

**INTA Internet Committee Comments**  
**Uniform Rapid Suspension System (“URS”)**  
**April 1, 2010**

The Internet Committee of the International Trademark Association (INTA) is pleased to provide its comments on the Uniform Rapid Suspension (URS) Procedure.

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public’s ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Introduction**

The INTA Internet Committee strongly supports the concept of the URS as proposed by the Implementation Recommendation Team (“IRT”). However, we remain concerned that the current version of the URS proposal strays somewhat from the fundamental purpose of the URS: to provide expedited relief to handle cases of clear abuse where rapid deactivation of the domain is essential and transfer to the complainant’s ownership is not necessary or desirable, with the UDRP as an option for the more complex cases.<sup>1</sup>

The URS was intended to serve a distinct purpose from that of the UDRP. As indicated by the name and envisioned by the IRT, particularly if the URS is only to offer *Suspension* as a remedy, the focus of the URS should be on the word *Rapid* – to deal with egregious acts of domain name abuse that are easily proven using publicly available databases, such as the Trademark Clearinghouse, that require quick and efficient handling to minimize harm to the public and trademark owners. While the UDRP has proven admirably effective at adjudicating the many cases where a trademark owner seeks to obtain ownership and full use of infringing domains, it was not intended and does not efficiently address circumstances where the only desire is defensive—quickly to prevent the abusive use of domains that all parties recognize as abusive. Therefore, ICANN must put forward a simple URS process that provides an efficient and economical means to address clear-cut cases of abusive registrations to effectively address the commensurate increase in cybersquatting anticipated with the launch of new gTLDs.

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<sup>1</sup> See Final Draft Report of the Implementation Recommendation Team as submitted to ICANN Board and posted for public comment on May 29, 2009, available at [www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf](http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf) (“IRT Report”) at 25-26 (URS provided to supplement UDRP to quickly take down infringing registrations for the most clear-cut cases of abuse) and Comments of the Internet Committee of the International Trademark Association on the Implementation Recommendation Team (IRT) Report, available at <http://forum.icann.org/lists/irt-final-report/msg00192.html>

### **III. Filing A Complaint**

Our comments with respect to filing a complaint under the URS are designed to achieve the stated purpose of the URS to provide efficient and economical relief to clear-cut cases of abuse. In order to do so, the complaint must be as simple and formulaic as possible, take full advantage of the Trademark Clearinghouse, and allow similarly situated aggrieved parties to file suit jointly.

To further the objective of providing a rapid and inexpensive means of relief for clear-cut cases of abuse, it is our understanding that the URS complaint was intended to be as simple and formulaic as possible. We recommend that ICANN adopt a form complaint, perhaps including checkboxes, that would include confirmation of trademark ownership, Whois information, and a screen shot of the website, as appropriate.

We also suggest including in Section 1.4 a reference to the use of the data in the Trademark Clearinghouse as much as possible to streamline the complaint procedure. While we understand the desire to rely exclusively on the data in the Trademark Clearinghouse to maximize efficiencies, we are not convinced that only trademarks that are included in the Clearinghouse should be eligible for the URS, since that would otherwise limit the potential usefulness of the system.

Furthermore, we recommend that a single complaint against a single domain name registrant (or related registrants) should be able to be joined in by multiple unrelated complainants. There is no practical difference between allowing a complaint based on trademarks that are owned by different but related corporate entities as proposed in Section 1.3 and allowing a complaint based on trademarks owned by different but unrelated entities whose marks are similarly being abused by the same registrant. This consolidation of plaintiffs would minimize waste of ICANN's limited resources by avoiding duplication and maintaining focus on the scope of the abuse to multiple trademarks by one defendant registrant. Once ownership of the trademark(s) is established, there is no reason why such a consolidated proceeding should not be allowed. Doing so will help to streamline the process, create significant efficiencies, and enable the rapid suspension of domain names that are abusing the trademarks of others.

### **IV. Fees**

ICANN's current URS proposal is not based on a "loser pays" system. We appreciate the practical difficulties that may exist when seeking to collect fees from a domain name registrant who has defaulted and cannot be found. However, we strongly urge that additional study be conducted on this issue before abandoning it altogether.

We also agree with Section 5 of the IRT Report that when more than 26 domain names are at issue a domain name registrant should pay a fee to file its response. Cybersquatters often register abusive domain names *en masse* that would be appropriate for a single URS complaint (particularly if our proposal above to allow a single complaint from multiple trademark owners is adopted). Requiring a response fee to be paid when the number of domains is large strikes a reasonable balance between (i) fairness to a typical one or two domain name registrant who may have difficulty paying a fee initially to defend itself, and (ii) deterring professional cybersquatters who register large numbers of abusive domain names.

## V. Administrative Review

As noted above, the administrative review should check for baseline compliance of submissions against information and fee requirements, including complainant standing through the presence of the complainant's marks on the Trademark Clearinghouse list or equivalent acceptable third-party evidence of mark ownership. This would filter out clearly unsupported marks, while still leaving the final determination to the examiner.

The administrative review currently is not given a timeframe and perhaps language should be added to require a determination within two business days after the filing date whether the complaint is deemed compliant or defective. The administrative review section also should provide a specific timeframe within which a complainant notified of a defective or deficient complaint must respond with an amended complaint without paying an additional fee to restart the process.

If the administrative review finds that a URS is not the proper avenue for a complaint, leaving a complainant with the option of UDRP or litigation, it is important that the complainant be advised up front in a timely manner and without a final adjudication on the merits of the elements of a claim so to avoid any *res judicata* argument on a new UDRP or litigation filing.

To reduce fees, all correspondence with parties and any notices of decisions, defaults, deadlines, should not be required to be sent via fax and certified letter; rather, email alone should suffice. WIPO already requires that UDRP parties file Complaints (or Responses) including all annexes solely by electronic format, the National Arbitration Forum is moving to electronic UDRP and even ICANN's proposed PPDRP and RRDRP processes envision electronic notices for defaults, etc. Continued reliance on fax transmissions and certified letters seems unnecessarily limiting.

## VI. The Response

The Proposal provides twenty (20) days to file an answer, rather than fourteen (14) as suggested in the IRT Report. The IRT Report also explicitly states these are calendar days, not business days, but the February draft of the URS does not. The fourteen-day period would be far more consistent with the purpose of the URS and how it differs from the UDRP. If factors to show bad faith and defense of legitimate use are the same and response times are the same as UDRP, many complainants may choose the UDRP, especially considering the URS has a higher burden of proof and may require numerous serial enforcement proceedings because the suspension lasts only through the expiration of the registration, which in many cases may only be a couple of months. As mentioned above, the URS must be designed to be *rapid*, and the change to a twenty-day answer period is counterproductive.

While the Proposal contemplates a filing fee if the response is filed more than thirty (30) days after a determination, it makes no reference to the outer limit within which a response may be filed. To provide some assurance of finality, we recommend that a response must be filed no later than ninety (90) days after a determination.

In addition, we assert that further clarification of what constitutes bad faith and appropriate defenses to claims of bad faith is needed. For example, Section 5.7(d) provides that a demonstration that a domain name is not related to a pattern of the registrant's abusive registrations may be a defense to a claim of bad faith. However, a domain name may still violate the trademark holder's rights, regardless of its relationship to other domains held by the

registrant. Likewise, Section 5.8(b) does not include the relationship between the domain name and the trademark holder's mark and its goods and services as a factor in determining bad faith, despite the fact that such a relationship has long been recognized as a factor to establish bad faith.<sup>2</sup>

## **VII. Default**

With respect to default procedures, we respectfully submit that the procedures must be implemented in a way to discourage prolonging the URS procedure through selective default and ultimately provide some security of finality for default judgments. To that end, the domain name should be suspended immediately upon default, with possibility of being returned to the original IP address if, after examination, the complaint is found to be insufficient to warrant the requested relief. Once a domain name is suspended, it should remain suspended even if the registrant files a late answer until a final decision on re-examination (rather than automatically resolving to the original IP address once the late answer is filed).

In addition, we consider the ability for an answer to be filed up to two years after a default judgment as the equivalent of an appeal of that determination. Without finality, trademark holders would have to continue to worry about domain names they have already expended resources successfully suspending. For the same reason, the fact that the suspension will be lifted and the domain released upon expiration of the registration (and that an indefinite suspension or transfer are not available) likewise raises the specter that trademark holders will have to engage in repeated, serial enforcement against previously suspended domains. The ability to appeal up to two years later would only be appropriate as a means of raising changed circumstances (such as the expiration of the trademark holder's rights), if the URS provided for indefinite suspension. A timeframe of no more than six months should be adopted to recognize the default judgment with the finality of a dismissal with prejudice.

## **VIII. Examination Standards**

This section essentially applies standards equal to those of the UDRP but requires a much higher burden: that of clear and convincing evidence typically reserved in law for claims involving much higher danger of loss such as professional malpractice resulting in the loss of a professional license.

We are concerned that it may be very difficult for a trademark owner to prove by "clear and convincing" evidence that the registrant lacks a "legitimate interest" in the domain name. This involves proving a negative, which can rarely be done in more than a presumptive manner.

Indeed, a more logical system is for the registrant to bear the burden of proving that it has a legitimate interest once the complainant has established by clear and convincing evidence the other elements of a URS complaint, namely that the registered domain name (i) is identical or confusingly similar to a trademark in which the complainant has rights and (ii) was registered and is being used in bad faith. Accordingly,

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<sup>2</sup> See, e.g., *TCBY Enterprises, Inc. v. Manheim* (Nat. Arb. Forum Mar. 24, 2003) (finding an "obvious connection" and bad faith "because the domain names incorporate the mark along with generic words that are industry related"); *Sports Authority Michigan, Inc. v. Akre* (Nat. Arb. Forum Apr. 4, 2003) (finding bad faith where sportsauthorityshop.com differed from mark "by one inconsequential and generic word," "especially considering that Complainant operates an online 'shop').

consideration should be given to treating “legitimate interest” in the domain name as an affirmative defense of the registrant for which it should bear the burden of proof.

In addition, we believe further clarification is needed with respect to the examination standards in Section 8.2. For example, the “no defense can be imagined” standard should be clarified. An examiner with a good imagination could “imagine” a defense in many/any default situations (e.g. maybe there is a contract that permits this use, maybe this registrant is not really selling counterfeits but just gray goods, etc.).

## **IX. Remedy**

To justify the time and expense required to pursue relief under the URS and to prevent trademark holders from having to engage in serial enforcement against the same names repeatedly, the remedy must be more meaningful. We recommend, at a minimum, extending the lockdown period beyond the registration date for domain names suspended under the URS for as long as the trademark rights on which the URS proceeding was predicated are reflected as valid in the Trademark Clearinghouse, and subject, as discussed in Section Six above, to the registrant’s ability to file a late answer to remove the suspension. There may also be circumstances in which transfer of the domain name would be appropriate (such as when the domain and the suspension would otherwise expire, in the absence of registrant objection—in which case the registrant might be permitted to renew the domain, subject to the suspension being kept in force).

## **X. Abusive Complaints**

We believe that permitting counterclaims alleging abusive complaints or complaints filed for improper purposes is a valuable tool to deter complaints that are frivolous, harassing, or without merit by parties without legitimate rights in a mark. However, we believe that further clarification is needed to define the standards associated with abusive complaints (e.g., frivolous or malicious prosecution standards) and a corresponding penalty should be imposed on abusive registrants.

We agree with Section 11.2 in principle, but it appears to be inconsistent and incomplete. It provides: “In the event a party is deemed to have filed two (2) abusive complaints, or one (1) ‘deliberate material falsehood,’ that party shall be barred from utilizing the URS for one-year following the date the last of the three Complaints was determined to be abusive.” The Guideline references both two complaints and three complaints as the trigger for a penalty. In addition, the Guideline does not specify the time period in which the complainant’s abusive conduct took place. Theoretically, the abusive complaints could be fifty (50) years apart and still trigger the penalty. We recommend that a party must be found to have filed two abusive complaints within a five-year period or one complaint with a deliberate material falsehood to trigger a ban on use of the URS for one year.

With respect to ICANN’s further consideration of defining abusive complaints, we respectfully submit that any such definition must clarify that abusive complaints are those in which a registrant provides compelling evidence that a complainant has abused the system by filing a complaint based on a false claim of rights or by asserting fraudulent claims against domain names about which there can be no reasonable claim of infringing use. Likewise, any such definition should specify that a complainant is not deemed to have filed an abusive complaint solely because a complaint is denied, or because a complainant seeks to enforce its rights regularly and vigorously through the URS.

We also agree that an appellate process for findings of abusive complaints is necessary and appropriate. However, we disagree that the standard of review on such appeals should be based solely on a determination that the Examiner abused his/her discretion or acted in an arbitrary or capricious manner. Rather, given the gravity of a finding of abuse, a *de novo* review should be required.

We believe that, just as there are penalties for complainants who abuse the URS system, there should also be penalties for domain name registrants who abuse the domain name system. It is inequitable to include penalties for the speculative (and rare) trademark owner who would engage in abusive and vexatious litigation when there is a ten-year track record of many actual domain name registrants who have consistently sought to register domain names and profit from consumer confusion. Accordingly, we strongly recommend that ICANN consider providing for penalties against domain name registrants who have been found to consistently engage in abuse, whether it be barring them from registering more domain names, establishing a presumption of abuse in future URS or UDRP proceedings against them, or establishing/increasing any fees due for filing an answer to a URS or UDRP complaint. We recognize the difficulty of establishing that any one registrant is the same as or affiliated with another, though where such a relationship can be established, we believe that there should be consequences for registrants who repeatedly engage in abusive practices to harm consumers and legitimate business interests.

## **XI. Appeal**

We agree with Section 12 regarding the process for appeal of a URS decision. Given the purpose of the URS to provide a quick means of relief against obviously infringing domain names, we further recommend that the URS include a ten-day appeal period following issuance of a decision, mirroring the appeal period for UDRP.

Under the UDRP, the party against whom a decision is rendered has ten days to file suit in a court of competent jurisdiction before any action is taken against the domain name. This appellate deadline allows both parties some certainty and avoids unnecessary costs associated with prolonged litigation. A ten-day period is sufficient time to allow the losing party to make a decision whether or not to appeal. To our knowledge, no losing party has challenged the ten-day UDRP appellate period as insufficient to allow them to take action to file suit. Since the proposed URS appellate procedure is much simpler than filing suit in court, ten days should be more than enough time to pursue appeal under the URS.

## **Conclusion**

The Committee strongly believes the URS can be an effective rights protection mechanism if implemented properly to achieve its purpose of addressing clear-cut cases of infringement quickly and inexpensively. In reviewing each of the sections in ICANN's February 2010 URS proposal, it appears that the process in its current state needs certain modifications to ensure that the URS achieves its purpose. In making the suggested modifications, changes should also be made to ensure the process is balanced and does not ignore a ten-year record of actual and rampant domain name infringement.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA's External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org).

### **About INTA & The Internet Committee**

The International Trademark Association (INTA) is a more than 131-year-old global organization with members in over 190 countries. One of INTA's key 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 served as a leading voice for trademark 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 two hundred 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.

**Comments of the Internet Committee of the International Trademark Association (INTA)  
on the “Proposal for Trademark Clearinghouse – Revised February 2010”  
April 1, 2010**

The Internet Committee of the International Trademark Association (“INTA”) appreciates this opportunity to provide its comments to the Internet Corporation for Assigned Names and Numbers (“ICANN”) on the Proposal for Trademark Clearinghouse – Revised February 2010.

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public’s ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Introduction**

At the outset, it is critical to note that the current “Proposal for Trademark Clearinghouse – Revised February 2010” actually discusses two separate topics: a) the establishment, operation and scope of the Trademark Clearinghouse (“TC”) itself; and b) the use of TC data in two particular Rights Protection Mechanisms (“RPMs”), namely the Trademark Claims Service and the Sunrise Registration Process. Specifically, the question of what rights may be cataloged in the TC is totally separate from the question of what rights should be eligible for use in these RPMs. To say that a particular category of right should be included in the TC is not to say that owning such a right should make one eligible for the Trademark Claims Service and Sunrise Registration Process.

The TC, formerly the IP Clearinghouse, is not itself a substantive Rights Protection Mechanism (“RPM”). Rather, it is a tool to enable various RPMs, including both the Sunrise, Trademark Claims Service mentioned in the proposal, and should be used to enable other RPMs like the URS, UDRP and post-Sunrise applications in gTLD registries. As such, the TC should have maximum flexibility to include different categories of trademark rights and should be a floor, not a ceiling. This will not only increase efficiencies but also decrease costs for all parties involved (i.e., registries, registrars, registrants, consumers, and ICANN). Given the uncertainty as to the number of new gTLD applications that will proceed to delegation, such efficiencies and cost-saving measures could be critical.

To realize fully its potential utility, the TC should support post-launch RPMs as well as applications and notice during Sunrise periods. The trademark rights needed to support claims made under one RPM, such as a UDRP, are likely to be different from the trademark rights needed to support claims under another RPM, such as a Sunrise period. Moreover, based on

experience in the existing gTLDs, we can safely predict that some proportion of future gTLD registries will recognize a broader spectrum of trademark rights than those that would be accepted by the TC currently proposed by ICANN. In order to accommodate the widest possible range of uses, the TC should serve as a repository of the broadest spectrum of trademark rights. It should accept all forms of trademark rights, including trademark registrations with and without substantive review, marks with stylization and/or design elements and both verified and unverified common law rights.

In contrast, when considering the rights that should be eligible for a Sunrise Registration Process or Trademark Claims Service, there should be minimum requirements that registries must accept certain trademark rights (for example, registrations of national effect for the identical text mark on registries that conduct “substantive review,” assuming that terms such as “text mark” and “substantive review” are properly defined). However, the TC should also serve as a repository for other forms of trademark rights, so that registries that wish to acknowledge broader trademark rights can use the TC to do so. To do otherwise would reduce the potential utility of the TC and, consequently, the incentive of registrants and registries to utilize it. This will especially impact smaller businesses that have limited resources for RPMs.

### **III. Criteria for Inclusion in the Clearinghouse**

Section 4 of the Proposal outlines the criteria for inclusion in the Clearinghouse. We agree that clearly defined standards of inclusion are necessary, but believe the Proposal is too narrow as it will exclude many legitimate forms of trademark rights.

The Proposal limits trademark rights that may be registered in the TC to: (a) nationally or multi-nationally registered “text mark”<sup>1</sup> trademarks from all jurisdictions, including countries in which there is no substantive review; and (b) any text mark that has been validated through a court of law or other judicial proceeding. In this context, it is important to note that the Proposal adopts the *minimum* standards for RPMs specified in the IRT Report.<sup>2</sup> The suggested minimum standards consist of either a Sunrise Registration Process or a Mandatory Pre-Launch Claims Service.

A TC that accepts only narrow categories of trademark rights will not realize the original concept of the IP Clearinghouse. While it would be reasonable to limit the trademark rights accepted during a Sunrise Registration Process without adequate validation mechanisms to registered trademarks and court-validated marks, other types of RPMs, such as the Trademark Claims Service, could logically accommodate a much broader range of trademark rights, such as registrations containing design elements, stylized marks, common law trademarks, and even

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<sup>1</sup> There is no generally accepted definition of what constitutes a “text mark.” In some jurisdictions, there are delineations of the types of trademark registration, such as “standard character” marks and “design marks,” but there is no universal standard for what constitutes a “standard character” mark either. For example, in the United States, even a mark in stylized-lettering with no design elements would not be considered a “standard character” mark. Therefore, even if ICANN were to provide a clear definition for “text mark,” a Regional Validation Service Provider would have to conduct an independent review to determine whether the definition is met in each case.

<sup>2</sup> Please refer to the IRT Report posted at <http://www.icann.org/en/topics/new-gtlds/irt-final-reporttrademark-protection-29may09-en.pdf>, Section 6, Standard Sunrise Registration Process.

related rights such as trade names, famous personal names or titles.<sup>3</sup> Likewise, existing TLD registries have been able to implement and verify eligibility requirements for design marks and common law marks both during and after Sunrise periods. There is no valid reason why the TC should not support those elements and RPMs as well.

Extending protection to common law marks would facilitate uses of the TC contemplated by the IRT Report to streamline the offering and evaluation of proof in other RPMs that allow claims for relief based on common law rights, such as the URS and other domain name dispute resolution policies. Once a common law trademark owner has gone through the process of demonstrating the existence of a common law mark and validating that mark through the TC process, it should be included in the TC for future gTLD launches.

Many trademarks are protected worldwide solely by registrations that include both a word element and a design element, as separate registrations for the design mark and the text mark would be prohibitively expensive, and registrations for the composite of the design and words may extend protection to the word elements as well. Given this reality, we believe that the most equitable process is for the TC to include the textual elements found in design marks, provided that the mark sought to be included (i) is not a generic term and (ii) is presented in a prominent manner and can be clearly identified and isolated from the design element. This proposal is similar to the policy implemented by .ASIA.<sup>4</sup>

In sum, ICANN proposes that a "core function" of the TC will be to authenticate that its data meets certain minimum criteria, including a recommendation that the TC employs regional authentication service providers for such validation services. Since expert review of the IP rights submitted to the TC will be required, there is no valid reason why the TC should not house a broad range of trademark and other related rights. To the extent that ICANN is concerned that such rights will be abused, ICANN should develop appropriate mechanisms to guard against such abuses, rather than exclude them altogether.

#### **IV. Use of the TC to Support Post-Launch Trademark Claims**

While the Proposal does not expressly prohibit use of the TC to support Post-Launch Trademark Claims, it does not expressly endorse or require use of the TC for such purposes either. We join the Business Constituency ("BC") and At-Large Advisory Committee ("ALAC") in calling for ICANN to strongly encourage the most robust and efficient use of the information contained within the TC. Specifically, we believe the TC must be used to support Post-Launch RPMs, and have seen no evidence to suggest that this is not technically feasible. To the extent ICANN refuses to extend the TC in such a manner, the Committee urges ICANN to articulate with specificity its reasoning for refusing to do so.

To ensure adequate consumer protection, all new gTLD operators should be required to provide some type of rights protection mechanism after launch, and the TC can be an invaluable source of information to be relied upon in any such mechanism. A mandatory rights protection mechanism operating throughout the life of a registry will assist in avoiding many of the costly and time-consuming disputes caused by the registration of domain names that infringe or dilute

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<sup>3</sup> The ability to assert a broader range of IP rights under the Trademark Claims Service process would not have any chilling effect, since the brand owner does not receive notice that one of its marks has been matched unless and until registration has occurred.

<sup>4</sup> <http://www.registry.asia/policies/DotAsia-IDN-Sunrise-Policies-DRAFT--2009-12-11.pdf>.

the trademarks of others. Similarly, a continuing RPM such as the Claims Service can serve to thwart cybersquatters by forcing them to make express representations about their legitimate rights in the domain name that, if false, will strengthen a complainant's claim under the UDRP or URS,<sup>5</sup> while making a more effective and efficient use of the TC.<sup>6</sup>

Another proposed RPM that could utilize the TC and effectively prevent or significantly deter abusive domain name registrations is the Globally Protected Marks List ("GPML") outlined in the IRT recommendations and overwhelmingly requested and supported as a key RPM by the public in the public comments to DAG v1. Unfortunately, ICANN has yet to indicate a willingness to further explore let alone adopt such a mechanism, but more importantly has not suggested an alternative to accomplish the important consumer protection objectives of the proposal.

## **V. Sunrise and Trademark Claims Notices Limited to "Identical Matches"**

The Proposal recommends that the Trademark Claims notice or sunrise registration procedures apply only to "identical matches."<sup>7</sup> Such a restrictive definition provides little practical protection to brand owners, as the vast majority of cybersquatting involves typographical variations or 'mark + descriptive term.' Limitation to identical marks should be a floor, not a ceiling. We propose that registries should, at least, be able to employ a 'match plus' system with respect to Trademark Claims Service, in any new domain that contains the mark in its entirety would satisfy or trigger the RPM, whether or not other elements are present in the domain as well.

Moreover, the proposed definition of an identical match is overly narrow and does not represent registry best practices, as recently employed by .ASIA in its sunrise process. We urge ICANN to adopt an approach for determining matches that would include domain names that incorporate a mark beyond an identical match, including obvious typographical variations.<sup>8</sup> At a minimum, a match should include plurals of, and domain names containing, the exact trademark.

## **VI. Ancillary Services**

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<sup>5</sup> To dissuade the registration of obviously infringing domain names by cybersquatters and others who wish to conduct unlawful activity on the Internet by taking advantage of consumer trust in well-known brands, the Committee further recommends the consideration of mitigating steps against registrants who expressly misrepresent their legitimate rights in a domain name.

<sup>6</sup> We also note that there has been a great deal of discussion surrounding the issue of who should bear the cost of the TC. For reasons of equity, costs should be correlated to the creation and use of the Clearinghouse, and thus, should be shared by ICANN, registrars and registries, and trademark owners.

<sup>7</sup> "Identical Match" as defined by Section 4.3 of the Recommendations means "that the domain name consists of the complete and identical textual elements of the Mark. In this regard: (a) spaces contained within a mark that are either replaced by hyphens (and vice versa) or omitted, (b) only certain special characters contained within a trademark are spelt out with appropriate words describing it ( @ and &.), (c) punctuation or special characters contained within a mark that are unable to be used in a second-level domain name may either be (i) omitted or (ii) replaced by spaces, hyphens or underscores and still be considered identical matches, and (d) no plural and no 'marks contained' would qualify for inclusion."

<sup>8</sup> This is a process similar to that successfully employed in the .ASIA sunrise policy <http://www.registry.asia/policies/DotAsia-IDN-Sunrise-Policies-DRAFT--2009-12-11.pdf>.

The Proposal states that there will be no prohibition against TC provider(s) providing “ancillary services” as long as the provider(s) keep the data used for such ancillary services separate from the clearinghouse database. The Proposal also provides that “relevant data” obtained to perform ancillary services should be licensed to competitors interested in providing such ancillary services. We believe that the scope of the services considered “ancillary services,” the parties to whom such services will be offered, and the purposes for which the services will be offered must be clarified. For example, it is unclear whether TC provider(s) will be allowed to provide lists of common typographical variations and generic terms used with trademarks to third parties based upon information submitted to the TC.

TC provider(s) should not have the ability to offer ancillary services based on information and data gathered from trademark owners without the owner’s consent. We are concerned that allowing unrestricted ancillary services will lead to abuse of trademark data and information. Absent a trademark owner’s consent, ancillary services based on data submitted by trademark owners should be offered solely to the trademark owners who submitted the data. Otherwise, TC provider(s) may have financial incentive to offer information and data to third parties that could be used to infringe upon trademark owners’ rights.

As previously noted, under the current ICANN proposal for a Trademark Claims Notice, trademark owners will receive notice of the registration only of domain names that contain an “identical match” to their trademark. The vast majority of cybersquatting is not comprised of exact matches, but rather “match plus” or typosquatting. If “ancillary services” include providing lists of typographical variations and generic terms commonly used with trademarks to third parties, such services will have the perverse effect of encouraging and facilitating the registration of infringing domain names for which the trademark owner will not even receive notice. Moreover, if it is suggested that ancillary services could include typographical variations and generic terms commonly used with trademarks, why then is it claimed that identifying these same criteria during sunrise and for claims services is technically infeasible?

## **VII. Costs of the TC**

We agree that costs of the TC should be borne by parties benefiting from the TC, but it must be acknowledged that trademark owners are not the only parties who will benefit. In addition to trademark owners, contracting parties, registrants and ICANN all stand to benefit from the TC insofar as it will facilitate registration of domains in the new gTLDs both during and after Sunrise periods, which will save time and money for all parties involved in the process. Moreover, countless others will take advantage of the ancillary services that will be made possible by the information that trademark owners will (as currently proposed) pay for the privilege of submitting. The TC should be funded by all of these stakeholders.

If the costs of the TC are not fairly allocated among all constituencies that stand to benefit from it, the disproportionate imposition on IP owners of the expenses associated with the TC will serve as a disincentive to IP owners to participate in the TC, and will lead to inadequate levels of protection for consumers.

## **VIII. Penalties for Abuse**

The Proposal briefly mentions, but fails to define a number of situations in which trademark owners who submit data to the TC will be liable for penalties. If penalties are to apply, the offenses triggering such penalties need to be clearly delineated.

While we do not suggest that trademark owners should be immune from the possibility of penalties for abuse of the system, it is worth bearing in mind that the vast majority of domain-name-related abuses are committed not by overbearing trademark owners seeking to squelch privacy or free speech, but rather by cybersquatters seeking to defraud consumers and/or profit off of the trademark rights of others. Yet neither the RPMs for existing gTLDs nor those currently proposed for future gTLDs provide for the possibility of even a single financial penalty for cybersquatters. It is all the more remarkable, therefore, that the current TC proposal contains quite so many penalties to deter the possibility of abuse by trademark owners who, in reality, represent such a miniscule share of the ever-increasing volume of abuse present in the domain name system today.

It is incumbent upon ICANN to avoid unnecessary or unfairly punitive measures that will have the effect of discouraging trademark owners from participating in the TC.

### **IX. Sunrise Registration Process**

The Proposal provides that all new gTLD registries be required to use the TC to support their pre-launch rights protection mechanisms (RPMs), and that such RPMs must consist of either a Sunrise period or a Trademark Claims Service. We believe that ICANN must clarify that the intent of the Proposal is to require all new gTLD registries at a minimum to either implement a Trademark Claims Service or provide a Sunrise period.

### **Conclusion**

A properly implemented TC can serve as an important tool to facilitate the protection of trademark rights through RPMs in new gTLDs. The Internet Committee strongly encourages ICANN to design the TC to accept the full range of trademark rights and integrate the TC into ongoing Post-Launch RPM processes such as the URS, in order to maximize its utility, reduce expenses across all facets of the new gTLD program and ensure a minimum adequate level of consumer protection.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA's External Relations Manager, Claudio DiGangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org).

### **About INTA & The Internet Committee**

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INTA's Internet Committee is a group of over two hundred 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.

**INTA Internet Committee Comments**  
**Trademark Post-Delegation Dispute Resolution Procedure (Trademark PDDRP)**  
**April 1, 2010**

The Internet Committee of the International Trademark Association (INTA) appreciates this opportunity to comment on the February 2010 Trademark PDDRP.

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public's ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Introduction**

At the outset, the Committee notes that there are existing parallels between the Trademark PDDRP proposed procedures and those proposed in the Registry Restrictions Dispute Resolution Procedure (RRDRP) that need further examination, comparison and consideration as to whether these two proposals should be combined. In particular, improvements may be realized through economies of scale by combining the procedures, not to mention minimizing complexities and number of different rules for the different procedures (TC, PDDRP, RRDRP, URS, UDRP....) that must be integrated by the public.

The Committee believes that the objective of the PDDRP is to ensure that there is a strong mechanism in place which can be used, if necessary, against registries who do not adhere to their charter or who have acted in bad faith, thereby encouraging, allowing or wilfully ignoring systemic registration of infringing domain names (or systemic cybersquatting), or who have otherwise set out to use the gTLD for an improper purpose.

Ideally use of the PDDRP will be minimal, as it should act as an effective deterrent to help keep new registries in line and ensure that those good faith registries do not have to compete with others not adhering to their respective charter or who act in bad faith. Its effectiveness therefore may be measured more by its non-use than actual use, and with this in mind it is important that its potency is not diluted.

Although the PDDRP affords aggrieved parties remedies where ICANN is not able to act in a timely manner, the Committee hopes that ICANN's compliance program will soon be robust enough to be able to promptly handle any such post-delegation disputes without the need for third party intervention through a PDDRP or RRDRP process. In no way should the establishment of an RRDRP and PDDRP process be interpreted as absolving ICANN from

addressing certain situations that initially fall squarely within ICANN's compliance responsibilities.

In summary, while the Committee strongly supports the imperative need for a Trademark PDDRP, the Committee is concerned that, as proposed, the PDDRP remains unbalanced in its approach. The Committee's comments are therefore focused on suggested changes to the process that should bring about a clear, predictable and balanced procedure for addressing post-delegation disputes as they relate to trademark issues.

### **III. Communications and Time Limits**

The proposal to use "on the day that it is transmitted" as the rule for determining when a notice or communication is sent and if a response is timely is clear and reasonable. However, ICANN should require the party transmitting the communication to either certify or to obtain some proof of the transmittal date, such as a mailing receipt or courier tracking sheet.

At the same time, using this same rule to determine the receipt date could be problematic for non-electronic transmissions because any receipt must necessarily be some time after the transmittal. ICANN should revise the proposal to state that receipt is deemed to have occurred within a set time period (i.e., three to five days).

More importantly, the proposed rule for calculating compliance with a time limit is that "such period will begin to run on the day following the date of receipt of a notice or other communication." Although this is not unreasonable, there is presently no provision or remedy to address any alleged non-receipt of the notice or communication. The sender must use some means of proving dates of mailing and receipt, such as a receipt from certified mail or a courier receipt. In addition, there should be a remedy if the recipient does not receive the notice or communication.

### **IV. Standing**

The first draft paragraph confusingly refers to both a "third party" which "has filed a Complaint with a Provider" and a "Complainant." We suggest deleting "third party" and restoring the word "Complainant."

The second paragraph includes a preliminary draft of a "quick look" requirement that the Provider somehow ascertain that the Complainant has standing "before a Response is due." We agree that it is reasonable to require, and for the Provider to determine whether the Complainant has made a prima facie showing. However, the draft merely provides that the threshold requirement should be "that the Complainant is in fact a trademark holder." This is unclear and overly broad. We suggest providing that the Complainant must meet the "quick look" threshold by including with the Complaint a copy of a trademark registration certificate, a copy of the online status report of the relevant national trademark office record for the registered trademark, or other evidence sufficient to demonstrate the Complainant's ownership of rights in the registered trademark. The Committee believes that meeting this trademark registration ownership requirement is a reasonable threshold. Correlating the procedure with the Trademark Clearinghouse would streamline the process and keep costs down.

The Committee also suggests, however, that some provision should be included so that if the Provider's "quick look" determination identifies a deficiency in the Complainant's filing, the Complainant will have the opportunity to amend its Complaint to cure the claimed deficiency.

It is also unclear whether, if a deficiency is declared, the Complainant's fee will be returned. Since this is not mentioned in the draft, we presume that the fee would not be returned. As long as some clearer guidelines or requirements are established for filing the Complaint and provision is made to permit Complainants to correct deficiencies, we believe forfeiture of the fee would not be unfair. Otherwise, forfeiture of the fee would be a penalty, which could be exercised discriminatorily.

## **V. Standards: Top Level**

The proposed rules require that in order to establish bad faith on the part of a registry, the Complainant must establish that the registry operator is guilty of "affirmative conduct in its operation or use of its gTLD string" which would either (a) take unfair advantage of the identical trademark's distinctive character or reputation, (b) unjustifiably impair that distinctive character or reputation, or (c) creates an impermissible likelihood of confusion with the Complainant's mark. The example given also entails two affirmative acts: one that the registry declares that it does not intend to infringe a similar mark; and the other that the registry holds itself out as the beneficiary or owner of the mark.

It is unclear why there should be such a high burden to establish that the registry has affirmatively acted in bad faith. The registry's passivity or inaction to enforce its registry charter could also lead to harm to a Complainant, especially where it becomes clear that although the registry did not initially intend to infringe the trademark or impair its distinctiveness when it adopted the gTLD string, upon being notified of a prevalence of registrations that play off the trademark, the registry refuses to take action to avoid the issue. As such it is our view that "affirmative conduct" should be defined to include "encouraging, allowing or wilfully ignoring systemic registration of infringing domain names."

## **VI. Standards: Second Level**

As presently written, part (b) of the standard for proving infringing conduct at the second level appears to require showing a pattern of bad faith involving multiple domain names infringing a single mark owned by the Complainant. The Committee is concerned that formulating the standard in this way would fail to address instances of bad faith manifested by systemic registrations of domain names infringing multiple, non-repeating marks.

For example, consider a hypothetical gTLD ".best" having the domain names "pepsi.best," "toyota.best," and "kodak.best." Although common sense would indicate the existence of a pattern of bad faith here, no single owner of the affected marks could meet the standard for obtaining relief, because the pattern does not consist of multiple domain names which infringe a single mark. The same problem could affect a single brand owner who owns multiple marks, such as where the hypothetical gTLD described above had the domain names "cocacola.best," "dietcoke.best," and "sprite.best."

The Committee assumes that this potential gap in the standard for proving bad faith was inadvertent. ICANN should remedy it by replacing the phrase "the complainant's mark" with

the phrase “one or more marks, including the complainant’s mark” in part (b) and its subparts (i), (ii) and (iii). This change would preserve the substantive requirements of part (b), but would allow those requirements to apply to a pattern of domain name registrations infringing multiple, non-repeating marks.

## **VII. Reference to registry operator’s dispute position as a “claim”**

In the last bullet point in the “Response to the Complaint” section, the Procedure indicates that the registry operator should “affirmatively plead in its Response the specific grounds for the claim.” Because the use of “claim” may be misinterpreted, the Committee suggests that the phrase “the claim” be changed to “its contention” or “that contention.”

## **VIII. Reply: limitation to addressing “without merit” statements**

The proposed rules limit the subject matter of the Reply to responding to statements made in the Response that the Complaint is “without merit.” There should be no such restrictions on the content of the Reply. The Complainant should be allowed to respond freely to the Response, particularly since the page and word limits for the Complaint do not apply to the Response. The proposed rules require the Respondent to affirmatively plead claims that the Complaint is “without merit.” Therefore, the Respondent can prevent the Complainant from filing a Reply simply by avoiding an affirmative pleading that the Complaint is “without merit.”

## **IX. Expert Panel**

The proposal that the Provider “will appoint a Panel, which shall consist of one Panel member, unless all parties agree that there should be three Panelists” should by default be a three member Panel as recommended by the Implementation Recommendation Team (“IRT”). Given the severity of some of the remedies afforded under this procedure, and in light of our recommendation that any decision of the Panel should be considered final (see Section XVI), the Committee believes such a requirement should provide the necessary checks and balances to ensure high quality decisions.

## **X. Costs: Estimated costs**

The proposed rules allow the Provider to estimate costs without any guidelines other than that they are intended to be “reasonable” and to cover the unspecified “administrative fees” of the Provider and the Panel. We recommend that the rules impose a cap on such estimated costs and articulate more specific standards for such costs. This will provide predictability for all parties and prevent the Provider from imposing high fees in order to discourage the filing of Complaints.

## **XI. Costs: Initial Burden, fronting of costs**

The initial imbalance in payment of estimated proceeding costs unfairly burdens the complainant i.e., the trademark owner. The complainant already takes on an initial burden in determining that an action is necessary to protect its mark and by payment of the initial filing fee. Requiring the complainant to also initially shoulder the full outlay for the estimated costs at the outset of the proceeding would apply an unfair, uneven and unnecessary burden on the complainant. In fact, it would place the highest burden on those entities least able to bear it, namely, small businesses

and non-profit organizations. The proposed shift lends itself to creating, inappropriately, an impression of Complainant wrongdoing.

While we appreciate that the registry operators may be facing multiple actions, the Committee recommends a more equitable solution. In particular, the Committee recommends that aside from the filing fee, no costs be assessed until after the “quick look examination.” At that time, if the proceeding is allowed to advance, the estimate would be provided and the complainant should have the opportunity to opt-out of the proceeding. Furthermore, the initial costs assessment should then be born equally by the parties from the outset, with each simply paying 50% up front, or each paying 50% up front plus the other 50% in a bond.

Any burden to the registry operator from facing nuisance suits is already alleviated by the initial quick look examination, the need of the Complainant to pay the filing fee, and the proposed sanctions for Complainants that abuse the system.

## **XII. Discovery**

It remains unclear why discovery is necessary in this sort of proceeding. In particular, the Complainant must meet an initial burden and must present valid evidence in support of its claims, as must the registry operator in its response. The Panel’s unfettered discretion to request discovery at the expense of a party serves only to increase the uncertain nature of the process and, more importantly, its costs.

The additional cost of the discovery would add a particular burden to small businesses and non-profit organizations that are trying to protect their marks, not to mention to registry operators. Faced with the unknown discovery costs, it is unlikely that these entities could take the risk to protect their growing brands and businesses.

Possible solutions to this issue include defining and limiting the circumstances in which the Panel may require discovery. Similarly, the rule should also include appropriate circumstances for discovery at a party’s request - subject to the Panel’s approval - such as evidence-based suspicions of falsification). To further minimize the risk of unknown costs, the Committee also recommends a trigger point for a complainant to opt-out of the proceeding without prejudice.

These cost concerns are further exacerbated by the possibility of the Panel assigning its own independent experts. ICANN has failed to articulate why the Panel, which is supposed to be composed of independent experts in the field, would need further experts. The Panel should be able to determine confusion and intent issues to the same extent as an outside expert. Accordingly, if ICANN continues to grant the Panel this discretion, ICANN should identify the types of experts permitted, the reasons for the need for such experts, and when the Panel may engage experts. The Committee further suggests that opt-out procedures for the complainant be applied here as well, so that the complainant can re-calculate the costs and benefits in light of the additional cost.

## **XIII. Hearings**

The Committee agrees that hearings should be the extraordinary exception and not the rule, and further appreciates the inclusion of a time limitation as well as use of technology for remote access hearings. The Committee is concerned, however, that this aspect will again lead to an

unpredictability of cost and possible unfettered escalation in costs. In light of this, the Committee suggests incorporating into the rules the circumstances under which a hearing could be required as well as set costs (possibly in ½ day increments) for the same.

Additionally, as with discovery, the Committee recommends a system with a greater predictability in cost, as a structure that allows the Panel to add burdens at the expense of the parties in an unfettered manner will disproportionately harm small businesses and non-profit organizations unable to bear these costs.

#### **XIV. Burden of Proof**

The Committee believes that one of the most important considerations should be a commitment to treating the participating parties in a fair, even and unbiased manner. Such fundamental fairness is incompatible with placing systemically greater burdens on any participant or class of participants. In the context of the Complainant's burden of proof, requiring the Complainant to prove its allegations by clear and convincing evidence would place a systemically higher burden on the Complainant than on the registry operator.

The current draft of the Registry Restrictions Dispute Resolution Procedure (RRDRP) specifies that the Complainant in that procedure must prove its allegations by a preponderance of the evidence. The Committee sees no reason to place a higher burden on the Complainant in the present procedure, as compared to the Complainant in the RRDRP. Both procedures are designed to resolve disputes of a civil, as opposed to criminal, nature involving registry misconduct. In the interest of fairness and consistency, the Committee believes that the Complainant's burden of proof should be to a preponderance of the evidence.

#### **XV. Remedies: Deleting Domain Names**

The proposed rules prohibit the Panel from recommending that registrations that violate the agreement restriction be deleted. This leaves the Complainant with, at best, a partial remedy. Since a finding in favor of the Complainant means, virtually by definition, that there are infringing domain names on the register, the Panel should be free to recommend that such registrations be deleted. If necessary, there should be a process for the owners of such names to contest the deletion of their particular domains. Furthermore, the Committee is aware that registry operators are also domain name registrants; indeed, the Committee has a significant concern that some registries may be operated by parties who intend to use the registry for wholesale registration of infringing or cybersquatting domain names. At a minimum, the Panel should be able to recommend the deletion of domain name registrations where the registrant is also the registry operator or an affiliate of the registry operator, or where there is some other substantial connection between the registrant and the registry operator.

#### **XVI. Remedies: Sanctions for a Complaint determined to be “without merit”**

The Committee believes that two of the sanctions a Panel can award if it determines a Complaint to have been filed without merit – imposition of the registry operator's costs and attorney fees, and imposition of “penalty fees” – should be eliminated. The availability of those sanctions violates the fundamental principles of fairness discussed above. The Panel has no authority to impose parallel sanctions on the registry operator if, for example, it files a frivolous Response or commits egregious violations of trademark rights. The imbalance in available sanctions suggests a prejudgment about which class of participants – namely the parties claiming to have trademark

rights – are going to abuse the system. Moreover, the remaining sanctions of temporary and then permanent bans from filing Complaints would be more than sufficient to deter abuse of the dispute procedure by Complainants.

## **XVII. Panel Determination**

It appears from the current draft of the proposed rules that the decision of the Panel is merely advisory. Particularly given the extent to which the current draft includes provisions for discovery, experts and hearings, thus potentially high costs, the decision of the Panel should be considered final. The current compromise entitling ICANN to alter the decision does not add to the process and provides an additional avenue for unintended delay resulting from the additional administrative review. Earlier provisions allowing for appeal to a court of competent jurisdiction, thus shifting the appeal burden to the losing party and eliminating a step in the review process are far preferable. In addition, the Committee believes that its recommendation that all complaints should be determined by three Panelists should provide the necessary checks and balances to ensure high quality decisions (see Section VIII).

To the extent that ICANN is worried about the quality of the Provider panelists, perhaps a non-outcome determinative random audit procedure would be helpful.

## **Conclusion**

The Committee strongly supports the imperative need for a Trademark PDDRP, but remains concerned that without the suggested changes and proposed revisions, the PDDRP remains unbalanced in its approach. We have provided specific proposals and changes to the process that should bring about a clear, predictable and balanced procedure for addressing post-delegation disputes as they relate to trademark issues and fair procedural concerns. There is a clear need for an effective and strong mechanism to be in place which can be used, if necessary, against registries who do not adhere to their charter or who have acted in bad faith, thereby encouraging, allowing or wilfully ignoring systemic registration of infringing domain names (or systemic cybersquatting) or who have otherwise set out to use the gTLD for an improper purpose. The PDDRP should act as an effective deterrent to help keep new registries in line and ensure that those good faith registries do not have to compete with others not adhering to their respective charter or who act in bad faith. Its effectiveness therefore may be measured more by its non use than actual use – and with this in mind it is important that its potency is not diluted.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org)

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**INTA Internet Committee Comments**  
**Registry Restrictions Dispute Resolution Procedure (RRDRP)**  
**April 1, 2010**

The Internet Committee of the International Trademark Association (“INTA”) appreciates this opportunity to comment on the February 2010 RRDRP.

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public’s ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Introduction**

At the outset, the Committee notes that there are existing parallels between the Trademark PDDRP proposed procedures and those proposed in the Registry Restrictions Dispute Resolution Procedure (RRDRP) that need further examination, comparison and consideration as to whether these two proposals should be combined. In particular, improvements may be realized through economies of scale by combining the procedures, not to mention minimizing complexities and number of different rules for the different procedures (TC, PDDRP, RRDRP, URS, UDRP....) that must be integrated by the public.

Although the RRDRP affords aggrieved parties remedies where ICANN is not able to act in a timely manner, the Committee hopes that ICANN's compliance program will soon be robust enough to be able to promptly handle any such post-delegation disputes without the need for third party intervention through an RRDRP or PDDRP process. The Committee is concerned that through establishing an RRDRP and PDDRP process, ICANN may completely remove itself from addressing certain situations that initially fall squarely within ICANN's compliance responsibilities.

As noted, the RRDRP is necessary to preventing abusive practices in domain name registrations, but the Committee suggests that, as proposed, the RRDRP could be more balanced in its approach. The Committee’s comments are therefore focused on proposed changes to the process that should bring about a clear, predictable and balanced procedure for addressing post-delegation disputes as they relate to community restrictions.

**III. Standing**

The present draft requires that a complainant under the RRDRP be “a harmed organization or individual as a result of a community-based gTLD registry operator not complying with the restrictions set out in the Registry Agreement.” However, in the next paragraph, the draft reads “to qualify for standing for a community claim, an objector must prove both: it is an established institution, and it has an ongoing relationship with a defined community that consists of a restricted population.” There is an ambiguity here as to whether individuals have standing and, if so, under what circumstances. Some clarifying language is needed to confirm that standing is not limited to institutions.

Limiting standing to object to a community-based gTLD operator’s *ultra vires* actions to only those associated with “defined communities” also appears to be unduly restrictive. As an example, one could envision a “.apple” community-based gTLD which is intended for the benefit of an apple growers association. APPLE is also a well-known trademark for computers and related devices, owned by Apple Computer Inc. Although the allowance of domain name registrations like “computer.apple” in the “.apple” registry to Apple Computer Inc. competitors or to cybersquatters may best be handled through a PDDRP process, the fact that the same conduct may constitute both a trademark and an Apple Computer Inc. brand-related community violation appears to point in favor of one procedure and procedural rules with broader standing criteria, such as likelihood of harm, rather than two separate procedures as proposed under the PDDRP and RRDRP. Creating one procedure with registry restrictions and trademark violations as distinct causes of action could also allow dispute resolution providers to develop greater depth of experience.

As described above, the present draft is somewhat vague as to whether the community invoked by the objector must be the same community that the gTLD at issue was meant to serve. It appears not, but this should be clarified.

As a further point of clarification, in no cases should the registry be permitted to circumvent the provisions of the RRDRP through the activities of any affiliated parties.

#### **IV. Complaint, Response and Fees**

Under the heading Complaint, and the sub-heading Content, the RRDRP states, “[a]t the same time the Complaint is filed, the Complainant will pay a non-refundable filing fee in the amount set in accordance with the applicable RRDRP provider rules.” Although the RRDRP contemplates that the Registry will also pay a filing fee, no similar statement is contained under the heading Response to the Complaint.

The Committee recommends that the following statement be inserted under the heading Response to the Complaint: “At the same time the Response is filed, the Respondent will pay a non-refundable filing fee in the amount set in accordance with the applicable RRDRP provider rules. This filing fee will be the same filing fee as that paid by the Complainant.”

#### **V. Appointment of Experts**

The provisions permitting the dispute resolution provider to appoint experts on its own motion and at the parties’ expense is highly objectionable. It is unfair for the panel to introduce potentially outcome-determinative testimony through an expert that neither party has solicited and which neither party will be given a chance to cross-examine. It is particularly unfair to require the parties to shoulder an unknown expense for an expert that they had no role in

selecting and whose testimony they may not have even felt was necessary to decide the case. Allowing the panel to select the expert rather than the parties also opens the door for the panelist to influence the outcome by selecting an expert with particular biases.

If the panel is going to be empowered to choose an expert, there must be strict limitations. First, there should be a predetermined scale of fees for experts so that parties can accurately assess the potential costs of bringing a case. Second, the panel's intention to appoint an expert should be communicated to the parties at the earliest possible stage, so that the parties may lodge objections. Finally, any appointed expert should prepare a report summarizing their conclusions and this report should be provided to the parties in sufficient time to allow the parties to present contrary arguments and evidence, potentially including a rebuttal from another expert. All of these materials should form the record presented to the panel for its consideration.

## **VI. Hearings**

While the present draft states that disputes under this RRDRP will usually be resolved without a hearing, it also provides that the Expert may "decide on its own initiative, or at the request of a party to hold a hearing." This proposal appears to be too liberal in allowing hearings to take place, which could unnecessarily require resources and increase expenses. Consistent with the UDRP rules, the Expert should decide, in its sole discretion, whether a hearing is necessary due to "exceptional circumstances." See, i.e., UDRP Rule 13. Whatever the criteria, they should be spelled out in the rules.

If a party requests a hearing over the objection of the other party(ies), and the Expert determines a hearing is necessary due to exceptional circumstances, the requesting party must be required to pay the costs for the hearing. This includes the costs for a teleconference, videoconference, or web-conference, as well as the fee of the Expert, but excludes the non-requesting party's attorneys' fees. If the parties stipulate to a hearing, the costs should be apportioned equally.

## **VII. Remedies and Expert Determination**

Presently, the draft provides that registrations made in violation of the agreement restrictions may not be deleted as a remedy, since the registrant is not a party to the action. It is too far reaching to impose an absolute prohibition on this remedy. For instance, if the registrar is the registrant of the domain name, or is affiliated with or has some other relationship that gives the registrar control over the registrant of the subject domain name, deletion of a violating registration may be a proper remedy.

Furthermore, this scenario illustrates the advantage of combining the RRDRP and PDDRP administrative proceedings. See Comment to Standing section above, and Relationship to Post Delegation Procedure below.

The proposed procedure also states that the Expert will *recommend* the appropriate remedies. Unless the Expert's determination has "teeth," the procedure will not be effective. Therefore, the Determination should *impose* remedies, rather than merely recommend them. See i.e., UDRP 4.i.

Specifically, under the heading, the Expert Determination, in the last bullet, it is contemplated that ICANN has the ability in extraordinary circumstances not to follow the Expert Determination that the registry operator was not meeting its obligations. Yet there is no similar

provision for ICANN not to follow an Expert Determination that the registry operator was meeting its obligation. Additionally, it is unclear whether extraordinary circumstances must exist for ICANN to amend the remedies recommended by the Expert.

To clarify these issues, the Committee recommends modifying this provision to read: “The Expert Determination and the recommended remedies found in the Expert Determination shall, absent extraordinary circumstances, be approved and enforced by ICANN. Extraordinary circumstances are circumstances such as an ICANN finding of Expert or provider bias, or other circumstances that prejudice the neutrality of the proceeding. In the event that ICANN determines that extraordinary circumstances exist which warrant not following the Expert Determination, then ICANN may ask that the matter be re-heard by another Expert or another provider as appropriate.

### **VIII. Relationship to Post Delegation Procedure (PDDRP)**

The introduction to the draft Registry Restrictions Dispute Resolution Procedure, states “[s]till under consideration is whether this procedure and the Post-Delegation Dispute Resolution Procedure can be combined as one.” The RRDRP and the PDDRP provide virtually identical administrative procedures to one another. The purposes differ in that one provides a remedy to trademark holders when a registry acts in bad faith and one provides a remedy to individuals and institutions associated with a community when a registry is not policing registrations within the agreed restrictions for a community-based restricted gTLD.

A stated goal of both the RRDRP and the PDDRP is to provide efficiency. We believe that stated goal is best met by combining the two procedures into one.

The provider(s) selected to implement both the RRDRP and the PDDRP will likely be the same. The procedures set forth in both the RRDRP and the PDDRP are very similar. Combining the RRDRP and the PDDRP ensures uniformity in the processes and reduces the likelihood of leaving any particular group without a remedy under the procedures. Combining the two procedures also makes it possible for a Complainant to plead alternative grounds for standing (which could be the case as noted in the “.apple” example above). Further, combining the two procedures eliminates the possibility that changes will unintentionally be made to one procedure and not the other.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org)

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**INTA Internet Committee Comments on  
New gTLD Program: IDN Variants  
April 1, 2010**

The Internet Committee of the International Trademark Association (INTA) is pleased to provide the following comments on: New gTLD Program: IDN Variants

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public's ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Recommendations**

The Internet Committee believes the draft proposal is very clearly presented, and offers the following recommendations:

1. We suggest that the applicants' of IDN gTLDs should also be required to provide the meaning of the string in its native language, in order to avoid confusion with the usage of a similar string in other related languages using similar or the same script. For example, several Arabic and Urdu words have different meanings, while there are still some words in the two languages that have the same meaning.

This requirement may be inserted as an addition to the other seven requirements listed in Paper 1.

2. The Committee concurs with the other seven requirements enumerated in Paper 1.
3. In Section 1.3.1 (Subsection 5) we suggest deletion of the word "visually" and the addition of the word "confusingly" to clarify that the similarities to be considered are not restricted to "visual similarities"

***"Applicants are urged to consider linguistic and writing system issues in their work of defining variant characters, and cooperate with other TLD operators that offer domain name registration with the same or visually confusingly similar characters."***

4. In Section 1.3.2 we suggest insertion of a provision which provides applicants an opportunity to identify and request additional Desired Variants at a later time. This was also recommended by the IDN-Implementation Working Team.

5. The Committee is in agreement with other provisions of 1.3.2. Particularly, the Committee agrees that priority rights for new strings on the top-level should not derive from existing strings. The Committee believes that if a trademark dispute arises on account of relevant facts arising in a given case, recourse to a civil action should be available.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org)

### **About INTA & The Internet Committee**

The International Trademark Association (INTA) is a more than 131-year-old global organization with members in over 190 countries. One of INTA's key 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 served as a leading voice for trademark 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 two hundred 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.

**INTA Internet Committee Comments**  
**Benchmarking of Registry Operations**  
**April 01, 2010**

The Internet Committee of the International Trademark Association (INTA) is pleased to provide the following comments on the KPMG study commissioned by ICANN on the Benchmarking of Registry Operations as pertaining to the new gTLD program, published by ICANN on February 15, 2010 (<http://www.icann.org/en/topics/new-gtlds/benchmarking-report-15feb10-en.pdf>).

**I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public's ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

**II. Introduction**

While the Committee appreciates that there was some value in conducting such a study, we believe that the value of the survey would have been far greater if: (1) a larger sample had been used; (2) the data was more clearly presented; and (3) all relevant information collected had been presented.

In addition, we are concerned that the caution regarding extrapolating or drawing conclusions from the study does not appear until page 3 of the executive summary and that, prior to that point, the summary speaks of "findings" and does, in fact, appear to draw conclusions based on admittedly unscientific data.

Finally, the study posits that running a small registry, which most new gTLD registries are likely to be, will cost a higher annual dollar amount than previously stated. If a registry is not adequately funded, it could put the integrity and security of the Internet at risk. It may also have negative implications for brand owners, who lost out on the initial opportunity to obtain their relevant ".brand" TLD because it was awarded to another entity that ultimately could not properly run the TLD. Or it may impact a brand owner who was granted the opportunity, but did not budget enough funds to adequately operate it. We recommend that ICANN consider spending more time to determine the likely costs involved in running a small registry, and once determined, integrate these improved estimates into the application process, both to educate potential applicants as to what is required, as well as to ensure the selection process adequately takes into account the required funding.

## Study Results

The effectiveness of the study would have been greater if a larger and more diverse sample had been used, as well having more data clearly presented. For example, in the survey, KPMG asked the following questions, but did not provide clear answers in the results:

- How many total registrations do you have? (This was not shown for the ccTLDs in the survey).
- What is the current annual cost of operating? (Cost information was provided in a large number of different categories without consolidated information, making total cost information difficult to derive).
- If costs were incorrectly forecast, what were the main drivers of the incorrect forecast?

KPMG also did not provide an overall number for the percentage of respondents that outsourced at least one of the following: network and infrastructure; systems design and development; and/or registry administration. The information was again divided into a large number of categories when it would have been helpful to see an aggregate total. This is an important factor in Internet security and integrity, and thus, more definitive numbers would have been valuable.

In addition, other data indicates that demand for registrations within the new gTLD extensions may not be as high as originally projected. The survey indicates that registration volumes for new gTLDs introduced since 2001 were down an average of 83% by the fourth year of registry operations, relative to their projections (as stated in their original registry applications). Also, a number of the extensions discussed in the report had peak monthly registrations that were quite low; for example, .museum peaked at 554 and .aero peaked at 6707. It would have been more helpful for KPMG to ask for and publish the average monthly registrations, and total overall registrations, rather than the peak. It is unclear why the survey would ask only for the peak number.

The Committee is particularly concerned about the apparent finding of a “strong correlation between [the] relative first month registration volumes and the ultimate peak volume for the most recently observed peak,” noted on page 1 of the executive summary. To us, this points to the initial high volume of registrations that has accompanied the introduction of many of the new gTLDs in the past. Many of these registrations may be completed by third parties (non-trademark owners) whose registrations infringe our members’ trademarks and harm consumers. Correspondingly, the introduction of new gTLDs may cause trademark owners to register numerous names solely for defensive purposes, at a high cumulative cost to brand owners.

The survey revealed that the costs of keeping a small registry running are much higher than many published estimates, regardless of whether certain functions are outsourced. For example:

- The average registry that does not outsource its back-end has 34 full-time employees, while the average registry that outsources part of its back-end operations still maintains a workforce of 14 full-time employees.
- For small registries (less than 250K registrations), as most new gTLDs are likely to be, the average number of registrations per FTE (full time employee) is 7675

one year after the start of operations and 14,620 after about 5.6 years. For these statistics, the survey did not differentiate between registries that handle the back end in-house versus outsourcing these functions.

- The average annual cost, only related to headcount, was \$3.51 million per 100K registrations after one year of operating.
- The average annual capital expenses for registries with less than 250K registrations ranged from \$.55 - .69 million, depending on whether or not they outsourced.
- The average annual level of capital expense per 100K registrations for registries with less than 250K registrations ranged from \$2.42 – 6.22 million.

In addition, there are risks to the DNS from entities that may choose to run a registry, but may later go bankrupt or cease operations. This is a potential risk with existing registries, and will be a considerable one with the new gTLDs, as well. Using data from the established registries in the survey, the following is true:

- At the start of operating a registry, 82% of respondents had less than 1 year of reserves, and even today, only 20% of respondents have less than 1 year of reserves.
- Only 27% of respondents identified and contractually engaged a transition services provider.

## **Conclusion**

The Committee appreciates the importance of the goals (establishing benchmarks) sought to be met by the KPMG survey. The study succeeds in raising some important issues to be considered by potential operators of new gTLDs, particularly concerning costs and projected registration volume. However, we advise using caution in trying to extrapolate widespread conclusions from a study of such a limited scope, and recommend that ICANN emphasize that the quantitative data contained within should not be taken as scientific and definitive. Rather, we believe it would be prudent for ICANN to now proceed with a more thorough study that is more representative of the TLD space and looks more closely at answering the issues raised in this study as outlined in these comments.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org)

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## **INTA Internet Committee Comments on Process for Amendments to New gTLD Registry Agreements April 1, 2010**

The Internet Committee of the International Trademark Association (“INTA”) appreciates this opportunity to comment on the Process for Amendments to New gTLD Registry Agreements.

### **I. Process Concerns**

As of the April 1 due date of this submission, ICANN has issued nineteen separate topics for public comment, with nine topics closing for comment on the same day. This overload of information, especially under the short deadlines, has significantly curtailed the public’s ability to provide meaningful evaluation and input on the issues under consideration. The Committee continues to strongly encourage ICANN to reassess and restructure its public comment process to enable it to adequately consult the public as it is required to under the Affirmation of Commitments.

### **II. Introduction**

The Committee understands that the wholesale ability to unilaterally amend registry agreements is worrisome to potential new registry operators. However, the Committee does see the need for certain critical registry agreement terms to be standardized and easily modified by ICANN to ensure it keeps within its mission of Internet security and stability.

In an effort to address the concerns of both ICANN and the registry operators, the Committee proposes a hybrid amendment procedure, whereby ICANN has the ability to unilaterally amend a uniform registry agreement with respect to provisions that are critical to the security and stability of the Internet DNS, while carving out certain provisions for negotiation between ICANN and individual registry operators.

### **III. Standardized Terms for Unilateral Amendment**

The Committee believes that in order to maintain the security and stability of the domain name system, ICANN needs to be able to amend certain agreement terms unilaterally via a notification process and/or public posting, similar to the process used by Registrars with their customers.

ICANN should be able to standardize at least the following provisions to ensure stability and predictability with registry operators:

- Sanctions and Cure Period
- Reasons or Timing for Suspension or Termination
- Group Liability for Affiliates and Sub-licensees or Resellers
- Contractual Relationships with Sub-licensees or Resellers
- Notice Provisions
- Change of Ownership Notification

- Right to Audit
- Private Registration and Registrar Data Escrow Requirements
- Operator Training and Testing Requirements
- Data Retention Requirements

Nonetheless, from the provisions listed above, at least the following four provisions should be subject to unilateral amendment by ICANN at anytime in order to address potentially changing circumstances that jeopardize the stability and security of the DNS:

- Right to Audit
- Private Registration and Registrar Data Escrow Requirements
- Operator Training and Testing Requirements
- Data Retention Requirements

If a particular registry operator does not agree to the amendment of one of the suggested terms, then that operator would have the option to immediately terminate (or phase out) its registry agreement and cease operations. Contrarily, if an operator does not abide by the amendment within a specified cure period or contact ICANN if it needs more time to cure, ICANN will have the right to terminate that operator's agreement. Without this ability, ICANN will be hindered in assuring consistency among operators as well as in maintaining a secure environment, safe from bad actors and misconduct.

#### **IV. Carve-outs to Standardized Terms**

The Committee realizes that certain proposed standardized terms to new gTLD registry agreements may not logically apply in whole or in part to certain types of registries, such as community, closed or dotBrand registries. For instance, provisions relating to contractual relationships with resellers may not reasonably apply to a dotBrand registry which permits no registrations outside of the owner company. Depending on the type of new gTLD and the registry's method of operation, such inapplicable terms may also include:

- Private Registration and Registrar Data Escrow Requirements
- Contractual Relationships with Sub-licensees or Resellers

Accordingly, the Committee understands that the terms in any new gTLD registry agreement for certain types of registries may not be subject to standardizations.

#### **V. Conclusion**

ICANN should have the ability to unilaterally amend a uniform registry agreement with respect to provisions that allow ICANN to ensure security and stability, while providing registry operators predictable and stable agreements based on clear terms around such matters as notice, sanctions, cure periods and termination. Although a difficult issue to address, the Committee believes this balance is struck every day in business dealings where a licensee is granted the right to operate in a designated space.

Thank you for considering our views on these important issues. Should you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio Digangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org)

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