers identified as being dot-[top], dot-online, dot-win, dot-site, dot-xyz for purposes of this statistic, [inaudible] they collectively owned 58.7%, so nearly 60% of all black listed domains in all of the new gTLDs.

This is one of those things where abuse in the new gTLDs is not necessarily a phenomenon of all new gTLDs, but instead is consolidated and concentrated.

So, here are the malware rates and you can see that at times, whether due to specific campaigns or price or other factors, the new gTLDs in fact had much higher rates at certain times than the legacy gTLDs.

Then these are rates for spam.

These are the new gTLDs, separate from that statistic I was just citing which came from APWG that the researchers cited, these are from two other providers from the data coming from Spamhaus that the researchers looked at and from [inaudible].

Here are what they identified as being the new gTLDs with the highest relative concentrations of abuse, meaning that looking at the size of the TLD as well as the rate of abuse, these were the ones that had the highest rates.

---

So, if you look, even some of the really small TLDs actually have extremely high rates of abuse.

So, what does all this data mean? From what we were able to see and understanding and analyzing the data from the researchers and looking at our own analysis of the safeguards and our own analysis of the new gTLD program as a whole, it appears that, all things equal, registration restriction appear to be tied and correlated directly to levels of abuse, so that if you have a strict registration policy, meaning it's more difficult and cumbersome to register a domain name, or just that there are more safeguards in place checking registrations than there are lower rates of abuse, or that there are no registration restrictions, there can be higher rates of abuse, which can depend on other factors, too.

One of the factors that the researchers were able to look at in their analysis after the fact, but were not able to collect comprehensive data on and do any sort of quantitative analysis on was price. So, when the researchers looked at the registry operators that were associated with the highest rates of abuse, as well as registrars associated with the highest rates of abuse, what they found was that a common theme amongst those with that highest concentration was that they were low-priced domain name registration offerings.

Similarly, when looking at the analysis of what some of the common traits were, they also found that maliciously registered domain names – and the study looks at one particular operator – were associated with oftentimes trademark being used as bait.

---

So, if you look at the study and you look at our DNS abuse chapter, you can see that one of them, for example, was using a bunch of Apple related registration. So, they were ones that looked like iPhone or Apple for Mac folks and were in fact tied to abuse.

So, this shows that there are trends perhaps on the front end with registration that might be predictors for whether or not a registration might be associated with abuse on the back end.

As I mentioned, the DNS abuse rates, the new gTLDs did not use this nightmare scenario of increasing all abuse making the DNS so much more abusive than it was before, but at the same time all of these safeguards that were put in place with the expressed purpose of preventing abuse from being in the newer, more modern gTLDs did not on their own stop that phenomenon. So, as a result, looking at what these common characteristics were, where DNS abuse was concentrated and where the safeguards alone were not able to prevent abuse, the Review Team decided to draft recommendations that would seek to prevent this sort of phenomenon from being as widespread and actually put into place some more meaningful incentives to curb abuse proactively, as well as some more meaningful and better tools to deal with this widespread systemic abuse that plagued some of the registry operators and some of the registrars.

What we saw from this research was that there were in fact sometimes operators where they could operate with high levels where nearly 100% of the domain names registered by a particular registrar were in fact associated with abuse, and yet that phenomenon could continue for months and months at a time without anything happening. So it seemed

---

that this widespread systemic abuse that actually enabled harm to others and also plagued the DNS system as a whole, perhaps was not being dealt with with the existing measures in place.

So, what we sought to do was take a look at specific recommendations that the community could embrace that would deal with this.

In terms of the parties that we thought we would address our recommendations to, it's up to the community of course to implement them, but the parties that we think would be best empowered to first be proactive and would be equipped to deal with abuse of course are the operators themselves, who perhaps when [inaudible] dealing with operators that might not want to or need to embrace registration restrictions or high prices, there should perhaps be proactive anti-abuse measures adopted because some of this abuse, it appears if you do some analysis on the front end, you can prevent problems on the back end and be quicker, more proactive. And sometimes with a smaller operator, if that would be cumbersome to adopt such policies, we thought the community could look at different incentives whether it's through offering registration rate discounts to make it lucrative for operators to engage in proactive abuse, or if perhaps the community could adopt common best practices where that would be attractive to have some sort of seal. We were not prescriptive with what that would be, but we decided that those incentives should be in place.

Then, ICANN compliance needs to be more empowered to deal with this widespread phenomenon we saw with certain specific operators, but not with all operators, when there are these concentrated levels of abuse, particularly with the registrar [inaudible] a moment ago.

---

So, there was one registrar in China where they basically were able to have these high levels of abuse all year, be enablers of cybercrime and it was pretty much the tip of iceberg is when they stopped paying their bill that took away their accreditation. That's something where we think that if ICANN compliance was more empowered to deal with systemic abuse instead of merely dealing with things on an individual complaint-by-complaint basis, that would be a way to also help with this.

So, looking at that as a whole, that's how we came up with our recommendations, using a carrot and a stick approach.

These are the first two recommendations. We think that ICANN needs to really negotiate with the contracted parties to build in these incentives in the contracts to adopt these proactive anti-abuse measures I was alluding to a moment ago.

Similarly, for ICANN Org to be able to be proactive when there is that data of such widespread systemic abuse to be able to act on it, instead of waiting for individual complaints about each domain name.

Then, as part of a data-driven ICANN that Jonathan alluded to earlier and that we said really expressing as a Review Team in everything we've been looking at, we think that it's important for ICANN, particularly now that they are collecting and analyzing widespread amounts of DNS abuse data, to actually understand the relationships between abuse and all the operators at play to come up with a plan to help the community curb these widespread levels of abuse.

---

So, abuse will always happen in some form, but we think that these data could really help data-driven policy that would stop the systemic levels of abuse.

Then, lastly, we came up with a recommendation that if all of these things failed, then perhaps there should be a DNS abuse dispute resolution policy process, whereby affected parties would actually be empowered that when there was that widespread abuse and they were being victimized and it was tied to a specific operator, that they would actually be empowered to do something about it.

This recommendation did not achieve full consensus. It achieved majority consensus on the Review Team, but not full consensus, where the other recommendations achieved universal consensus.

For this one, I'm actually going to have David Taylor chime in to better explain in practice how this one would work. So, David, if you don't mind taking it from here. David will also present the next section.

DAVID TAYLOR:

Thank you, Drew. Yeah, not much on this. Really, this can speak for both DADRP is, as you say we put a carrot on a stick and this is kind of the stick in place and it's really down to this [inaudible] we're seeing abuse rates [inaudible] proportional to stricter registration policies. So, really, on this recommendation we were going on the lines of where registry operators being identified as having a significant or excessive amount of abuse, which needs to be defined by a certain percentage, which could be up to the community to [define] that percentage if they wish. But it should be required to either clean up that abuse or adopt stricter

---

registration policies, perhaps entering some form of mediation or something like that to [inaudible].

So, really, we're just putting in another potential mechanism which could be looked at, so that the main thrust of everything we're doing really is the ICANN compliance. So it's something as a follow-up to that if the ICANN compliance hasn't worked, shall we say.

So, that's all I have to say on that. [inaudible]. I think I do. Questions? Oh, questions. Back to Drew, then, [inaudible] carry on.

DREW BAGLEY:

Yeah, back to me. Does anybody have any ques about the DNS section? Then, otherwise, I will pass the time to David and we can circle back as a team with questions at the end of the webinar as a whole.

Okay, a question from Kathy that looks like that would be a good one for David to answer about whether our DNS abuse dispute resolution policy would be similar to the UDRP.

In the terms that – the community would come up with the specific details, but what we are envisioning is that it would be similar, that there would be a barrier of entry in terms of there being fees associated with it, so that the system itself would not be abuse, so that an individual could be empowered when they are [inaudible] and that if the perception was that the other mechanisms in place by the community were not preventing the abuse and preventing the harm, then this would be one more way in which another party would be empowered.

---

But, David, I'll let you perhaps chime in again if you want to explain the similarities between the UDRP and the way we envision it.

DAVID TAYLOR:

Sure. Thanks, Drew. Thanks, Kathy. Yeah, I'd just add to it. It could be UDRP [inaudible] equivalent. I suppose originally when I was thinking of this it was more along the [PDDRP] as we had on the [IRT] for trademark infringement, because again really that was something which was put in place to deal with the registry operator that was allowing an [inaudible] blindness, large scale [inaudible] trademark infringement in a TLD and that was put in place to prevent that. That hasn't been used, so we can argue as to whether or not it's useful or not, but then we're not seeing any registry with 50% of the domain names infringing trademarks, so arguably it has worked. So, if it's a bat on or a stick which is never used to beat anybody but encourages good behavior and we don't see [inaudible] the 50% of the names abusing, I think it would be a valuable tool. So, that's my answer.

DREW BAGLEY:

I was just going to chime in to your follow-up question, Kathy. The reason why this was proposed, and just to mention again, this was one that achieved majority consensus but not universal consensus with the Review Team, is that we tried with all these recommendations to really take a holistic approach to these problems so that if ICANN compliance was unable to deal with a situation with its own authorities itself and the incentives for good behavior were not working, and there was no other way in which abuse could be stopped, there would be one other

---

mechanism. That's why this was proposed as just another way to close the loop in what we saw with this existing data being this widespread systemic abuse and not enough tools in the community perhaps to deal with it and to prevent it before a lot of harm was done.

Does anybody else have any specific questions? There's a good discussion going on, but does anybody have any specific questions before, just from a time perspective, we need to get to the next section. So, if you have a question, type it again in case I missed it from the discussion please. I will look at the room right now.

Okay, so I'm going to pass the baton to David because it looks like, unless I missed a question, there are no other questions directed towards this section.

DAVID TAYLOR:

Thanks again, Drew. I think our button is going to and fro between us today. So, yes, moving on to rights protection mechanisms.

As we know, the new rights protection mechanisms were specifically developed to connect with the [inaudible] new gTLD program and they were there to work alongside the existing RPMs, the UDRP.

Well, there was considerable concern at the time that this broad expansion of new gTLDs would be such a fertile ground for cyber squatters to do their [inaudible], shall we say. We heard from Drew about the impacts of unscrupulous parties using trademarks as bait and that's [inaudible] maliciously register domain names often containing strings relating to trademark terms.

---

So, the CCT Review Team sought to examine whether these RPMs do, on the one hand, help encourage a safe environment and whether on the other they have in fact promoted consumer trust in the DNS. We also sought to measure the costs impact of the new gTLD program to IP owners.

How do we go about that? Well, we looked at the ICANN CCT metrics reporting. Specifically, there was an INTA impact study with International Trademark Associations. We looked at that. Previous ICANN RPM mechanism review. The independent review Trademark Clearinghouse, as well as prior work by ongoing RPM Working Group.

Moving on to the INTA survey. As I said, there was concern that was with expansion of the DNS with new gTLDs would create additional and increased costs in enforcing IP rights, [inaudible] there was a need to assess what those additional costs and efforts have been, what's been required to protect trademarks on the DNS.

Once again, we're going to get actual data here rather than just work from anecdotal evidence. Why the IATA and not Trademark Association? Well, [inaudible] respond [inaudible] trademark owners and professionals from across 190 countries.

So, IATA members were asked to capture all costs over the past two years, 2015 and 2016. There were 33 responses in total, including one not-for-profit. It was certainly a low response rate, presumably in part because the question was certainly very onerous and the compiling of the data to respond was a significant task.

---

Overall, the [inaudible] itself was not enough to have a clear trend. It certainly [did] provide an indication of trends and [inaudible] results would help [inaudible] to highlight some of the key takeaways that [you've] got there. Some were mentioned here. Many of those were in the reports, but one of the main reasons that 90% of brand owners responding to the survey was to register the brands, the new gTLDs, to [defensive] purposes only.

It was clear that the domain names were registered by brand owners and new gTLDs often were [inaudible]. We'll here more about [inaudible] from Jordyn shortly.

Another takeaway was that the new gTLD program has increased the overall costs of trademark defense, and in line with that, it was clear that further investigation and future surveys is needed on totaling [inaudible] costs relating to TLDs generally, both legacy and new [inaudible].

Interestingly, with regard to disputes, 75% of cases brought now involve privacy and proxy services and 2/3 of those, so they encounter some level of inaccurate, incomplete WHOIS information.

The survey also found that there was a disproportionate cost associated with the enforcement actions specific to new gTLDs when compared to the overall enforcement actions, and there's an indication that currently there's proportionately more trademark infringement in new gTLDs than in legacy gTLDs.

---

On the positive side, RPMs were generally considered by those who responded in the survey to have been helpful in mitigating the risks anticipated with new gTLDs.

Turning to the ICANN competition consumer trust and consumer trust metrics reporting, it was clear that the number of cases filed across all providers, the UDRP and the URS, have increased considerably since the introduction of new gTLDs.

If we look at between 2013 the first TLDs were in the root in 20016, we see a 36% increase in cases filed across all providers. If we look at the baseline of an average of 2012 and 2013, for instance, we get 25% increase across all providers, so it's been picking up.

You've got a little table there which shows the UDRPs and the URS [inaudible] in total cases. Interestingly, we look at the URS. Only around 5% of the total cases are URS cases and you can see that those numbers are fairly flat, so we can see that the URS [inaudible] perhaps popular as some thought.

However, rising number of disputes is not surprising in itself because of the expansion of gTLDs have increased the numbers of [inaudible] registrations. So I think the more pertinent question is really whether there's more proportionately more trademark infringement in new gTLDs than in legacy TLDs, and unfortunately we don't have the ICANN metrics breaking down relative use of the UDRP. That's to say use of UDRP and new gTLDs as opposed to its use in legacy TLDs.

However, the World Intellectual Property Organization does have those statistics, and so the answer to that question [inaudible] is yes, because

---

if we look at 2016, 18.6% of WIPO's total gTLD case load involved new gTLDs, and at the same time, that was 14% of the total gTLD registrations were new gTLDs. So we can see that trend probably.

Importantly, though, if you remember that the metrics we have are just the UDRP [inaudible] cases and these are administered proceedings which clearly form only a part of the overall enforcement costs to brand owners.

So, conclusions from this. Well, we've seen an increasing number of disputes with the introduction of new gTLDs rising year on year. I mentioned those numbers just before.

Trademark owners do use a variety of other means to deal with abuse of domain name registrations, which is difficult to capture. So, the UDRP and the URS [inaudible] costs are only part of the overall important costs of brand owners.

There appears to be more trademark infringement presently in new gTLDs than in legacy TLDs. And the impact study on cost and effort required to protect trademarks in the DNS needs to be repeated to obtain more data, be more user friendly, and hopefully get a better response rate.

The [URF] is a relatively low usage and [inaudible] is flat, so its value may be questioned compared to [that of] the UDRP.

And on the Trademark Clearinghouse, a cost-benefit analysis is needed in order to get improved data so as to basically enable definitive conclusions to be drawn.

---

I'll skip through the RPMs – sorry, the recommendations on the RPMs. Recommendation 40, this recommends that the impact study mentioned before in order to ascertain the impact of the gTLD program on cost and effort should be reviewed at regular intervals in order to ensure that we can see the evolution over time as the new gTLD program continues to evolve [inaudible] new gTLD registrations increase.

We specifically recommended that the next one be completed in 18 months after the issuance of the CCTRT final report and that subsequent studies be repeated every 18-24 months.

Our recommendation 41 is the recommendation recommending full review of [UDRS] and also recommends that it's looked up how its operation of UDRP is also considered. However, and specifically given PDP review of all RPMs, which is currently ongoing, we noted that any such review that is that we need to take on board that report when published, and indeed it may not even be necessary if the report is substantial in its findings, and if the report considers potential modifications.

The rationale there really was ... The [inaudible] in understanding here if possible why the uptake in URS appears to be below expectations and whether URS is considered an effective mechanism really to prevent abuse. We also consider it crucial to have a level playing field for all gTLDs.

Onto recommendation 42. So, the independent review of the Trademark Clearinghouse [inaudible] to provide a report wasn't able to

---

make definitive conclusions due to data limitations, and indeed it's specifically noted that it was unable to perform a cost-benefit analysis, [inaudible] the claims service or potentially expanding the matching criteria.

So, we recommended that in order to allow for an effective policy review of cost-benefit analysis of the TMCH and its scope should be carried out.

We also noted again that the PDP review of all RPMs report needs to be considered, set the scope of any review and potential modifications there.

So, happy to take questions or leave them to the end and not let Jordyn have much to say, whichever way he prefers.

JONATHAN ZUCK: Dave, this is Jonathan. Kathy ... Oh, she raised her hand. I'll let her speak first, then.

KATHY KLEIMAN: Great. This is Kathy. Can you hear me?

JONATHAN ZUCK: Thanks, Kathy.

---

KATHY KLEIMAN:

Okay, perfect. Great. Hi, David. We don't have the slide in front of it. Maybe you could go back to it, the INTA slide. By the way, first, thank you, all of the members of the Review Team, for your ongoing work in this area. As always, thank you.

So, I have several questions, but one of them has to do with this slide. Thank you. In the working group, in the Rights Protection Mechanism Working Group, we spent a lot of time on the [inaudible] study and found what you'd expect – that it was statistically invalid.

Of the 6,600 members of INTA, 33 responded. More responded, but only 33 finished it. And of those, a huge percentage of the companies that responded were multi-billion dollar businesses.

So, when you do your key takeaway, the main reason for 90% of the brand owners who responded to the survey who happened to be largely multibillion-dollar companies register new gTLDs for defensive purposes.

I'm wondering how much detail you can put in about the problems with the survey. I'm not faulting INTA. It was a tough survey to do and we're all learning. The Rights Protection Mechanism Working Group is now collecting its data and has learned a lot from INTA and a lot from Lori Shulman about the process of doing this. But, shouldn't you be qualifying the slide for what you actually found, which was again, statistically invalid.

So, not that it wasn't important, but statistically invalid, and that we're talking the largest companies in the world did register extensively new gTLDs for defensive purposes. That seems to be the real conclusion.

---

So, let me ask David, can we qualify these as you publish them for what we're basing the information on? Thanks.

DAVID TAYLOR:

Yeah. Thanks, Kathy. Yeah, that's very similar to the point we made when we were at the ICANN meeting at Abu Dhabi. I think it's very clear that 33 is a very low number. The survey was done by Nielson and specifically asked them about this. They didn't say it was statistically invalid and they're the ones that carried it out. So, if it's very clear that the consensus amongst all people to do surveys is that something like this is statistically invalid, then we could certainly put something to that into the CCT Review Team report. I'm going to take that back. That's a little more stronger than what we said at Abu Dhabi, so I'm happy to put that to Nielson. [inaudible] statically invalid or not because that's not what you originally told me when you looked at that. Their clear view was that it was an indication of a trend, which is really all we've been taking it as to date.

And I [inaudible] take the point that a lot of the companies who replied were the bigger companies. Having looked at the questionnaire, [inaudible] read through the questionnaire, it's quite a scary questionnaire. It involves a heck of a lot of information, which I think many just turned around and thought, "We can't provide this sort of response," and only some of the bigger companies perhaps had the resources to do it or instructed their outside council to pull the data together.

---

So, as you rightly say, we're all learning from such reviews and such surveys. That's something which certainly needs to be looked at and [inaudible] taking all these comments back as a way to get this done and a better way to get a higher response rate.

The only other thing I have to say is certainly, just because we've got a large number of companies registering, the larger companies, it doesn't mean to say that the smaller companies aren't registering.

Again, it's one of those things. It's an indication and that's really where we're taking it. It was an indication to get data as opposed to the anecdotal evidence, which is right where you've got the anecdotal evidence. The brand owners against the anecdotal evidence of others, and everyone is looking and it's the few on either side leading everything and we're trying to figure out the common grounds.

So, we do want to get the data if we can and this was a good shot. Frankly, I don't think we got as much as we wanted, and hopefully we can do better; hence the idea of repeating it certainly remains [inaudible].

Happy to take any other questions. I've just moved off the screen, Jonathan, [inaudible] sorry.

UNIDENTIFIED MALE:

Kathy, did you raise your hand again? Do you have another question?

---

KATHY KLEINMAN: I did. If I'm the only one in the queue, then first, I apologize to everybody. But yes, I have another question.

UNIDENTIFIED MALE: Go ahead.

KATHY KLEINMAN: First, David, thank you for the lengthy response. There is a lot on ... There's an introductory piece of material. I don't know if it was presented to you – that we got from Nielson and the Rights Protection Mechanism Working Group, which really qualifies extensively the survey. I'll make sure I send that to you to make sure we're all looking at the same material.

Could we go on to the URS slide? The recommendation on the URS, the recommendation slide.

I just wanted to check and see. By the way, the working group has not gotten to this yet, so obviously I'm speaking for myself and not the working group. We're just beginning the URS process. We just did our education session and a lot of questions for attorneys working in the URS area.

But, the URS was created as a rapid take-down mechanism for registration of new gTLDs. Am I seeing a recommendation here? Am I misunderstanding it, that you are recommending that the URS either be extended to all gTLDs, both legacy and new? Notwithstanding its original reason for creation. Or, that it not be used for any? Is that

---

what's going on here? Because I'm confused about the level playing field comment. Just thought I'd ask for clarification. Thank you.

DAVID TAYLOR:

Yeah. There's nothing really behind that. I think that's really one we talk about it and we think it's important to have a level playing field as [inaudible] as possible. As you know, some legacy gTLDs have taken on the URS voluntarily. Others may, others may not. I think that's really a question [inaudible] we see. But, the need for having a level playing field I think is important. As things stand, I don't think URS is being massively used. It's available in certain gTLDs and perhaps not in some of the legacy ones isn't something which people are saying, "Look, URS is so used and so abused by brand owners to do horrible things," I think that would absolutely stop it going into anything legacy, but that's certainly not the case that anybody is seeing. They're actually seeing it's not particularly to any large extent.

So, the bit which [inaudible] recommendation, which isn't talking about the level playing field. The recommendation itself is really looking at how to interoperate with the UDRP because these are obviously two mechanisms that are there side by side doing different things. The UDRP has [inaudible] doesn't have a transfer and that was very important because when we were drafting and putting the URS into place, it was specifically not including a transfer, so that we wouldn't see potentially abusive brand owners coming in and sweeping these domain names in a fast track of a three-day period of Christmas while everybody was sleeping. So, it was a way [inaudible] appropriate in certain domain names as such.

---

So, they are different beasts for different things and I think that's where the complexity lies. And certainly what you're looking at now on the working group on the PDP review is you're gathering all that information together to try have a very detailed review which is something we haven't had the benefit of. But thanks, good points.

KATHY KLEINMAN: Thank you.

JONATHAN ZUCK: Because our time is short, let's move on to Jordyn and onto the parking section of our new report. Jordyn, go ahead. Take it away.

JORDYN BUCHANAN: Thanks. I will be quite brief since we only have eight minutes remaining in the webinar and I'll try to reserve a little bit of time for questions at the end.

I think one of the things that we noticed very early on in our view of the new gTLDs and the competition aspects in particular was that there were a large number of parked domains within the new gTLDs.

By parked, there's various definitions of that term. We used a fairly expansive definition for the purposes of our analysis that I'm about to speak to, which basically means that the domain name itself is not the canonical identifier for standalone content.

---

So, basically, if the domain name doesn't resolve or if it resolves into an error or if it resolves to a page that just has parking information on it, or even if it redirects to another page hosted on a different domain, especially in a different TLD, we consider all of those domains to be parked for our definition.

Now, there's various other definitions you could use. The last question of redirects in particular, I think there's some controversy around, and certainly we're not just talking about the types of pages that you see when you navigate to a domain and see a bunch of ads or a notion that the domain is available for sale or otherwise what people might think of as a parking page. So we use a very expansive definition just to try to understand are these domains being used as the primary identifiers for content or not?

So, using that expansive definition, based on some data that we had from [inaudible] stats early on, which was publicly available data, we noticed that a very large fraction of new gTLDs were parked and we wanted to understand whether this phenomenon was unique to new gTLDs or whether there was a difference with legacy gTLDs, because as you can see on the slide, based on the math reported in the report, over two-thirds of all new gTLDs registrations are currently parked. So that's quite a significant number, obviously.

So, we asked [NTLD stats] to expand their analysis and also look at legacy gTLDs which they hadn't done historically. In most cases, it had to be done through sampling, because obviously there's many more domains in the legacy gTLDs than in com and some of the other larger ones in particular.

---

So, when they completed that analysis they found that in the legacy gTLDs, for the same time period, which I believe is December of last year, so this data is about a year old, only about 56% of domains in legacy gTLDs are parked.

I say only, but obviously that's a very large number as well. More than half of all domains, even in legacy gTLDs, are also parked.

So, new gTLDs have a higher incidence of parking rates, but legacy gTLDs also have a high rate of legacy [inaudible] parking.

Beyond that, unfortunately we weren't able to make many more inferences from the data. We weren't able to find any obvious effects on competition. For example, renewal rates or other factors that might influence the sustainability of a gTLD based on parking rates. We did a very light analysis of that to try to see if we could find one easily.

There is a slight on the safeguards and abuse side ... There's a slight, slight correlation between parking rates, a higher parking rate and higher DNS abuse rates, although I'll note there's also a correlation between DNSSEC deployment and DNS abuse rates. So these slight levels of incidents, it's not 100% clear what to make of it.

Then we had a bunch of hypotheses as to why a higher parking rate might lead to less stability in the gTLD going forward. For example, parked domains might be less likely to renew or maybe they would be positive signs for competition. Maybe it would be a sign that there's a lot of positive speculative interest in the future of that gTLD, none of which we were able to really prove out.

---

So, we've identified this pattern that new gTLDs tend to have higher parking rates than legacy gTLDs, but at this point, we're not quite sure what to make of that, so it's more an interesting fact than a strong indicator of success or failure of the new gTLD program in our report.

So, with two and a bit minutes left, I'll open it up for any additional questions on this topic. I see actually that – oh, sorry. I forgot to mention that we did have a recommendation related to this, which is basically to do further study and get data gathering on the topic.

I do see that in the chat John asked a question, which is: why are we using the expansive definition, which says of course there are going to be more redirects in the new gTLDs, the legacy gTLDs.

John, it's a fair point. I don't think redirects are a substantial influence on the total parking rates. I think even if we backed out redirects we'd still see a pretty substantial difference between the two. It's actually quite common to have redirects in legacy gTLDs as well, as John notes. Other John.

Kurt asks if there's a correlation between price and parking. Once again, we don't have sufficient confidence in any of our pricing data to be able to make a statement to that effect.

Basically, the only pricing data that was available through this review at the registry level was published – not published, standard wholesale pricing between registries and registrars. We didn't have any data on either promotion prices, which would result in lower prices, which we believe drove a lot of the volume of new gTLDs or premium domains which we believe drives a lot of the total dollars in new gTLDs. So, our

---

pricing analysis is far from perfect, which is why you see several recommendations in the report relating to gathering additional pricing data [inaudible].

Any other questions? Seems like no, so I'll turn it back to Jonathan.

JONATHAN ZUCK:

Yeah. Thanks, Jordyn, and thanks everyone for participating in the call. I think what's important the parking is when all is said and done we didn't make a value judgment on parking, so the urgency of including or excluding different aspects of parking and what the different influences might be on competition of different types of parking, etc., [inaudible] so there isn't corresponding recommendation based on some urgency surrounding parking.

So, we still have our public comment period open until the day after Christmas. So depending on how you like to spend your Christmas holidays, you may want to write up some comments and submit them to the Review Team. We look forward to hearing from you and incorporating them alongside the previous set of comments that we already have on the report.

So, an extension on the deadline? I don't know whether we're trying to do an extension on this just because it was just a small part of the report, John, but we can take that offline. I think we're just trying to get this delivered.

Oh, the public comment period end date is January 8, 2018.

---

Alright. If there aren't any questions, I appreciate everyone getting on the webinar and we remain open to further discussions as questions come up. Thanks a lot.

**[END OF TRANSCRIPTION]**