INTA COMMENTS ON THE CONSEQUENCES OF BREXIT ON .EU DOMAIN NAMES
December 2018

The International Trademark Association (INTA), is closely monitoring the ongoing negotiations between the United Kingdom (UK) and the European Union (EU) on 'Brexit' and its impact on intellectual property rights. In representing over 30,000 trademark professionals and brand owners from major corporations as well as small-and medium-sized enterprises (SMEs), law firms and non-profits in more than 190 countries, INTA is in a unique and balanced position to provide input on Brexit’s impact on brand owners inside and outside of the European Union/European Economic Area. INTA has therefore been monitoring the negotiations very closely and offering support and guidance wherever possible to the relevant government bodies and organisations involved.

Throughout this process, INTA has continued to advocate that both the EU and the UK support, promote and safeguard the following core principles for brand owners and right-holders during these negotiations, as well as when ‘Brexit’ becomes effective:

• Minimum disruption of trade
• Minimum costs
• Maximum retention of rights
• Maximum transparency and legal clarity
• A transitional period in order to adapt to the new rules.

These core principles formed the basis of INTA Position Paper on Intellectual Property issues arising from “Brexit”, published in November 2017. INTA believes that the same principles should apply to .eu domain names. **INTA is most concerned about the impact of Brexit on .eu rights holders, particularly in respect of sole traders and SME’s in the UK who rely on a .eu domain presence for trade. Without any measures being implemented to protect existing rights, up to 300,000 .eu domain names could be revoked as a result of Brexit.**

Clearly, if a deal is agreed in which the UK remains part of the EEA, then we believe UK registrants can be recognized in the same way as registrants based in Iceland, Lichtenstein and Norway under the EEA Agreement, as per Case T-527/14, Paul Rosenich. This was indeed considered in the European Commission’s Notice of March 28, 2018 which provided that revocation of domains would be "subject to any transitional arrangement that may be contained in a possible withdrawal agreement”.

However, at this stage we understand that no outcome is certain and so we would therefore like to provide you with INTA’s additional recommendations in respect of the loss of .eu domain name rights affecting UK registrants which are likely to exist following the Withdrawal Date / December 31st 2020.

**We respectfully request that you consider these recommendations and work with the .eu contractor, EURID, to implement a balanced communication strategy and possible remedies to avoid the loss of mission critical domain names for those businesses trading inside the European Union.**
Potential Solutions to Eliminate or Limit Risks

INTA has liaised with both brand owner members and industry experts and has devised the following list of potential solutions which are primarily aimed at, ideally eliminating, or at best reducing the impact of Brexit on .eu registrants:

A. INTA’s Recommendation:

1. The best and most equitable solution would be to offer the Grandfathering of existing rights up to the point of exit of the UK from the EU/EEA, a solution that is widely accepted in the industry and is in line with many previous Registry closures/amalgamations, for example with .ru domain registrations following the dissolution of the Soviet Union and .tk extensions when this Registry was merged with that of Tuvalu, .tv. This would ensure preservation of existing rights up to the point of exit of the UK from the EU/EEA, would require no substantive amendment to the rules on eligibility and would ensure minimum disruption to trade for .eu registrants with minimal cost implications for either side.

   Should the Commission have concerns over this resulting in a landrush of new applications for .eu domains from UK-based entities, we suggest that a cut-off point be set, for example the date on which Article 50 was invoked or the official exit date, irrespective of any additional transitional period that may yet be agreed, thereby ensuring that the Grandfathering of rights is limited to genuine, pre-Brexit registrants.

B. Alternative Recommendations:

If the preferred solution above is not possible, then INTA would support any of the following proposals, which may be considered in isolation or as a combination of two or more complementary solutions:

1. Extension of the period post exit during which time registrants can continue to use their domains while they transition to new arrangements.

2. Provide a free block for revoked domains in order to prevent cybersquatters from registering such domains which is likely to cause consumer confusion and harm through counterfeiting or fraud.

3. Provide a free block for revoked domains plus an option for the original owner to re-register if their eligibility changes, again seeking to safeguard registrants from the risk posed by future cybersquatters. This and 2. above are of particular importance to SMEs and similar entities who may have no or only limited, local UK trade mark rights which they will be unable to invoke against bad faith .eu domain registrations once the UK has left the EU. They could be disproportionately exposed to trademark infringement and domain abuse which justifies lifting what would otherwise be the “first come, first served” policy for re-allocating released names. Any policies developed in this regard should keep consumer protection and the avoidance of fraud and abuse in mind.

4. Permit a holding page to remain live for a minimum of 1-year post exit to redirect trade to a new web presence. INTA suggests that 1-year here be an absolute minimum.
5. Pro rata compensation for any term of registration left post exit if the domain is revoked. Should this not be possible, then INTA would urge that as a minimum, the holding page under 4. above be put in place for the duration of the registration term paid for, but would recommend that permitting the registrant to continue to use their domain name until the date on which the registration term expires would be the most equitable alternative to reimbursement should this not be available.

C. Clarification of Eligibility:

INTA would also fully support further guidance being issued regarding the current eligibility rules for any UK-based .eu registrant in respect of the following points:

1. Clarification that the Commission will provide interpretative guidance as to the wording "establishment" in Regulation 733/2002 and the other Regulations governing .eu domains in line with the ruling of the CJEU in the context of EU trade marks in Case C-617/15, Hummel Holding A/S v Nike Inc. and Nike Retail B.V., namely as including a UK headquartered business with a real and stable presence in an EU27 member state from which commercial activity is pursued, and which has the appearance of permanency to the outside world, such as the extension of a parent body, even where such presence has separate legal personality to the UK parent body. Clear guidance as to the interpretation of the meaning of an "establishment" should be provided to EURid and UK-based .eu registrants having such an "establishment" should be able to maintain their ownership of a .eu domain without that being revoked.

D. Revoked Domain Disputes

Following the exit date, any domains that are revoked are highly likely to be targeted by cybersquatters wishing to take advantage of the previous registrant's reputation and trade in the EU. INTA therefore also encourages the Commission to consider making amendments to the eligibility rules for bringing an alternative dispute resolution (ADR) claim in relation to post-Brexit .eu domain disputes:

1. Allow former registrants of a .eu domain to bring a claim based on their previous .eu rights. This would assist in particular SMEs and similar entities to protect their prior rights against cybersquatters where they have no other enforceable EU right to invoke. So as not to disproportionately benefit former .eu registrants, this could be limited by only being possible for the 5-year period following the date of revocation.

2. Where a domain is successfully disputed by a former .eu registrant (either by virtue of 1. above or by invoking another qualifying right such as a Geographical Indication), but the complainant does not satisfy the general eligibility criteria to be able to take a transfer of the disputed name, the period of time before that domain is released for general registration should be extended. This would avoid re-registration by the same or another cybersquatter which would be unfairly burdensome on the former .eu owner to repeatedly dispute and it is recommended that the period be extended to 1 year or the end of the 5-year period post revocation, whichever occurs first.
Communication

Apart from the notice to stakeholders and an item on the EURid Public website, there has been little or no communication about the impact of Brexit on .eu registrants based in the UK from within the industry or registrar community. INTA is most concerned that SMEs, sole traders and individual registrants are therefore unlikely to be aware that their .eu domains may be cancelled as early as the exit date. INTA therefore urges the Commission to communicate, directly or via EURid, formal and detailed communications to UK-based .eu registrants, explaining how Brexit may impact their ongoing eligibility to hold a .eu domain, the consequences of this and the likely timescales. In this manner, the affected parties may begin to consider options for compliance with new conditions for the registration of .eu domain names.

Such communication could also include details regarding the alternatives which may be available to registrants which may help mitigate the risk of disruption to their .eu trade and minimise their loss of rights, along with any information regarding the provisions which the EU intends to put in place to help safeguard existing .eu rights and protect registrants, for example, from future cybersquatters capitalising on loss of business. If these cannot be confirmed just yet, then INTA would recommend further communications being issued to registrants as and when more detail can be shared.

INTA also encourages the Commission to issue a notification, directly or through EURid, to all accredited .eu Registrars requesting that they liaise directly with their .eu registrants regarding the above, ensuring that registrants are fully aware of the facts, the options which may be available to them, and any support that the Registrar may be able to provide them during this period of uncertainty and change.

We hope that these recommendations are useful, in these very uncertain times for rights holders. INTA has several dedicated task forces and committees who will continue to monitor Brexit developments and impact closely over the coming months and will provide recommendations for solutions guidance where necessary but in the meantime, INTA remains at your disposal to further assist in any way that may be appropriate. If you have questions, please reach out to Hélène Nicora, INTA Chief Representative Officer –Europe at hnicora@inta.org and Lori Schulman, INTA Senior Director of Internet Policy at lschulman@inta.org.