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Submitted to: jo.lim@auda.org.au

September 30, 2015

Ms. Jo Lim
Chief Operations and Policy Officer
auDA
114 Cardigan Street
Carlton, VIC 3053, Australia

Re: Draft Recommendations of the 2015 Names Policy Panel

Dear Ms. Lim:

The International Trademark Association (INTA) is pleased to submit the attached comments regarding the draft recommendations of the 2015 Names Policy Panel.

We thank the panel for their recommendations and for their consideration of our comments. We are concerned that .au will be launched without any demonstrated demand and that trademarks owners and the consumers that they protect will be adversely affected by the potential for more cybersquatting, fraud and abuse. Further, that the addition of the .au extension could cause confusion in the market with existing brands that currently use the .com.au and .net.au extensions. We respectfully request that you consider our concerns before any decisions are made as we do not see a significant benefit for consumers. 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 stylized and fluid, with a long horizontal stroke at the end.

Etienne Sanz de Acedo

International Trademark Association (INTA) Comments on August 2015 Panel recommendations for direct .au domain registration

INTRODUCTION

The International Trademark Association (**INTA**) appreciates this opportunity to comment on the draft recommendations of the 2015 Names Policy Panel made in August 2015 in relation to allowing registration of domain names directly under *.au*.

Set out below are our comments in relation to each of the Panel's draft recommendations. Generally, INTA is not in favour of introducing direct *.au* registrations where (as we believe is presently the case) there is no clear justification for doing so.

Additionally, and importantly, the Panel's paper regarding its draft recommendations identified many issues for "further consideration" which INTA believes are critical to assessing the overall appropriateness of any proposal to introduce direct *.au* registrations. These issues, which were not considered in detail by the Panel, include bad faith registrations, domain monetization, recognition of existing registrants, recognition of trade marks and WHOIS policy issues. INTA urges auDA and the Panel to provide further consultation on these key issues before progressing any recommendations regarding the introduction of direct *.au* registrations.

DRAFT RECOMMENDATION 1A:

The Panel recommends in principle that *.au* should be opened up to direct registrations.

INTA considers that the Panel's discussion of this recommendation has not demonstrated that there is a compelling need to introduce direct *.au* registrations or that such a change would necessarily result in any material "improvement" for Internet users or brand owners.

The Panel's reasons for recommending the change were principally that:

- shorter domain names are superior;
- the change would provide wider choice and appeal to registrations, particularly individuals; and
- the change would "add value" for everyone.

For owners of existing *.au* domain names, there appears to be no need for additional domain names. For Internet users, expansion of the *.au* system may lead to confusion if two unrelated businesses were to operate at otherwise identical [name].com.au and [name].au domain names. These stakeholders would not therefore appear to benefit from the expansion of the *.au* system.

For brand owners who already hold *.au* domain names, such as *.com.au* and *.net.au*, the addition of the direct *.au* registrations will provide, at best, marginal benefit in having the

option of a “shorter” domain name, but will involve numerous potential costs. These costs will include:

- the costs of monitoring and protecting their brand from misuse of the direct *.au* registration space; and
- costs of acquiring and maintaining direct *.au* registrations - businesses that use existing *.au* domain names do not require additional *.au* domain names, but these businesses will inevitably feel the need to acquire and maintain new *.au* domain names corresponding to their existing *com.au* domain names.

It is apparent from the Panel’s discussion that the primary driver of the change is the “supply side”, being the domain selling industry. Demand from the “supply side” for an additional domain space does not, of itself, justify expanding the existing system to allow direct *.au* registrations. The expansion of the *.au* system will likely benefit only registries who benefit financially from legitimate businesses seeking to register *.au* domain names that correspond to their existing *.com.au* (and *.org.au* etc.) domain portfolios.

The Panel has noted that experience in the United Kingdom and New Zealand does not yet conclusively indicate whether “new” content will be provided to the internet by expanding registrations to permit direct *.uk* and *.nz* registrations, but assumes that this will occur. In our view, merely increasing the variety of domain spaces available for registration has no effect on provision of content to the internet and, therefore, provides no rationale for change.

It is also not clear the basis on which the Panel has concluded that individuals face difficulty in obtaining registrations suitable for them, nor that introducing direct *.au* registrations would improve whatever difficulties it is presumed by the Panel individuals do face, particularly given the eligibility criteria which the Panel has recommended. Consequently, the only rationale for the change appears to be to provide an additional revenue stream for domain sellers.

INTA considers that evidence of real demand from Internet users and real benefits of introducing direct *.au* registrations to stakeholders other than domain sellers should be considered and that the present information does not support introducing direct *.au* registrations.

If, notwithstanding our broader concerns about introducing direct *.au* registrations noted above, the Panel continues to recommend introducing this change, we make further comments below regarding the Panel’s other draft recommendations.

DRAFT RECOMMENDATION 1B:
The Panel recommends that the same policy rules which currently apply in the existing 2LDs should also apply to direct registrations:

Eligibility criteria:

- Australian entity, or foreign entity registered to trade in Australia – evidenced by ABN, ACN, ARBN, registered business name, trade mark application or registration
- Australian citizen or resident – evidenced by warranty with additional proof of identity if challenged

Allocation criteria:

- Exact match, abbreviation or acronym of the registrant’s name or trade mark
- Close and substantial connection between the registrant and the domain name

Other rules:

- Reserved List Policy
- Prohibition on Misspellings
- .au Dispute Resolution Policy
- Other policies applying to .au 2LDs

If auDA decides in principle to introduce direct .au registrations, INTA supports the Panel’s recommendation that the eligibility criteria which apply to existing .au 2LDs should apply, subject to our comments below in relation to Recommendation 2A regarding allocation criteria.

DRAFT RECOMMENDATION 2A:

Subject to draft recommendations 2B and 2C below, the Panel recommends that the eligibility and allocation criteria for open 2LDs be retained in their current form.

INTA considers that appropriate safeguards should be included in any allocation criteria to prevent cyber-squatters acquiring additional unlawful domain names.

That is, while the existing allocation criteria which require an exact match, abbreviation or acronym of the registrant’s name or trade mark or a close and substantial connection between the registrant and the domain name are appropriate, additional measures should be put in place during any initial implementation period.

The Panel’s draft recommendations paper noted that “implementation issues” fell outside the scope of the Panel’s terms of reference but has commented that the Panel is “not in favour of a trade mark sunrise period for .au names” without detailing its reasons for this view.

INTA considers that implementation issues are fundamental to the overall consideration of introducing direct .au registration and should not be considered in isolation.

In our view, owners of trade mark rights should be given priority to register domains which correspond to their brands over those who do not possess existing domain names or trade mark rights.

INTA would propose that:

- owners of relevant trade mark rights be given the opportunity to acquire corresponding *.au* domain names; and then
- owners of existing *.au* domain names be given the first opportunity to acquire corresponding direct *.au* domain names; and after that
- the direct *.au* domain names become available for general registration on a first come, first served basis (subject to the eligibility rules and appropriate dispute resolution policies).

INTA considers that providing allocation rights in this order would help to maintain consumer and business confidence in the new *.au* system, and afford a measure of protection to rights holders. INTA considers that the particular mechanism through which such allocation is made should be considered further, and that stakeholders be given the opportunity to comment on any proposed mechanism.

DRAFT RECOMMENDATION 2B:

The Panel recommends that the fixed two year licence period be changed to a variable 1-5 year period (ie. registrants could choose to register their domain name for 1, 2, 3, 4 or 5 years).

If auDA decides in principle to introduce direct *.au* registrations, INTA supports the Panel's recommendation that the licence period be more flexible, allowing for periods of 1, 2, 3, 4 or 5 years.

DRAFT RECOMMENDATION 2C:

The Panel recommends that auDA and/or AusRegistry should make the appropriate changes to the policy and/or registry database fields to reflect the nationalised business names registration system, ensuring that there is no disadvantage to registrants.

INTA recognizes that the transition to a national Register of Business Names has involved considerable technical issues, which have resulted in unreliable data on the Register and difficulties in searching the Register. In particular, difficulties have arisen from the failure of the authority which administers the Register, the Australia Securities and Investments Commission, to:

- maintain the currency of information on the Register, most particularly to show where registrations have been cancelled or not renewed; and
- provide an electronic search function which reliably retrieves all relevant names; and

- implement a system where each registered name has a unique identifier (such as a registration number).

Nevertheless, although rectifying the technical difficulties with the Register may take time, in principle, INTA supports continuing to recognize Australian Registered Business Names as a means of demonstrating eligibility. The Register is an official government register and should be capable of providing a means of showing a relevant connection to Australia and a domain name.

The Panel's discussion of this issue in the draft recommendations paper does not identify what changes, in particular, may be required to accommodate the transition to the national Register of Business Names. INTA considers that if particular changes are to be made, stakeholders should be given an opportunity to comment on proposed changes before a decision is made to implement them.

DRAFT RECOMMENDATION 3A:

The Panel recommends that the Reserved List Policy be retained in its current form.

INTA supports the Panel's recommendation that the Reserved List Policy be retained in its current form, as this policy concerns names which are prohibited under legislation.

DRAFT RECOMMENDATION 3B:

The Panel recommends that the Prohibition on Misspellings Policy be retained, but that auDA should revise the audit list provisions to provide more flexibility in the way the policy is enforced.

INTA supports the Panel's recommendation that the Misspellings Policy be retained.

However, the Panel's recommendation that the audit list should be revised to "provide more flexibility in the way it is enforced" is unclear.

The Panel's discussion indicates that some names on the misspellings list are "no longer recognizable brands" but does not provide any examples to illustrate this point. Brand owners would be concerned if auDA drew conclusions regarding the status of their brands without prior consultation.

INTA considers that if particular changes are to be made, for example to the list of relevant misspellings or to the manner in which they are enforced, stakeholders should be given an opportunity to comment on proposed changes before any decision is made to implement them.

OUR COMMENTS ON OTHER ISSUES

As noted above, the Panel identified issues that were not considered in detail. In the absence of detailed consideration by the Panel, we make brief observations on some of those issues below.

Bad faith registrations

The Panel has noted that “special measures” may be needed to mitigate the risk of bad faith uses, but also suggested that “the industry” may need to become more proactive about monitoring and reporting abusive registrations.

We are surprised by the Panel’s suggestion which implies that brand owners are insufficiently active in trying to stop bad faith registrations. The global scale and prevalence of the problem constrains any brand owner’s ability to adequately deal with bad faith registrations. The Panel’s recommendation to introduce direct .au registrations will only exacerbate the difficulty faced by brand owners. It is, therefore, not constructive for the Panel to suggest that “the industry”, which includes brand owners, should take a more proactive approach.

In our view, it is appropriate that any new domain system must have in place measures which *prevent* bad faith registrations.

Domain monetization

The Panel has noted that domain monetization is permitted for .com.au and .net.au domain names, as it is assumed those domain spaces are for commercial use.

INTA considers that there is a significant risk that the purported benefits of making direct .au registrations available to provide greater access to domains will be eliminated by domainers who monetize domains. Such domainers also pose significant difficulties for brand owners – and use monetization to avoid being characterized as bad faith registrants.

In our view, domain monetization should not be accepted or permitted as a good faith use of a direct .au registration.

Recognition of existing registrants and recognition of trade marks

Our comments in relation to recognition of existing domain names and trademarks are set out above in relation to draft recommendation 2A.

WHOIS policy issues

The Panel has noted that auDA's policy does not currently permit the use of private or proxy registration services. INTA supports that policy and, if direct .au registrations are introduced, considers that the same policy should apply.

The basis on which the Panel believes that direct .au registrations will be particularly beneficial to individuals - who it is suggested may be deterred from registering direct .au domains if they cannot use privacy or proxy services – is unclear.

The provision of reliable and verifiable information regarding a registrant via WHOIS services is critically important in preventing bad faith or otherwise unlawful registration or use of domain names.

We reiterate that, in our view, auDA and the Panel should provide further consultation on these key issues before progressing any recommendations regarding the introduction of direct .au registrations.

Pricing

The Panel has noted that a “premium” pricing model may “help distinguish and differentiate .au names from 2LD names”.

INTA considers that this issue does require further discussion and urges auDA to conduct further consultation.

ABOUT INTA

INTA is a 137 year-old global organization with members in over 190 countries. One of INTA's goals is the promotion and protection of trade marks as a primary means for consumers to make informed choices regarding the products and services they purchase. During the last decade, INTA has served as a leading voice for trade mark owners in the development of cyberspace, including as a founding member of ICANN's Intellectual Property Constituency (**IPC**).

INTA's Internet Committee is a group of over a hundred trade mark owners and professionals from around the world charged with evaluating treaties, laws, regulations and procedures relating to domain name assignment, use of trade marks on the Internet, and unfair competition on the Internet, whose mission is to advance the balanced protection of trade marks on the Internet.

Thank you for considering our views on these important issues.