

The Cloud Industry Forum Sword House Totteridge Road High Wycombe HP13 6DG

VIA E-MAIL

August 2nd, 2013

Dr. Stephen Crocker, Chairman of the Board of ICANN Mr. Fadi Chehadé, President & CEO Mr. Cherine Chalaby, Chairman of the New gTLD Committee Internet Corporation for Assigned Names and Numbers (ICANN) 12025 Waterfront Drive, Suite 300 Los Angeles, CA 90094

Re: Cloud Industry Forum's Opposition to Google's Amendments to the .cloud gTLD

Dear Dr. Crocker, Mr. Chehadé and Mr. Chalaby:

The Cloud Industry Forum ("CIF") opposes Charleston Road Registry's ("Google") request to amend its application for the .cloud generic Top-Level Domain ("gTLD"). Not only does Google fail to meet ICANN's proffered criteria for amending its .cloud application, but this amendment is an effort to frustrate interested third parties such as CIF from objecting to Google's proposed implementation of the registry. Google's amended application exacerbates, rather than ameliorates, the competition concerns resulting from Google's application. Moreover, the amendment arrived after the ICC International Centre for Expertise's received written objections to Google's original .cloud application, thereby disrupting proceedings that were already underway.

CIF is a not-for-profit entity established in 2009. CIF comprises thirty-three members, many of which are major cloud service providers. CIF champions and advocates for the adoption and use of cloud-based services. CIF accomplishes this mission through a dual process of education of the end user community about cloud related matters, and, by enabling evaluation of online cloud services providers for compliance with an established Code of Practice. This latter self-certification provides transparency to businesses and individuals selecting cloud-based services and assists end users in assessing whether to adopt these services. To that end, CIF possesses a clear association with the string at issue, .cloud.

Google submitted its application for the .cloud gTLD on June 13, 2012. Google's original application proposed to "operate the proposed gTLD with Google as the sole registrar and registrant." On

¹ Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.1., June 13, 2012 (emphasis added).

April 6, 2013, however, Google sent Christine Willett, ICANN's New gTLD Program General Manager, a letter stating its plan to amend its application.² Google's "amended" application proposes to "provide a dedicated domain space for certain cloud services [to] allow companies with cloud services offerings to actively manage their offerings as well as the introduction and phase out of spaces for new and/or or [sic] retiring products and/or services." While this 180-degree change is a small step in the right direction on some issues, Google's amended application creates a whole new set of competition and other concerns. Specifically, Google's plan to allocate to cloud service providers third-level domain names for the .cloud gTLD imposes unnecessary, innovation-thwarting restrictions on the .cloud community, and reserves control over all second-level domains to Google itself.

In this way, Google plans to use the .cloud gTLD to dictate the terms of competition to an entire industry of cloud service providers. Indeed, Google proposes to operate the .cloud gTLD to "provide cloud service providers with the ability to offer services cto [sic] signal to the general population of Internet users and developers that services offered within the .cloud domain meet certain technical standards for compatibility and functionality" — albeit with Google alone defining those "certain technical standards." CIF, by contrast, embraces a community approach to providing transparency for cloud service providers. That is why CIF's members — individually and collectively — oppose Google's amended .cloud application and have a significant interest in the application's fate.

Below CIF explains (1) why Google's amended application fails to meet ICANN's standards for amending its .cloud application and (2) how granting Google's application likely will significantly harm competition.

I. Google's Application Fails to Meet the Criteria for Amending Its Application

We understand that ICANN provisionally approved Google's .cloud application on or around July 5, 2013.⁵ Notwithstanding that, we believe Google's amended .cloud application fails to meet ICANN's criteria for updating its gTLD application. In particular, ICANN identifies the following seven criteria for determining whether to approve an updated application⁶:

1. Explanation. Is there a reasonable explanation for the amendment?

² Letter from Sarah Falvey, Policy Manager, Google, Inc., to Christine Willett, General Manager, New gTLD Program, Re: Update on Amendments to Four of Charleston Road Registry's Applications, Apr. 6, 2013.

³ Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.1., June 13, 2012.

⁴ Id.

⁵ ICANN, Application Update History for Charleston Road Registry Inc., for .cloud, Appl. 1-1099-17190, https://gtldresult.icann.org/application-result/applicationstatus/applicationchangehistory/1428.

⁶ ICANN, gTLD Applicant Guidebook at § 1.2.7., June 4, 2012; see also ICANN, New gTLD Application Change Request Process and Criteria, http://newgtlds.icann.org/en/applicants/customer-service/change-requests.

- 2. Evidence that original submission was in error. Are there indicia to support an assertion that the change merely corrects an error?
- 3. Other third parties affected. Does the change affect other third parties materially?
- 4. *Precedent*. Is the change similar to others that have already been approved? Could the change lead others to request similar changes that could affect third parties or result in undesirable effects on the program?
- 5. Fairness to applicants. Would allowing the change be construed as fair to the general community? Would disallowing the change be construed as unfair?
- 6. Materiality. Would the change affect the evaluation score or require re-evaluation of some or all of the application? Would the change affect string contention or community priority consideration?
- 7. *Timing*. Does the timing interfere with the evaluation process in some way? ICANN reserves the right to require re-evaluation of the application in the event of a material change. This could involve additional fees or evaluation in a subsequent application round.

On all scores, Google's amended application misses the mark. The following sections address each change criteria in turn.

A. Explanation: Google's Reason for its Amendment is Not Reasonable

Google states that it intended to amend its .cloud application "to create a clear association between .cloud names and projects hosted in cloud platforms, while simultaneously allowing registrants to more easily link domain names with the cloud offering of their choice." However laudable this purported aim may be, Google amended its application for another reason.

As originally proposed, Google would have operated the .cloud gTLD in a way that clearly would have excluded competition:

 Google's original application proposed to "operate the proposed gTLD with Google as the sole registrar and registrant."

⁷ Letter from Sarah Falvey, Policy Manager, Google, Inc., to Christine Willett, General Manager, New gTLD Program, Re: Update on Amendments to Four of Charleston Road Registry's Applications, Apr. 6, 2013.

⁸ Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.1., June 13, 2012 (emphasis added).

Google's initial goal was to "make[] it clear to Internet users that this is the authoritative and
designated space where they can find Google cloud services offered solely by Google"9

Google's initial application raised serious concerns from other participants in the industry and from bodies closely watching the new gTLD application process. On November 20, 2012, the government of Australia issued an Early Warning noting that Google "propos[ed] to exclude any other entities, including potential competitors, from using the TLD."¹⁰ Australia further remarked that administering the .cloud gTLD in such a way "could have unintended negative consequences, including a negative impact on competition."¹¹ The Government Advisory Committee ("GAC") later agreed, noting that .cloud, as a "Category 1" gTLD string, is "likely to invoke a level of implied trust from consumers, and carry higher levels of risk associated with consumer harm." The GAC's rejection of Google's original proposal to operate the .cloud gTLD as a closed registry was appropriate.¹²

Understanding that – in the GAC's view – awarding Google the .cloud gTLD based on its previous application would create insurmountable competition concerns, Google realized that it was in danger of ICANN dismissing its .cloud new gTLD application. Instead, Google now attempts to revive its problematic proposal by amending its .cloud application. Circumventing dismissal due to violation of competition norms surely is not a sufficient explanation for Google to avail itself of ICANN's application amendment process.

B. Google's Original Submission Was Not an Inadvertent Error

The most glaring error in Google's original .cloud application was that Google proposed to operate the .cloud gTLD in such a way as to harm competition. As noted above, Google understood that its application suffered from grave competition concerns that likely would have met (and eventually did meet) with resistance from ICANN. Yet Google's original plan was to operate deliberately the .cloud gTLD to promote its services and *only* its services. Consequently, there is no "indicia to support an assertion that the change merely corrects an error." Google's update amounts to an effort to walk back from a grossly anticompetitive proposal.

 $\frac{https://gacweb.icann.org/download/attachments/27131927/Cloud-AU-}{17190.pdf?version=1\&modificationDate=1353425008000\&api=v2~(emphasis~added).}$

⁹ *Id*.

¹⁰ ICANN Government Advisory Committee, GAC Early Warning – Submittal Cloud-AU-17190, re Charleston Road Registry Inc.'s .cloud application, Nov. 20, 2012,

¹¹ Id.

¹² ICANN Governmental Advisory Committee, GAC Communiqué – Beijing, People's Republic of China at 8, Apr. 11, 2013.

¹³ ICANN, New gTLD Application Change Request Process and Criteria, http://newgtlds.icann.org/en/applicants/customer-service/change-requests.

C. Other Parties Will Be Affected Materially By Approving the Amended Application

While we will address in Section II.A. how Google's amended .cloud application would harm competition, we discuss in brief here why Google's application creates cloud community concerns.

Any competing cloud service provider that is allowed to register with a Google-operated .cloud domain risks handing over to Google access to user data that passes through the underlying cloud service. Moreover, over the long run, allowing Google to operate the .cloud gTLD would create consumer confusion that would result in a permanent association between "Google" and "cloud services" to the detrimental exclusion of other providers. As discussed further below, Google's plan to operate the .cloud gTLD to allocate to registrants *third-level domain names only* would dictate to the entire industry of cloud service providers the terms of organization and, thereby, competition for the industry. Finally, Google's attempt to gain an unfair advantage in cloud services will serve as a vehicle to solidify its dominance in other markets, such as mobile, search, and search advertising.

In the end, Google's proposal to operate the .cloud gTLD would cede an unfair, competitive advantage to a significant competitor in this space. Awarding Google the .cloud gTLD would materially and adversely affect competing cloud service providers as well as other technology companies that rely on such services.

D. Granting Google's .cloud Amended Application Is Unprecedented and Sets a Poor Precedent For the Future

A review of ICANN's seven criteria for updating an application demonstrates one principle: ICANN never intended to allow "updates" to encompass significant changes.

That is why ICANN delves into questions of whether a change is "material" or corrects an "error" or even whether a change would be "fair" to other applicants. Reviewing past precedent, ICANN has conceived of approved application updates as not involving wholesale rewrites. For example, many of ICANN's past approved changes involved the addition, removal, or substitution of listed company representatives.¹⁴

By contrast, Google's amended application is an all-up revision of strategy and content. The very premise underlying how Google plans to operate the gTLD is entirely new. It is neither an "update" nor is it consistent with how ICANN has approved updates in the past.

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¹⁴ E.g., ICANN, Application Update History (Appl. No. 1-127420024) (approved Oriental Trade Company, Inc.'s substitution of company representatives as the "Primary Contact" in the application); *Id.* (Appl. No. 1-1326-50608) (approved Lifestyle Domain Holdings, Inc.'s substitution for company representatives as the "Primary Contact" in the application); *Id.* (Appl. No. 1-1275-26828)(approved American International Group, Inc.'s addition and removal of certain officers and directors names).

Approving Google's amended application as proffered unjustly allows Google to circumvent the original application process as well as the process for responding to community concerns through the ICC's dispute resolution proceedings.

E. Allowing Google's Amended Application to Proceed is Unfair to Other Applicants

Affording Google a second chance to submit an application is unfair to other .cloud applicants and the community in general. With respect to other applicants, the deadline for submitting original applications for a particular gTLD was April 12, 2012. There is no telling whether other potential applicants might have applied for the .cloud gTLD but failed to meet the deadline. Google, on the other hand, proceeded to submit an application that conflicted with ICANN's stated principles for awarding gTLDs, only to return to the table with a less obviously anticompetitive proposal *after* ICANN's GAC expressed its concerns about Google's original application. If other potential applicants took a similar route in amending deficient proposals, they assuredly would undermine the legitimacy and integrity of ICANN's new gTLD application and chosen dispute resolution processes.

Moreover, by submitting the update *after* the close of the objection period, Google frustrates industry participants in adding their voices to the conversation. Indeed, if the ICC expert reviewing Google's .cloud application does not solicit additional material from interested parties, then the parties best positioned to comment on the harm that likely would arise from the way Google proposes to operate the .cloud gTLD will be muffled.

Here, CIF, which represents the cloud community, reviewed and objected to Google's original application. If CIF predicated its objection on Google's previous application. When the GAC made known its concerns regarding Google's .cloud application in its Beijing Communiqué, Google decided to take another shot at crafting its application. CIF, however, has not had an opportunity to object to this entirely new application because Google sidestepped procedures by submitting its so-called "update" after the close of the objection period. This undermines the legitimacy of the gTLD dispute resolution process.

F. Google's Changes to Its .cloud Application Are Material

Google's revisions are not only material, but amount to an entirely new application. Google's original application proposed to operate a *closed* registry. The "amended" or "revised" application proposes to operate a *restricted* registry in which participation would be available, albeit on Google's terms, to other cloud service providers. Originally, Google proposed to operate .cloud gTLD as *two* levels of domain names. In its revised application, Google will offer other cloud service providers the opportunity to register for a *third-level domain* only. It suffices to say that legions of other material changes flow from these two fundamental revisions.

¹⁵ ICANN, gTLD Application Handbook at § 1.1.1., June 4, 2012.

¹⁶ Cloud Industry Forum Ltd.'s Objection to Charleston Road Registry's .cloud Application, Appl. 1-1099-17190.

G. The Timing of Google's Revisions Frustrate the Dispute Resolution Process

Google posted its revision after the original application deadline for a gTLD. In so doing, Google changed the very core of its proposal. By waiting until after the Initial Evaluation Period expired, Google severely disadvantaged other community members that may have wanted to submit objections to the application. Even within the ICC dispute resolution proceedings, Google can frustrate CIF's ability to avail itself of the full objection procedure if the expert makes a determination without considering CIF's concerns about Google's amendments. At the end of the day, Google's revisions circumvent the carefully designed dispute resolution process envisioned by ICANN and implemented by the ICC.

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In its initial evaluation of Google's amended .cloud application, ICANN reserved for itself the ability "to reassess and change eligibility up until the execution of the Registry Agreement." CIF encourages ICANN to exercise this authority. Google's revised application is a material revision of its original application that creates unacceptable procedural precedent for ICANN and signals to future applicants that the new gTLD application process can be manipulated. Beyond those prudential concerns, the next section elaborates how Google's amended .cloud application creates serious competition concerns that, too, merit ICANN's ultimate rejection of Google's application.

II. Competition Concerns With Google's Amended .cloud Application

If it served as Registry Operator as envisioned in Google's amended .cloud gTLD application, Google would receive unfair advantages, would dictate the terms of competition to rivals that provide competing cloud services, and would impose procedural hurdles that limit access to the new .cloud gTLD.

A. Competition Concerns

While Google's amended .cloud application lacks some of the obvious anticompetitive features of its original application, the amended application possesses many features that likely will lead to real and significant competitive harm.

First, Google proposes to operate the .cloud gTLD in a manner that unfairly directs the terms of future competition in cloud services. Specifically, Google proposes to provide registrants access to the *third-level domain* only. Google's amended application states that

¹⁷ ICANN, Initial Evaluation Report, Charleston Road Registry, Inc.'s .cloud Application, Appl., 1-1099-17190, July 3, 2013.

- "Services that meet these technical requirements will be allowed to register third level domains within the relevant SLD (e.g., provider.nosql.cloud)." ¹⁸
- Google "will identify a set of second level domain names associated with specific type of cloud services (e.g., 'nosql' or 'storage')"¹⁹

In short, Google proposes to dictate to the industry exactly how to categorize, promote, and perhaps ultimately develop cloud services. Only then will Google allocate the third-level domain to other registrants. Other registrants may not agree that Google's scheme is an effective way to organize domain names, yet they must accept Google's vision of how cloud services have evolved and should continue to evolve. Such a result is antithetical to the very idea of market competition and innovation. Worse, Google could define the second-level domain names to align with how Google defines its own services, effectively forcing cloud rivals to try to accommodate and adapt their own services to Google's categorizations.

Second, although cloud services have been around for quite a few years, the industry continues to grow and to develop. Cloud services assuredly will have a significant impact on how other areas of technology competition take shape in the future. Many market participants envision a future where most mobile services will be hosted in the cloud and smartphone devices will serve as the entry point for those services. Thus, a number of companies have introduced cloud services in order to compete in the area of mobile devices and services. Where Google is already dominant and behaving anticompetitively in other areas such as mobile, cloud services may just be an entrée to solidify Google's dominance in mobile and other technology-related services. Additionally, the European Commission has found "that Google is dominant in the European Economic Area (EEA) both in web search and search advertising" – two areas where cloud services also play a significant role – "and may be abusing its dominant position in the EEA "²² Cloud service providers have every reason to be concerned that Google plans to use the .cloud gTLD to further ossify its dominant position in cloud services and other technology markets.

Third, Google's proposed amendments to its .cloud application may allow Google to see the sensitive competitor data of other .cloud registrants that passes through the .cloud gTLD. Google avers that "[a]||

¹⁸ Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.1., June 13, 2012.

¹⁹ Id.

²⁰ Jon Evans, *Google's Cloud Is Eating Apple's Lunch*, Tech Crunch, May 4, 2013, http://techcrunch.com/2013/05/04/googles-cloud-is-eating-apples-lunch/.

²¹ See e.g., John Paczkowski, EU Regulators Eye Google Again—This Time It's Android, AllThingsSD, June 13, 2013, http://allthingsd.com/20130613/eu-regulators-eye-google-again-this-time-its-android/.

²² Memo, European Comm'n, Commission seeks feedback on commitments offered by Google to address competition concerns – questions and answers, Apr. 25, 2013, http://europa.eu/rapid/press-release MEMO-13-383 en.htm.

data transmitted from registrars to the registry will be encrypted using TLS or other similar data protection schemes to ensure that **third parties** cannot access personally identifying information or other sensitive data as it crosses the Internet."²³ Google then states that it will "govern its approach to privacy by the Google Privacy Policy."²⁴ But what Google fails to account for is that most registrants are concerned not that third parties will access their data, but that Google itself will use data transmitted from registrars to the registry to obtain a competitive advantage. Google invokes its Privacy Policy as a salve, but that policy provides no assurance of a safeguard for proprietary information. Specifically, Google's Policy states:

We collect information in two ways:

- Information you give us. For example, many of our services require you to sign up for a Google Account. When you do, we'll ask for personal information, like your name, email address, telephone number or credit card....
- Information we get from use of our services. We may collect information
 about the services that you use and how you use them, like when you visit a
 website that users our advertising services or you view and interact with our ads
 and content.²⁵

An appended diagram to Google's amended .cloud application shows that the starting point for every registrar is to "Create Google Account." As a result, every registrant that creates a Google Account opens itself up to the possibility that Google can collect information that passes through the Google site. Furthermore, to the extent Google defines its .cloud gTLD as a "Google service," Google's Privacy Policy again permits Google to collect information passing through the .cloud gTLD. To that end, Google's Privacy Policy seemingly does little to ensure that Google will not collect data that passes through the .cloud gTLD. In the cloud services world, access to such data would amount to a competitive advantage not previously envisaged.

Fourth, assigning the .cloud gTLD to Google would create consumer confusion over time. As noted above, ICANN's GAC asserted that strings such as .cloud "invoke a level of implied trust from consumers, and carry higher levels of risk associated with consumer harm." Rather than accepting GAC's advice,

²⁵ Google, Inc., Privacy Policy, June 24, 2013, available at http://www.google.com/policies/privacy/.

²³ Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.v., June 13, 2012.

²⁴ Id.

²⁶ Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 attached as "Q23 Registrar Registration Process Diagram," June 13, 2012.

²⁷ ICANN Governmental Advisory Committee, GAC Communiqué – Beijing, People's Republic of China at 8, Apr. 11, 2013.

Google sought to rebut that point by arguing that .cloud was neither a "Category 1" nor a "Category 2.2" string, and, thus, was undeserving of the full slate of protections that GAC recommended.²⁸ Specifically, Google argued that "[t]he term 'cloud' is a **generic word** that is not directly related to a specific type of regulated offering, nor is it generally associated with a specific type of content for which intellectual property safeguards would be appropriate."²⁹ Thus, Google recognized what the GAC and CIF also understand: the .cloud gTLD brings with it a level of trust that can lead consumers into accepting the sites listed on the .cloud gTLD as being safe and reliable. Further, that association of trust and safety can lead consumers to believe that Google is the trusted cloud service provider irrespective of whether or not Google is deserving of that promotion, especially to the exclusion of Google's rivals in the cloud services.

At the end of the day, Google can use the .cloud gTLD to harm competitors and competition, and no competitor should have to go through another critical rival to obtain access to a key resource such as the .cloud gTLD.

B. Procedural Hurdles

Google may use the .cloud TLD to foreclose competing cloud service providers' access to the .cloud gTLD. If it proceeds as proposed in the amended application, Google will erect a number of procedural hurdles that it can use to prevent competitors from registering for the .cloud gTLD altogether.

First, Google asks registrants to go through an "eligibility verification process" to obtain access to the .cloud third-level domain.³⁰ As Google executive Dan Morrill confessed in an internal email, "[w]e are using compatibility as a club to make [third parties] do things we want."³¹ Will the .cloud eligibility verification process be Google's next club?

Second, purportedly for "the integrity of the gTLD," Google seeks "to adopt certain monitoring measures, including periodic audits." Google also "reserves the right to adopt enforcement measures [and] may request that the appropriate registrar enforce such agreements through penalties,

²⁸ Charleston Road Registry Inc., GAC Advice Response Form for Applicants, .cloud Application, Appl. 1-1099-17190, http://newgtlds.icann.org/sites/default/files/applicants/23may13/gac-advice-response-1-1099-17190-en.pdf.

²⁹ *Id.* at 2 (emphasis added).

³⁰ Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.3., June 13, 2012.

³¹ Cade Metz, *Google says Android 'club' makes phone makers 'do what we want,"* The Register (May 9, 2011), http://www.theregister.co.uk/2011/05/09/google uses android compatability to make phone makers do what it wants/.

³² Updated Application of Charleston Road Registry Inc., for .cloud, Appl. No. 1-1099-17190 at § 18.b.i.v., June 13, 2012.

including but not limited to suspension of the domain name."³³ Google can police with these measures selectively, against those rivals that it chooses to target. In this way, Google may limit competitor registration or suspend existing registration in order to exclude competing cloud service providers' access to the .cloud gTLD. Additionally, it would be patently unfair to allow one industry player to audit its competitors – Google's stated intent here.

Third, Google "reserves the right to charge different prices for unique domain names within the gTLD, once [Google] determines the price for a particular registration "34 Google assures that it "will not price discriminate among ICANN-accredited registrars." Further, Google "does not currently intend to make contractual commitments to registrants regarding the magnitude of price escalation." Leaving aside that reserving the right to charge different prices for different registrations precisely preserves the authority to price discriminate, Google says nothing about what basis it will use to charge different prices. Google asks cloud service providers to trust that it will set reasonable prices. CIF submits that it will take more than a hollow promise before competitors in the cloud services market can be expected to trust Google to set prices fairly and reasonably.

In light of the glaring procedural loopholes available to Google and their potential for abuse in allowing Google to foreclose potential competitors, Google's amended .cloud application merely substitutes the original, facially anticompetitive application for a proposal riddled with persistent yet veiled threats to cloud competition. Were ICANN to permit Google to operate the .cloud gTLD, Google would possess the incentive and ability to foreclose cloud service competitors with a new tool that unfairly bestows market power on an already formidable competitor.

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Google's amended .cloud application fails to meet the criteria for an updated application. Moreover, Google's proposed amendments would provide a vehicle for Google to harm cloud competition and consumers of cloud services. As a result, CIF respectfully urges ICANN to act within its reserved authority to reconsider and reject Google's amended .cloud application.

Yours sincerely,

Andy Burton

For the Cloud Industry Forum

³³ Id.

³⁴ *Id.* at § 18.c.ii.

³⁵ *Id*.

³⁶ *Id*.

Cc:

Heather Dryden, Chair of the GAC
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