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Submitted to: comments-new-gtld-subsequent-prelim-31aug15@icann.org

October 30, 2015

Mr. Steven Chan
Senior Policy Manager
ICANN
Washington, DC 20006

Re: Preliminary Issue Report on New gTLD Subsequent Procedures

Dear Mr. Chan:

The International Trademark Association (INTA) is pleased to submit the attached comments regarding the Preliminary Issue Report on New gTLD Subsequent Procedures.

We thank ICANN for this opportunity to comment on the framing of the issues to be considered for moving forward with the application process and delegation of additional gTLDs ("Subsequent Procedures"). The rollout of the new gTLDs surfaced many issues of varying complexity regarding the transparency, reliability and consistency of how decisions were made and implemented. Some of these issues should be addressed whether there is a new round or not and others should be thoroughly examined before any future applications are solicited from the community. We have highlighted those issues that we deem most important for consideration now and for subsequent procedures.

Should you have any questions about our comments, I invite you to contact Lori Schulman, INTA's Senior Director of Internet Policy at 202-261-6588 or at lschulman@inta.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Etienne Sanz de Acedo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Etienne Sanz de Acedo

Comments of the International Trademark Association on the Preliminary Issue Report on New gTLD Subsequent Procedures

October 30, 2015

I. Introduction

The International Trademark Association (INTA) has provided extensive input to ICANN throughout the development and implementation of its New gTLD Program (the “Program”) and appreciates this opportunity to comment on the Preliminary Issue Report on New gTLD Procedures (the “Report”).

INTA understands the Request for Comments seeks input on whether there should be a Policy Development Process (“PDP”) and, if so which issues should be addressed during such PDP, prior to any subsequent round, or other mechanism, for accepting applications for and approving additional gTLDs (“Subsequent Procedures”). Accordingly, INTA is not providing substantive comments on the numerous issues that may be considered. Rather, INTA is providing its observations on some of the issues which it considers **must** be addressed by means of a PDP, or work on implementation guidance. INTA reserves the right to offer additional comments at a later time, including in particular providing its views on desirable policy change outcomes as a result of such PDP.

From ICANN’s inception, it has been recognized that transparency and accountability are the foundations of the multi-stakeholder model, and necessary in order to encourage participation, instill trust, make information accessible and provide sound dispute and review mechanisms. Even though the initial Program allowed for substantial input by interested stakeholders, it perhaps goes without saying that ICANN should not sacrifice any of its core principles in developing Subsequent Procedures.

Indeed, the initial roll-out of new gTLDs is still in process. It therefore would be difficult, if not impossible, to thoroughly evaluate how the Program was implemented and the successes and failures of the introduction of so many new gTLDs over a relatively brief period of time. ICANN should take the time that is necessary to provide a thorough consideration of all the issues, including identifying the strengths and weaknesses of the initial Program, before launching any Subsequent Procedures.

II. Overarching Comments

A question to be considered at the outset is whether there should indeed be Subsequent Procedures and, if so, whether any Subsequent Procedures should be limited to certain types of TLDs such as brand or community TLDs. If the answers to these questions were to be negative then many of the other issues identified in the Report would become academic. There are some issues, however, which might need to be addressed, regardless of whether there are any further rounds – for example the treatment of “closed generics”, “sensitive strings,” “secure TLDs,” and the release of two letter country codes and country names at the second level, where some applicants from the first round either remain on hold entirely or could benefit from any changes which might result from further policy work.

The numerous issues which have been identified in the Report have been drafted fairly broadly and also categorized into broad Groups in order to allow for flexibility. As we identify in more detail below at section III 5, this approach can make it quite difficult to determine where a particular issue “fits” within the Report structure and whether it is covered at all, or adequately. This gives rise to an overarching concern that, if any PDP is conducted by “chunking”, there is a risk that the same issue may be dealt with piecemeal, be subject to duplication by different working teams or, alternatively, missed altogether.

Moreover, much of the work of any potential PDP appears to be strongly related to and dependent on other current streams of work, including the Issue Report on RPMs, the Independent Review of the TMCH, the New gTLD Program Implementation Review, the Competition, Consumer Choice and Consumer Trust Review and even the work of the CCWG-Accountability. In view of the very large number of issues identified in the Report, the complexity of some of those issues, and their interrelation with other work streams, INTA urges ICANN to ensure that adequate time is allowed for any policy development process in order that any Subsequent Procedures fully address the concerns of trademark owners highlighted in INTA’s comment¹ on the Draft RPMs Staff Report (“RPM Report”).

III. Comments on Specific Issues Considered Key by INTA and its Members

The implementation of new gTLDs by ICANN was subject to ICANN’s duty to protect the existing legal rights of others. In 2005, the Generic Names Supporting Organization (“GNSO”) began a PDP to consider the introduction of new gTLDs. In its 2007 Final Report on the Introduction of New Generic Top-Level Domains (2007 Final Report), the GNSO made various Recommendations, including that “[s]trings must not infringe the existing legal rights of others” (Recommendation 3) and that “[d]ispute resolution and challenge processes must be established prior to the start of the process” (Recommendation 12). As provided under the ICANN Bylaws, the ICANN Board adopted the GNSO policy recommendations for the introduction of new gTLDs and directed staff to develop and complete an implementation plan.

There have been a number of issues related to the first round of new gTLDs which have been identified by INTA and its members as being fundamental to these recommendations and, therefore, of key importance and requiring substantial review and potential policy work or implementation guidance before it would be appropriate to commence Subsequent Procedures. This includes, in particular, the issues highlighted by INTA in its comment on the Draft RPMs Staff Report (“RPM Report”). We refer to some of these briefly below, particularly where they appear not to be covered, either at all or in full, in the Report.

1. Second Level RPMs

The Report correctly acknowledges that one of the rationales for creating the new RPMs was “to mitigate potential risks and costs to trademark rights holders that could arise in the expansion of the new gTLD name space.” As a general matter, any substantive review of the RPMs must ask the question whether each RPM is actually achieving the underlying goal of mitigating the potential risks and costs to trademark owners. As such, the PDP should fully examine whether (1) the RPMs are working as anticipated; (2) whether and why trademark owners are avoiding or under-utilizing certain RPMs; (3)

¹ <http://forum.icann.org/lists/comments-rpm-review-02feb15/msg00020.html>

whether registrar and registry practices are interfering with the effective operation of the RPMs; and (4) any other reasons impacting the use or effectiveness of the RPMs. The following important issues are closely related to the effectiveness of the RPMs and need to be included in the PDP and are either not addressed or not sufficiently discussed in the preliminary Report:

a) Premium Names

The Report contains several questions in the Sunrise and Trademark Clearinghouse Sections (with little background explanation), about so-called “premium names” and asks for comment on whether the issue is “relevant to a review of RPMs,” and whether there should be a challenge to sales of “premium names.”

A consideration of “premium” names is essential, and not merely “relevant” to any review of RPMs. Premium names, reserved names, and a broader set of related troubling marketing practices are discussed below. All these practices, which are subject to a degree of overlap, negatively impact not only the Sunrise period, but also affect the efficient operation of the Trademark Clearinghouse, the Claims Notice process and potentially the PDDRP.

INTA has long expressed its concern to ICANN about registry operators who are circumventing trademark Sunrise protection through “premium” names programs. In many cases, “premium” names are self-selected by registries and registrars and incorporate well-known trademarks, including arbitrary and fanciful marks. It is important to note that INTA’s concerns do not extend to permissible speech issues, including protectable trademarks that may also have another common meaning. Premium names lists, however, frequently have the effect of removing trademark names from the Sunrise registration period despite the fact that such launch programs are not supposed to “contribute to consumer confusion or the infringement of intellectual property rights.”² This can occur either because the high pricing puts them out of reach of the trademark owner and/or because premium names may be reserved by the registry for later release after the Sunrise period has ended. INTA understands that ICANN does not actively regulate domain name pricing, but contends that the registry practice of creating “premium” names and charging excessive pricing for such names runs contrary to the intent and acts as an effective circumvention of the RPMs. The Sunrise period, for example, was created to protect, rather than to exploit, brand owners. ICANN would be remiss not to examine the effect of these “premium” programs on the practical operation of the RPMs.

b) Reserved Names

The Report summarily asks whether there should be a policy applicable to “reserved names” and whether there should be a centralized list of all reserved trademarks for any given Sunrise period.

“Reserved names,” are an essential area for inclusion in a PDP. Many INTA members have reported that their trademarks are being withheld from registration by new gTLD registry operators and placed on “reserved lists”, thereby being unavailable for registration during the Sunrise period. The same trademarks are recorded in the

² Final RPM Requirements §4.5.2 (September 30, 2013)

Trademark Clearinghouse, qualify for all pertinent TLD eligibility criteria, and are not generally on any name collision block list. The ability for a registry operator to reserve any number of names and to subsequently release them for registration gives rise to the potential for this to be used as a mechanism for circumventing the Sunrise, since names released after the Sunrise period has ended are subject only to the trademark claims process. INTA also notes that many names that were reserved by ICANN in connection with the name collision block lists were identical to names registered in the TMCH, which caused concerns as to whether these names should also be included in an additional Sunrise period when they are released.

c) Trademark Blocks

INTA in general supports the concept of a Reserved Names List for terms protected by trademarks, or some other form of protection such as a Globally Protected Marks List (GPML). The GPML was proposed by the original Implementation Recommendation Team (IRT) as part of their suite of trademark protections. However, the rush to launch new gTLDs did not allow enough time to refine the GPML proposal which ultimately was not adopted as part of the final RPMs. It is important that in conducting any PDP on Subsequent Procedures, that the PDP-WG considers the impact not only those RPMs which were implemented, but also those which were not. The approach taken by ICANN with respect to reserved names at the second level, for the first new gTLD round, was too conservative: other trademarks should have been considered for protection besides the Red Cross and Olympic brands. Consideration should be given to the fairness of a system whereby the vast majority of brands were not afforded the protection of a Reserved Names List or other form of cost-effective blocking mechanism, and thus that the only protections afforded to trademark owners were to defensively register or bring a post-registration challenge.

d) Sunrise Pricing and the Trademark Clearinghouse

INTA appreciates the Trademark Clearinghouse (TMCH), while noting that it is primarily a watch service and records database designed to help trademark owners defensively register their brands in the new gTLDs and to learn when third parties may be misappropriating their trademark rights. As identified in INTA's comment on the RPM Report, various practical improvements could be considered, which would potentially be matters for implementation advice. This would include the streamlining of the proof of use process where trademark offices, such as the U.S. Patent and Trademark Office (USPTO), require proof of use specimens to be filed, obviating the need for proof of use specimens to be also filed with the TMCH. Consideration should also be given to extending the TMCH services to "marks plus", not just for the trademark claims, but also at the Sunrise phase. The current exact match schema can be exploited by cybersquatters who choose to register slight variants rather than an exact match.

In connection with any review of the TMCH, a PDP-WG should be asking questions about registry operators who continue to charge excessive and unjustifiable Sunrise registration fees. The intention of the TMCH was to create a repository that gives trademark rights holders the ability to prevent or take corrective action against potentially infringing domain name registrations. As INTA noted in its comments on the RPM Report, the apparent link between Sunrise premium pricing based on existing TMCH-recorded trademarks in prior Sunrise periods is deeply troubling. Neither the

Sunrise period nor the TMCH were intended to serve as a premium product list for registries.

e) Trademark Claims Service

The Report mentions several key substantive topics of inquiry (including the topic of an identical match needed to trigger a notice and the possibility of extending the duration of the service), but should also delve into the practice by certain registrars who have provided noncompliant “early notices” of pending trademark claims. These “early notices” in connection with domain pre-registrations do not adhere to several basic trademark claims service requirements. Where these pre-registrations later mature into actual registrations without the registrar providing a compliant trademark claims notice at the time of registration, they have the effect of circumventing this element of the RPMs.

f) URS

INTA values the Uniform Rapid Suspension (URS) as a speedy and inexpensive alternative to the Uniform Domain Name Dispute Resolution Policy (UDRP). That said, we recognize that the URS is an under-utilized RPM. We consider that if the remedy was expanded to include transfer of ownership and/or the 15 domain minimum for collection of response fees were eliminated, the URS would likely be leveraged more often. A sensible review of the effectiveness of the URS as an RPM should consider these elements, but INTA stresses that such review cannot be truly comprehensive in isolation of a consideration of the UDRP.

g) Post Delegation Dispute Resolution Procedures

The Report notes that the PDDRP is a dispute resolution process that addresses improper conduct by new registry operators. The Report mentions that no valid complaints have been filed to date using the PDDRPs and implies that perhaps the issue is not ripe for review. INTA has noted that the level of awareness about this RPM is low and that the burden of proof and costs associated with the PDDRP are quite high. Any and all of these factors may be affecting its adoption and lack of implementation. The PDP-WG should at a minimum attempt to explore why the remedy is not being used.

2. **Compliance**

Section 4.3.4 of the Report addresses contractual compliance issues. While the GNSO New gTLD Subsequent Procedures Discussion Group (DG) did not identify any specific issues on this topic, the DG did identify compliance issues as being within the scope of a PDP for Subsequent Procedures.

INTA is concerned that the DG did not identify any specific issues with respect to contractual compliance in light of the number of troubling operational practices engaged in by registry operators during the first new gTLD round. These practices include arbitrary and abusive pricing for premium domains targeting trademarks, use of reserved names to circumvent Sunrise and operating launch programs that differed materially from what was approved by ICANN. These troubling practices seem to violate the spirit, if not the letter of various contractual obligations in the Registry Agreement. The inclusion of contractual obligations more clearly prohibiting these practices should be discussed by the PDP-WG.

The Sunrise and premium name program conducted by the .SUCKS registry is one specific, and representative, example of these practices. .SUCKS openly targeted trademarks and, in particular, appears to have targeted trademarks which were recorded in the TMCH and had participated in the Sunrise programs of other new gTLDs, for excessively high pricing in a launch process, the rules for which changed repeatedly before, during, and after Sunrise. When members of the intellectual property community brought this conduct to ICANN's attention, ICANN's response was that its authority extended solely to enforcing the Registry Agreement, and that the Registry Agreement did not contain any specific provisions prohibiting the conduct described above, nor specific sanctions that ICANN could implement even if such conduct violates the Registry Agreement.

In sum, these and other questionable practices that have taken place in the first round must be addressed by the PDP-WG and should be clearly and specifically prohibited in future rounds. Furthermore, the PDP-WG should discuss the creation of specific sanctions for registry operators who engage in such conduct, as anticipated by Recommendation 17 of the 2007 Final Report, which states that "A clear compliance and sanctions process must be set out in the base contract which could lead to contract termination."

3. **Objections Procedures**

ICANN implemented an Objection procedure through its Applicant Guidebook ("AGB"). Recommendation 3 formed the basis of the Legal Rights Objection ("LRO"). The LRO Standards espoused in the AGB, giving effect to GNSO Recommendation 3, were based on trademark law concepts and the WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet. The Objection procedure provided for a third-party Dispute Resolution Service Provider ("DRSP") to appoint a single- or three-member panel consisting of experts with relevant experience in IP disputes. While INTA appreciates ICANN's efforts to protect existing trademark rights, INTA recommends that any PDP-WG conducts a general review of the objection possibilities, particularly of the following provisions of the LRO:

- a) The AGB's LRO rules lack clarity of definition and fail to implement internationally recognized fundamental principles established in trademark law:
 - (i) AGB to provide clear definitions of the "legal rights" on which objections may be based (i.e. trademarks vs. trade names; treatment of geographical indications; why differing rules apply for IGO names and acronyms and how are IGO names and acronyms defined; the need for rules around descriptive trademarks and rules to address trademark rights which may be void due the lack of use).
 - (ii) Need for a clear definition of "infringement action" to identify whether rights in trademarks are harmed by a gTLD application. The AGB proposes this be based on "potential use of a gTLD", however the gTLD applicant is not

required to precisely define its intended use of the gTLD and is permitted to change use concepts after application.

- (iii) Principles of priority should take into account the possibility of concurring existing legal rights and generally acceptable principles of co-existence.
- b) The nature of the panel decisions: effective trademark protection is only guaranteed where the expert determinations of the panel are binding on ICANN.
- c) The need to provide a mechanism for review or appeal of erroneous decisions made by the expert panels to ensure effective rights protection.

4. Different TLD Types

Although there is a fairly extensive section at 4.2.15 in the Report dealing with the possibility of Subsequent Procedures having different processes for different application types, much of the discussion focuses on the difficulties in defining different application types and the potentially far-reaching impacts of introducing variability into the program. INTA acknowledges that there could be some complexity to this exercise generally – although without intending to suggest that it would not be an appropriate and worthwhile exercise for a PDP-WG to consider. However there is one category of TLD type for which a distinct definition and limited contractual points of difference have already been developed: Brand TLDs qualifying for Specification 13. INTA strongly supports the development of tailored and relevant application and evaluation process and requirements for Brand TLDs.

5. Background Checks on Applicants

One additional issue not included in the Report is the question of whether ICANN's background checks for new gTLD applicants did in fact screen out any bad actors. If the application process screened out any bad actors, this information should be made available to the community and it should be considered in connection with any PDP on Subsequent Procedures. Likewise, if no applicant was excluded after the background check process, this information is equally relevant to the PDP and, potentially, to some of the practices highlighted as concerns above. In addition, any compliance issues should be addressed before any negotiations with the applicant on the RA commence, and correction or remediation of any compliance issues should not be included in the RA with applicant.

6. Grouping of Issues in the Report

The Report deals with a substantial number of issues, and as such INTA agrees that it is likely to be of assistance to the GNSO Council, which must vote on the initiation of a PDP, and to any PDP-WG, for related issues to be grouped together under headings. However, the team of INTA members tasked with preparing this comment have found it difficult at times to identify where a specific issue is dealt with within the Report and whether it is satisfactorily addressed or not. This is due to issues not always being allocated to the most logical Group, or to the most logical section within a Group, and to the substantial overlap between sections. In particular:

- a) Some issues seem to fall more naturally into a different Group than the one to which they have been allocated, so for example:
 - (i) Issues relating to registrar relationships and non-discrimination do not particularly seem to be “Legal and Regulatory” matters and could perhaps be considered as a separate grouping.
 - (ii) Issues relating to the EBERO and LOC for closed registries (4.3.3) seem more appropriately dealt with at the same time as other issues around closed registries, or different TLD types, which again might even form a separate grouping.
 - (iii) Issues relating to Systems (4.2.9) seem more naturally to fall within "Technical and Operational" than within "Overall Process, Support and Outreach".
- b) The numbered issues within the Groups have substantial overlap and interrelation. For example:
 - (i) Issues around community engagement and the adequacy of ICANN’s communications and outreach are dealt with across a number of sections.
 - (ii) Discussions of the “one size” approach and possibility of different procedures for different TLD types are also dealt with across a number of sections, including 4.2.1, 4.2.16, 4.2.17, 4.3.3.
- c) The Report frequently does not list and deal with related, overlapping or sequential topics in a sequential manner, meaning that it is necessary to cross-refer within the document to see whether the issue is fully covered:
 - (i) There is an initial question of “should there be Subsequent Procedures” (4.2.1), which must sensibly be dealt with at the outset. After this, it would seem natural to address the question of whether Subsequent Procedures should be by means of rounds, but this is not addressed until section 4.2.7. A natural next step might be to consider the length of the application window for any such rounds, but this is not dealt with in the Report until section 4.2.13.
 - (ii) Issues around rights protection mechanisms at the second level are referred to in section 4.3.7. However, in the comments on the RPMs Report INTA and others identified a number of related issues around the impact of reserved and premium names on the RPMs, which are referred to in sections 4.3.1 and 4.3.2.
 - (iii) The section dealing with the Base Contract (4.3.2) refers to a number of matters which, if changed by a PDP-WG, would require contractual amendments. Any such contractual amendments would therefore be more appropriately dealt with close to the end of any PDP process therefore. The issues discussed in this section however, including premium pricing and treatment of premium names, reservation of names, PICs, and TLDs relating to regulated strings do need to be separately addressed outside of a review of the base contract.

The above are just examples. The current structure of the Report therefore gives the concern that, should any future PDP seeks to address issues in batches based on the Group structure, issues could either be inadvertently overlooked, or be subject to duplication of effort. In the absence of a revision to the structure therefore, any PDP-WG would need to review all issues and, potentially, restructure the groupings, before determining how best to commence work on them. An alternative would be for the Final Issue Report to be revised to re-order the presentation of the issues for discussion, or at a minimum to identify which sections of the report deal with matters which have dependencies or overlap.

IV. Summary

The financial and other costs to participants in a second round of new gTLDs and the impact on all members of the public, including consumers and businesses, will be no less than they were with the initial Program. Thus, it remains essential that ICANN adhere to its core principles of transparency and accountability to ensure that all interested parties may have their say and believe that they are accorded a fair opportunity to have their views heard and taken into consideration.

As demonstrated by the long list of possible issues that may need to be considered, there will be many issues that will be more important to some and of no moment to others. Everyone's viewpoint is entitled to due consideration and INTA believes this can be accomplished without diminishing the respect given to all.

From the perspective of its members, however, at this early stage, INTA believes that the most important issues to be addressed before a second new gTLD program is implemented include issues relating to RPMs, particularly the practices relating to reservation of names and to premium pricing which have the potential to circumvent the Sunrise, the reconsideration of a blocking mechanism such as the GPML which was originally recommended by the IRT, and a thorough review of the guidance and procedures for Legal Rights Objections.

Thank you for considering our views on these extremely important issues. Should you have any questions regarding our submission, please contact Lori Schulman, INTA's Senior Director of Internet Policy, Lori Schulman at LSchulman@inta.org.

ABOUT INTA

INTA is a 137 year-old global not for profit association with more than 5,700 member organizations from over 190 countries. One of INTA's goals is the promotion and protection of trademarks as a primary means for consumers to make informed choices regarding the products and services they purchase. During the last decade, INTA has also been the leading voice of trademark owners within the Internet community, serving as a founding member of the Intellectual Property Constituency of the Internet Corporation for Assigned Names and Numbers (ICANN). INTA's Internet Committee is a group of over 200 trademark owners and professionals from around the world charged with evaluating treaties, laws, regulations and procedures relating to domain name assignment, use of trademarks on the Internet, and unfair competition on the Internet, whose mission is to advance the balanced protection of trademarks on the Internet.