1515 North Courthouse Road
Arlington, VA 22201

July 14, 2006

Ms. Fiona Alexander
Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Avenue, NW
Room 4701
Washington, DC 20230

Dear Ms. Alexander:

Verizon is a longstanding and active member of ICANN's user community within the Internet Service Providers and Connectivity Providers (ISPCP), Business and IP constituencies. The technical coordination and administration of the Internet is of critical importance to Verizon, our customers and our further development and deployment of premier international communications services. Verizon was active among multinational industry participants who consulted on the creation of ICANN in 1998. Consequently, we continue to support the model of private sector leadership embodied in ICANN. The overriding objective must be to ensure the operational security and stability of the Internet.

In our view, the challenge at hand is for ICANN to build on its successes and to learn from its mistakes in order to strengthen and improve the organization. ICANN must work with government representatives through the Government Advisory Committee (GAC) to ensure the effective evolution of a global advisory process. The United States Government (USG) must also continue to provide support and leadership throughout ICANN's progress, including outreach and ongoing consultation with leading stakeholders and with other governments to ensure broader global support for ICANN's structure and mission.

We urge that you continue your commitment, as we have, to a long-term supportive role with ICANN. The private sector's coordination and management of the technical functions of the global Internet, combined with the development of associated polices, offers the best possible solution for all – users, suppliers/providers, and governments. To this end, we are pleased to provide comments as the Department of Commerce considers both the continuation of its Memorandum of Understanding (MOU) with ICANN and the issues surrounding an eventual transition from its memorandum-based relationship with USG.

Principles relevant to private sector transition.

The Principles articulated in the DNS White Paper are still very relevant and integral to the transition of the Internet DNS to private sector management. Stability, competition and representation through

bottom-up, private sector led and coordinated policy development are imperative to the continued transition of the DNS.

In addition, it would be useful to take into consideration the lessons learned since 1998 to instill new principles into the transition process. Transparency and security are two additional principles that should be considered in setting the proper benchmarks for completion of the transition process.

Transparency in ICANN's interactions with its stakeholders is imperative. It is often stated that ICANN is made up of a community of users, providers, government representatives and other stakeholders. However, in practical terms, stakeholder input and contributions to ICANN's proposals are not given the deference they deserve and this is not conducive to a bottom-up consensus building process.

Certainly, when competition issues and contract negotiations are at play, there is some need for confidentiality. However, major changes in policy should not be implemented under the guise of confidential negotiations in an organization that is built on the principles of openness and transparency. In the past several months, ICANN participants and staff have spent a tremendous amount of time debating matters that would be nonexistent had there been sufficient transparency in the objectives and outcomes related to various goals. By way of example, the contract renewal for dotcom continues to cause great consternation for the ICANN community, and much of that could have been avoided had there been greater transparency early in the process as to the settlement terms and the reasons therefore. On the other hand, we applaud the visibility of ICANN's operational plan where, notwithstanding substantive concerns, there has been sufficient vetting of the plan so as to make it a credible document. Progress in openness and transparency will not only serve to enhance global participation in ICANN decision-making, but also will alleviate misunderstanding regarding the private debate of issues that would otherwise be non-controversial.

Security of the DNS involves more than purely technical activities. The established principle of stability implies a sense of reliability and dependability that consistently balances the needs of users and providers who rely on the DNS as a ubiquitous tool in global communication. It implies a need for security which should be used as an additional principle for the measurement of DNS transition. Without security, there can be no stability. However, the notion of stability − which is a subjective and sometimes political concept − while incorporating security often does not sufficiently address it.

The advancement of the Internet as a key means of global communications should lead ICANN to broaden its mission to include better security and reliability for the DNS. While ICANN has accomplished a great deal to ensure the general stability of the system, ICANN should not fail to address its limited responsibility to reduce fraudulent activity related to the DNS and domain name registrations. ICANN should recognize that, in light of the ever increasing number of users around the world, its mission should conform accordingly to reflect the importance of the DNS and Internet in today's information society.

Such emphasis will also serve to support a critical security-related component of ICANN's stability remit. In fact, the role of the Security and Stability Advisory Committee (SSAC) and the advocacy for a secure DNS (DNSSEC) can be viewed as recognition by ICANN itself, of the importance of security in its guiding principles.

Timing and principles of transition as outlined in the MOU

The actions noted in the DNS white paper and outlined in the MOU with the US Government indicate that the timing is not yet ripe for complete transition of DNS coordination and management responsibilities to the private sector by September 30, 2006. These tasks are still relevant and should be used as the benchmark for the completion of transition process when the timing is appropriate to do so. A few important issues highlight the need for continued oversight of the transition process.

First, ICANN's role in the greater Internet governance arena should be further established and legitimized. We applaud ICANN's efforts, as outlined in its strategic plans, on outreach in various global regions as indicted by its liaison activities, governmental outreach and regional at-large organizations (RALO). One of the common themes arising out of the WSIS process is the call for greater international participation. It would be useful for ICANN to address how it envisions accomplishing this task without compromising the private sector leadership that is a key aspect of its charter.

The recent outreach to the GAC by the ICANN Board of Directors (Board) and correspondence to the GAC from Chairman, Vint Cerf, are positive and encouraging steps towards a more robust relationship. In addition, establishing ongoing working groups and liaisons from the GAC to the Board, GNSO, ccNSO and related policy making task forces will serve to provide more direct dialogue between the private sector stakeholders and government representatives.

However, there is often a great void in the input received from the GAC because of the diversity of views and interests. GAC representatives are not always available to provide meaningful input on policy decisions in a timely manner. For the same reason, it has not been feasible to provide voting status to the GAC within the Board and supporting organization bodies. Thus, there should be some renewed thinking in the way the GAC interacts within ICANN, and some improvement is called for towards greater interaction. Indeed, establishing some mechanisms for greater and more consistent GAC input into ICANN's established policy making processes would be a concrete starting point in legitimizing ICANN's important role in global Internet governance.

Second, as a steward of the DNS transition to ICANN, the Department of Commerce should pay special attention to the incomplete task of improving the accuracy and availability of Whois data. Yet, not only is ICANN not implementing policies that would improve the accuracy of Whois data, but the GNSO council and ICANN board have recently moved towards policy positions that would cut off access to Whois data for a large percentage the DNS user community, and would effectively make accuracy a moot point. It cannot be overemphasized that preventing public access to Whois data would lead to greater fraud and instability in the DNS. Eliminating or reducing public access to Whois data would remove a significant tool in the investigation and prosecution of illegal activities and it would have a significant negative impact to Internet service providers (ISPs) by removing a means for technical and administrative purposes. Thus, not only should further work continue in improving the accuracy of Whois data, but the continued commitment to the availability of the data in a system that discourages monetization and encourages harmonized availability should be included as an additional task under the MOU. Continued access to accurate Whois data is but one of the many policy considerations related to ICANN's technical coordination activities, but it is one that has particular impact on a wide range of

stakeholders because of its implications to the stability, reliability and security of domain names and DNS registrants.

An issue of related concern to DNS reliability involves the growing problem of ICANN-accredited registrars engaging in infringing and unfair trade practices known as "domain name parking" and "typo squatting". In an attempt to monetize the secondary market in domain names, certain registrars have been registering typo squatted variations of trademarks (including Verizon's trademarks) in bulk, taking advantage of a 5 day waiting period before payment is due for such domain names. During the waiting period, the typo squatter-registrar can evaluate which domain names generate the most traffic (known as "domain name tasting") and drop the names that are not valuable with a full refund. The valuable names are "parked" on websites that push online advertising and sponsored links to consumers. These same registrars have often obscured their identities in the WHOIS database as the actual registrant. When confronted by the rightful trademark owner, registrars have threatened to auction the names or refused to return them without receiving a significant payment. These practices impair the reliability of the DNS, harm consumers and add to the misconception that ICANN lacks legitimacy because it has not taken steps to expressly prohibit such practices.

Finally, the MOU set forth a series of tasks related to the further internationalization of ICANN in an effort to bring the Internet to all users around the world. In this regard, ICANN must commit greater efforts to internationalized domain names (IDNs). Since 2002, ICANN has expended tremendous effort in successfully rolling out many new generic top level domains (gTLDs). While these new gTLDs have been important to the principle of competition, they have not proven to be viable in the market place. Thus, we should learn from this market dynamic and forgo rollout of new gTLDs in favor of sponsored top level domains (sTLDs) where true value can be created for under represented parts of the domain name market.

Moreover, priority must be given to IDNs, beyond what it has now, in an effort to satisfy ICANN's mission. Without immediate and immense resources focusing on addressing the technical and related policy requirements for IDN rollout, ICANN will risk its credibility and leadership role. The very stability of the DNS is at stake if ICANN does not work more swiftly towards this goal. ICANN's response to this call has been improved in recent years by creating the President's Advisory Committee on IDNs, by hosting workshops on IDNs and by working towards educating the global community on the technical and policy needs of IDNs. However, there is much work remaining to be accomplished. ICANN should move beyond the test and research phase and demonstrate its ability to implement IDNs as a condition of full transition.

These are just a few examples of the milestones that are in need of greater work prior to the full transition of DNS management over to ICANN. Verizon supports ICANN's work towards meeting these milestones and will continue to be actively engaged in assisting ICANN's advances in this effort.

Participation of stakeholder groups

The goal of increasing and improving the participation of more stakeholders also remains to be completed. ICANN has many mechanisms for participation, and there is no monetary fee to attend ICANN's in person meetings. The ICANN supporting organizations are arranged to seek input from many different interests in the public and private sectors.

However, an immense barrier to meaningful stakeholder participation is the current weighted voting structure within the GNSO. This flawed structure gives double votes to the registry and registrar representatives on all policy matters. Thus, ICANN has a unique structure that essentially gives incumbent providers veto power on areas, including those impacting competition and market practices that ICANN has a duty to oversee. The registries and registrars often say that, because they are funding the lion's share of the budget, they should have greater input into the decision making process. However, this is an inaccurate assertion. A significant portion of ICANN's budget comes from domain name registrants through the money paid to registrars and passed through to ICANN. The registrants have not been given their fair share of influence, and are not treated as those to whom there is a duty and responsibility for the proper management of the DNS.

This voting structure further marginalizes the user community because no matter how important the policy issues at stake and the amount of work and input put forth by the user community, its views become meaningless when weighed against the double votes granted to the registry and registrar communities. The recent vote on the purpose of WHOIS is only one such example of a weighted voting result that harms the reputation of ICANN and causes confusion and backlash in the Internet community. Although there were an equal number of constituencies in favor of the alternative view on Whois purpose, the weighted voting structure gave a foregone conclusion as to the outcome, and did not allow for continued discussion or a consensus view to take shape. The flawed model of weighted voting discourages open and vigorous debate and limits the ability of meaningful participation in ICANN by the user constituencies. These constituencies together represent thousands of organizations and countless individual users of the Internet whose input is not valued and not considered because unless there is a "seal of approval" from the registry and registrar groups, their views cannot be heard and certainly cannot prevail.

At the same time, the nominating committee (NomCom) which was established to appoint board members, is now putting its own members on the GNSO giving them full policy making power, and each of the NomCom members seems to represent no interests other than his or her own. Thus, while some users have very little say in policy development, other users can voice their own single voices and have no responsibility to any stakeholders other than themselves. In this way, members of the NomCom have become a "constituency of one".

At the end of the day, such inequality and imbalance in representation equates to less buy-in and less active input from a very broad and diverse number of stakeholders. Within such a structure, it is naïve to expect that ICANN will gain adequate acceptance and credibility in the global arena to be able to take on complete management of the DNS without continued oversight. Involvement in the ICANN policy making process should not be limited to "contracted parties," but should embrace the equal participation of non-contracting and "affected parties," or we risk inviting greater, not less, governmental oversight to ensure a representative and legitimate process. Accordingly, ICANN's goal of broad representative participation cannot be adequately satisfied until and unless the user community has an equal voice with the provider community on issues of equal impact to all who use, access and manage the DNS.

Since the creation of the DNS White Paper, there has been a great deal of formal and informal interaction with a variety of experts within the ICANN framework. Security, language, standards and policy experts have all led to the further edification of ICANN staff and community alike. ICANN has made tremendous strides in working with experts involved in DNS security by establishing the Security

and Stability Advisory Committee (SSAC) and collaborative efforts towards IPv6 implementation. Verizon urges continued collaboration and a more established working partnership with other organizations that contribute to the management of the DNS such as the Internet Engineering Task Force (IETF) and the World Wide Web Consortium (W3C). As we move towards an ever more converged Internet world, an ongoing partnership with standards and protocol making bodies will be all the more central to successful coordination of DNS management.

Greater responsiveness to governments and ccTLD managers.

Timing has proven to be one of the ongoing challenges in the efficiency and responsiveness to governments. ICANN's policy development process has not shown itself to be flexible enough to engage the GAC in an effective manner because GAC views often take much longer to establish, reach consensus and be communicated into the process than has been feasible for valuable input. This is an ongoing problem that was underscored in the GAC communiqué against the .XXX operator after it had gained approval for a new sTLD aimed at adult content. This was again made apparent in the most recent ICANN meetings when the GAC voiced its concerns over the Whois issue after the GNSO had voted to limit the purpose of Whois data, thereby causing the GNSO to rethink the meaning and result of its previous vote.

Any efforts at improving the timing of ICANN's PDP and the GAC's input into the process would be vital to greater efficiencies for both. Perhaps one way of accomplishing this would be to align the GAC according to various governmental interests the way the private sector constituencies are separated along functional lines. For example, rather than a single GAC view on an issue which may be difficult to establish, governmental representatives can provide GAC law enforcement guidance, GAC consumer protection guidance, GAC communications guidance and additional input from other expert international bodies, such as the World Intellectual Property Organization and so forth.

The most recent Board resolution on timing of PDP issues released just this week will provide further recognition of the timing obstacle and should be used as a call to action for additional ideas on how to overcome the obstacle. The ideal goal will be to obtain greater GAC input through ongoing dialogue, consistent consultation and more detailed presentation of practical needs as seen in the Marrakesh and Montreal GAC Whois requirements.

Likewise, ccTLD managers can work more collaboratively within the ICANN structure if there is full engagement and participation in the policies set forth by ICANN. However, there should be some measure of sovereignty and ability to adopt protocols balanced with ICANN policy adoption that would recognize the unique structure of ccTLD needs. In recognition of the importance of preserving the security and stability of the DNS, there should be a solid move, supported by the country code supporting organization (ccSO) against country code managers and private organizations that offer alternate roots. A great start to an improved process to work with ccTLDs is to establish formal agreements with many more ccTLD managers.

ICANN, WSIS and Internet Governance

The Internet Governance Forum (IGF) was created at the World Summit on the Information Society (WSIS) in November 2005 as a vehicle for continuing discussion of Internet technical and policy issues.

The IGF is expected to occur annually with the first meeting slated for October 2006 in Athens, Greece. Early planning for IGF meetings has highlighted the different positions in the ongoing debate.

While it is fairly settled that ICANN's role in DNS management is but one among many topics related to the technical and policy functions that constitute Internet governance generally, this limited role must be continually stressed in a post WSIS world. ICANN has made many positive efforts towards outreach and education on its role and responsibilities such as training of ccTLD managers and establishing relationships with international, regional and intergovernmental organizations such as the UN Economic, Social and Cultural Organization (UNESCO), Organization for Economic Co-operation and Development (OECD) and the International Telecommunications Union (ITU).

While some may continue to call for the demise of ICANN in favor of a governmental oversight body, it is far more useful to focus on the IGF as the means to address the greater percentage of governance issues that are indeed outside the scope of ICANN. It is only through such an approach that the continued global participation and diversity within ICANN decision-making so critical to its success can be assured. Verizon sees these engagements as a positive outcome of the WSIS effort and will be actively engaged in ongoing IGF discussions in order to support ICANN's narrow mission of coordination of DNS management while leaving the issues outside its purview to groups outside its organization.