

**INTA Internet Committee Comments on:
Trademark Clearinghouse "Strawman Solution"
January 15, 2013**

The Internet Committee of the International Trademark Association (INTA) is pleased to provide comments supporting the proposed revisions to the Sunrise and Claims services as set forth in ICANN's November 29, 2012 "Strawman Solution" public announcement. These revisions, though modest, are incremental improvements to the protections provided in the Applicant Guidebook, and represent necessary implementation responses to the challenge posed by the deluge of gTLD applications: namely, how to enable rights protections to scale to a massive volume of new registries and domains.

I. ICANN is Appropriately Working to Meet Its Obligations Under the Affirmation of Commitments

In the Affirmation of Commitments, ICANN promises transparent and accountable decision-making that furthers the public interest, over the interest of any particular stakeholders.¹ In this fundamental agreement, ICANN promises - as it contemplates the expansion of the top-level domain space - to adequately address the various issues that are involved in the expansion (*including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection*) prior to implementation.² (emphasis added).

In October 2008, ICANN published a draft 'Applicant Guidebook' for new gTLDs to solicit input from the public on how to safely expand the Internet's Domain Name System (DNS). At that time, ICANN announced that "the introduction of New gTLDs is consistent with protecting the rights of trademark holders, communities and other rights holders against abusive registration tactics and infringement."³

ICANN's reference to "abusive registration tactics and infringement" - if not understated, was certainly not misplaced. In the current DNS environment, cyber-criminals defraud consumers and

¹ See: Affirmation of Commitments by the United States Department of Commerce and the Internet Corporation For Assigned Names and Numbers; available at: <http://www.icann.org/en/about/agreements/aoc/affirmation-of-commitments-30sep09-en.htm>

² See Id. Section 9.3 Promoting competition, consumer trust, and consumer choice.

³ See ICANN Announcement: "How to Apply for a Generic Top Level Domain", available at: <http://www.icann.org/en/news/announcements/announcement-2-23oct08-en.htm>

organizations at an alarming rate. Often these criminal frauds are perpetrated through the misuse of the goodwill associated with trademarks that consumers rely upon to reach their intended destination in cyberspace. Once misled, consumers are often deceived into purchasing dangerous counterfeit products or risk having their personal identifying information stolen - causing irreparable damage and reducing public trust and confidence in the Internet.

With this reality in mind, as ICANN announced its new gTLD program several years ago, it highlighted its important policy objective of ensuring adequate protection for the rights of others, including owners of intellectual property. This policy cornerstone was advanced by ICANN's Generic Names Supporting Organizations (GNSO) which provided policy recommendations to ensure that, "strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law." The policy of ensuring adequate rights protection is essential for any successful introduction of new gTLDs, for safeguarding public health and safety, and for building consumer trust and confidence in the Internet. Over the past several years, ICANN has consulted with a broad range of stakeholders, on many aspects of its new gTLD program, to ensure the rights of others can be protected in its planned expansion of the DNS.

Under the guidance of its Board of Directors and senior-level executives, ICANN and its stakeholder community have formed advisory groups, organized committees and special drafting teams, and commissioned research on a number of technical, social, and economic issues related to the expansion of the global DNS. These consultative processes have produced various *implementation measures* to help ensure the potential benefits of new gTLDs outweigh their costs, and to ensure the rights of others can be protected in a broad expansion of generic top-level domains.

At no point during this period of implementation, has ICANN initiated a Policy Development Process (PDP) to integrate community advice for protecting the rights of others; including:

- the development of a Uniform Rapid Suspension (URS) system and a Trademark Clearinghouse database, to mitigate registration abuse and consumer fraud in new registries;
- a trademark post-delegation dispute resolution procedure (Trademark PDDRP), to address unlawful registry operators who set out to use a new gTLD for an improper purpose, such as systematic cybersquatting;
- various operational safeguards were designed to disrupt the practices of cyber-criminals perpetrating malicious conduct on the Internet;

- technical limitations were established to ensure the ongoing scalability of the root zone;

These issues and solutions were raised through public comment, sometimes developed further by ad-hoc committees, or were incorporated by staff into the Applicant Guidebook under direction by the Board of Directors.

In each of these examples, ICANN addressed community concerns by modifying the Applicant Guidebook; in no case, did ICANN initiate a new Policy Development Process (PDP) to develop implementation measures for its new gTLD policy of protecting the rights of others.

II. The Proposed Improvements to the Sunrise and Claims Services are Necessary Policy Implementation Not Policy Changes

Although the Applicant Guidebook to some degree touches on broad policy issues, its volume and level of detail reflect its primary role as an implementation document. It was created without the benefit of actual information regarding the eventual applicant pool. To suggest that it is wholly, or even primarily, a statement of policy incapable of being changed without evoking the Policy Development Process is a fallacy. Adjustments to the Applicant Guidebook made by staff in the face of new or changed circumstances (such as the unanticipated high-volume of new gTLD applications), and which advance existing policy goals, are simply a facet of effective implementation.

Now that information regarding the actual new gTLD applicant pool is available, the inability of the various trademark protection mechanisms to scale adequately is clear. Streamlining and improvements are necessary in order to achieve the intended purpose of the mechanisms provided for in the Applicant Guidebook. For example, the purpose of the Sunrise period is to provide trademark owners with the opportunity to purchase domains containing their trademarks before such domains are made available to others. However, if trademark owners do not have notice of the Sunrise periods, this “protection” is meaningless. The proposal requiring registries to provide at least 30-days advance notice of the opening of the Sunrise registration period is, therefore, necessary to achieve the intended purpose of providing Sunrise registration to trademark owners. This is not a new policy, but rather implementation of an existing protection mechanism.

The new gTLD policy ICANN adopted is that strings should not infringe the legal rights of others. Indeed, protecting the rights of others is a central policy component of the entire new gTLD program. Mechanisms that provide for trademark and consumer protection, such as the trademark claims service, are measures that have been developed to implement this policy. Extending the Claims Service from 60 to 90 days is a necessary implementation improvement to this protection

mechanism that serves to further achieve the purpose of informing would-be registrants that their putative domain name may infringe the rights of others. To help further protect consumers from harm, and to help ensure that the potential net benefits of new gTLDs can be realized, the Claims Service should be extended beyond the proposed 90-day period.

At this stage, there is no effective solution available for trademark owners to protect their brands and consumers across numerous new gTLD registries *before abuse takes place*. As we have noted in our prior comments, in order to maintain their rights, trademark owners are obligated to prevent misuse of their trademarks. However, trademark owners are now faced with the overwhelming task of protecting their trademarks across a drastically expanded DNS; yet, they have no means to register the necessary volumes of domain names defensively to secure their intellectual property, and protect their consumers from confusion.

Providing an optional “Claims 2” service with notice of the mark owner’s right to the domain name applicant, and allowing trademark owners to record domain names in the Clearinghouse that a court or UDRP panel have previously found abusive, will improve the Claims service by providing notice of domain name registrations that are highly likely to be abusive. Such improvements to the Claims service will help ensure that trademark rights are protected by educating unwitting consumers and by taking away from purposeful infringers the argument that they never knew of the possible infringement. The proposed implementation improvements set forth in ICANN’s “Strawman Solution” serve to advance the policy goals of preventing legal rights infringement and ensuring adequate consumer protection.

III. ICANN Should Adopt the Strawman Proposal

1. Sunrise

A. Advance Warning

The proposal to require registries in the new gTLDs to provide at least 30-days advance notice of the opening of the Sunrise registration period is necessary to realize the policy purpose and goal of Sunrise periods in such an extensive expansion of gTLDs. Such warnings should be provided in a consistent manner and format and available in a single location for all new gTLDs. With potentially dozens of new gTLDs being launched every month, it would be an unreasonable burden on organizations to have to constantly monitor and learn the nuances of different registries’ systems and quickly decide whether to participate in a new Sunrise period. The problem would be compounded for new gTLDs that award Sunrise registrations on a “first-come, first-served” basis.

Without sufficient advance warning of the opening of (and rules for) the Sunrise period, the very right to register marks during the Sunrise period is called into question. A right that cannot be reasonably exercised is no right at all. In the absence of a required advance warning of the opening of (and rules for) a particular Sunrise, trademark owners will be caught off-guard and forced to make hasty decisions – or worse, miss out altogether – on whether to participate in the Sunrise, leaving their consumers susceptible to harm.

There is no reason for registries not to provide such advance warning, or for ICANN to provide a single point of reference for where notice regarding new Sunrise periods can be found. A longer notice period may serve to increase the demand for registrations in certain new gTLDs. Registries have always known they would be required to offer Sunrise registrations and would suffer no adverse consequences to simply having trademark owners be sufficiently aware of their options.

2. Claims

A. Extension To 90 Days

We support extending the trademark Claims service to 90 days, beyond the current 60 day period. This modest extension does not require any new systems by registries or impose any burdens on the Trademark Clearinghouse.

B. Optional “Claims 2” Period

We support the general proposal of the “Claims 2” service, extending the Claims service to a minimum of 6-12 months. The longer this period can be extended, the better for consumers, provided of course the fee is based on costs and is not a windfall profit for the Trademark Clearinghouse.

However, the Internet Committee believes that the notice to the domain name applicant should include the trademark rights of the mark owner, even if the applicant is not required to acknowledge those rights. There is no practical reason not to display the Claims data, which remains a possibility in Section 3 of ICANN’s Strawman Model, which states that the notice would not “necessarily” display the Claims data. Providing such information in the notice will benefit all parties, including the domain name applicant. The opponents of the Claims service have asserted a hypothetical “chilling effect”. However, we believe the opposite to be true: *a detailed and accurate claims notice should foster more legitimate domain name registrations in the long-term*, by raising awareness of the important role of intellectual property and speech in online commerce and communication.

C. Exact Matches To Previously Determined Abusive Domains

We support allowing trademark owners to record with the Trademark Clearinghouse certain domain names that a court or UDRP panel has previously determined to have been abusively registered or used. Such trademark variants would be associated with the corresponding trademark record in the Trademark Clearinghouse, and would trigger a Claims notice in the event of an “exact match.” This would improve the Claims service and better protect registrants by providing notice of domain name registrations that are highly likely to be abusive. As many such strings as possible should be included, in order to help prevent consumer confusion and deter bad actors from manipulating the domain name system for fraudulent purposes.

Extending the claims service to previously-abused domains is definitively not the creation of a new policy or right in excess of trademark law. In fact, it is an extremely limited way of addressing a manner *in which the existing claims service is substantially under-inclusive*. Trademark rights are not limited to exact matches for the infringed mark, but provide, in jurisdictions around the world, the ability to prevent use of those terms that are likely to be confused with the infringed mark. Oftentimes, misspelling a trademark, or adding a geographic term for a location where the brand owner may be supposed to operate, or a relevant industry term will actually *increase* the likelihood of confusion (for example, adding “tablet” or “computer” to “Apple”). By definition, this extension captures trademark variations previously determined to be confusing and that, therefore, fall within the implicated trademark rights.

Again, this mechanism, while welcome, is far from complete. The list of protected strings will at best be arbitrary, depending on the accidental history of a brand owner having had to pursue [BRAND]costarica.com but not [BRAND]mexico.com, or having had to litigate the confusion caused by adding a related term (say, “[BRAND]mortgage” or “[BRAND]financial” for a real estate brokerage trademark) but having recovered the more clearly infringing domain (e.g. “[BRAND]realty”) through voluntary surrender.

IV. ICANN Should Adopt the Limited Preventative Registration Proposal

We support the Limited Preventative Registration Proposal as an efficient procedure to scale defensive sunrise registrations to the expanded volume of gTLD applications. It is important to note

at the time when rights protection mechanisms (RPMs) were being developed, ICANN expected to receive 400-600 applications in the initial round, which has now been superseded by reality.⁴

Even in the current DNS environment, brand owners shoulder an unsustainable burden of acquiring unwanted domain names “defensively” solely to keep these registrations out of the hands of cybersquatters and other cyber-criminals. It is not uncommon for brand owners to own hundreds or thousands of gTLD defensive domain derivatives of a brand—domains recovered from previous cybersquatters through UDRP, legal action, or upon a legal demand, or that were pre-emptively registered to avoid the far greater expenses of post-registration domain recovery. The Applicant Guidebook reflects a policy that brand owners should have first chance, should they choose, to register domains reflecting their trademarks.

However, the implementation of this sunrise policy in the Applicant Guidebook and registry agreement goes no further than guaranteeing the availability of a conventional sunrise registration mechanism. The enormous volume of future gTLD registries, however, changes the practical and financial feasibility of registrations through the Sunrise procedure. As many new gTLDs are introduced, a streamlined implementation mechanism is necessary to protect consumers in light of the proposed large-scale expansion of generic registries. Under the *existing* Applicant Guidebook a trademark owner can, at launch or any time thereafter, register any available string in any TLD for which the trademark owner meets the eligibility requirements, and no junior applicant, even if legitimate, has a right to take away a domain name from a legitimate prior registrant.

Despite the nomenclature used to describe this mechanism,⁵ *the LPR is not a “block” insofar as the brand owner must be eligible to register in the string, and must still designate and pay for registrations.* The LPR is merely an additional, improved implementation of Sunrise, because:

First, the LPR extends only to TLDs where the brand owner would be eligible to make a sunrise registration.

Second, the LPR does not trump any sunrise registration of another entity with legitimate rights, or an ordinary prior domain registration.

⁴ See, ICANN “Draft: Delegation Rate Scenarios for New gTLDs”; available at: <http://www.icann.org/en/topics/new-gtlds/anticipated-delegation-ratemodel-25feb10-en.pdf>

⁵ Although the Limited Preventative Registration proposal grew out of the IPC/BC proposal to “Implement a mechanism for trademark owners to prevent second-level registration of their marks ... across all registries,” as described, it is only “preventative” in the same ‘first-come-first-serve’ sense that has been a cornerstone of domain registrations since they have been commercially available. In this respect, one could imagine LPRs being called a “Bulk Sunrise Registration” (except that this name wouldn’t suggest the limited, non-resolving nature of the registration), or “Limited Defensive Registration.”

Third, the trademark owner must individually designate TLDs to be covered – it does not provide blanket coverage.

The LPR proposal is intended to expedite the process and minimize costs, and thereby, increase the scalability of the ordinary Sunrise registration process, in exchange for the registration being limited to an inactive state. Indeed, unlike a ‘block list’ the LPR proposal would provide revenues to registrars and registries, and using an LPR to pre-empt other registrations is consistent with the existing first-to-file principle.

V. Recommendations for Next Steps

For the reasons discussed above, we support the implementation of the Strawman Solution and the LPR in the new gTLD program as an important first step to the eventual implementation of the IPC/BC’s Improvements to the Rights Protection Mechanisms for new gTLDs (the “Improvements”). All eight of these Improvements are complementary and should all be implemented to ensure adequate protection for consumers in the new gTLD space. While the 30-day Sunrise Notice is simple common sense and should be implemented as a matter of course, each of the remaining mechanisms in the Improvements supports the others and should be implemented together to provide some additional minimum-level of protection. Indeed, these mechanisms depend upon each other to be effective and of use to brand-owners. For example, additional claims notifications are most useful to brand owners if the ability to address the abusive registrations they learn of is enhanced through an effective, and streamlined URS. Similarly, improving Whois accuracy through verification supports the efficacy of the trademark claims and URS services. Accordingly, we support action on all eight of the IPC/BC’s proposed Improvements as soon as possible, and that, once approved by the ICANN community, ICANN thereafter implement them immediately to protect Internet users and increase the possibility of a successful new gTLD program.

Thank you for considering our views on these important issues.

If you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio DiGangi at: cdigangi@inta.org