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**July 21, 2010**

To: Internet Corporation for Assigned Names and Numbers  
Rod Beckstrom, President and CEO  
Marina del Rey, CA, USA  
4676 Admiralty Way, Suite 330  
Marina del Rey, CA 90292-6601  
USA

Dear Mr. Beckstrom,

On May 31<sup>st</sup>, 2010 the Internet Corporation for Assigned Names and Numbers (ICANN) opened for comments the Draft Applicant Guidebook, Version 4 and Explanatory Memoranda (“DAG4”). Public comments to this initiative are due by July 21<sup>st</sup>, 2010.

Philip Morris International Management S.A. (“PMI”) appreciates ICANN’s inclusion of public comment in its further consideration of the DAG4 and takes this opportunity to express its concerns. PMI is the leading international tobacco company, with products sold in approximately 160 countries. We own a large portfolio of brands. We have the industry’s strongest and most diverse brand portfolio, led by Marlboro, the world’s number one selling brand, and L&M, the fourth most popular brand. This portfolio includes a variety of blends and styles, across 150 distinct brands and over 1,900 variants, and includes Marlboro, L&M, Chesterfield, Bond Street, Philip Morris, Parliament, A Mild, Lark, Morven Gold, Next, Dji Sam Soe, Diana, Optima, Sampoerna Hijau, Muratti, Virginia Slims, Merit, Red & White, Apollo-Soyuz, Delicados, Boston, Multifilter, Longbeach, SG, and Peter Jackson.

**Draft DAG4 open issues**

**A. The protection of the rights of trademark owners**

**1. The Trademark Clearinghouse**

The setting up of a Trademark Clearinghouse as “a central repository for information to be authenticated, stored, and disseminated pertaining to the rights of trademark holders” does not fully answer the needs of the IP community (including owners of large trademark portfolios).

First of all, the setting up of a trademark repository does not represent in itself a trademark protection mechanism. It is merely a database.

Second of all, while logically this repository should include all registered trademarks submitted by their owners, the Trademark Clearinghouse may exclude trademarks from countries that do not conduct substantive review. This could only mean that the Trademark Clearinghouse could decide on the validity of already registered trademarks, thus surpassing national trademark laws and

decisions of local trademark offices. The existence of Trademark Clearinghouse is therefore discriminatory and could lead to an increase in the numbers of defensive trademark registrations in jurisdictions that conduct substantive review, conflicting with the sole purpose of setting up of the Trademark Clearinghouse – i.e. decrease the burden set on trademarks owners.

Also, the existing system for domain names registrations uses a similar arrangement for protection of already registered trademarks (Sunrise and Trademark Claims Services) but this has not stopped infringers from registering domain names. Furthermore, DAG4 offers no explanation for the different recognition accorded trademark rights for Sunrise Services (in which trademarks are registered regardless of whether the country conducts a substantive review) and Trademark Claims Services (in which trademarks are recognized only for the jurisdictions which conduct trademark substantive examination).

Finally, the system proposed merely deals with “matching” trademarks. It does nothing to deal with clear misspellings or similar, that are commonly registered by cybersquatters.

## **2. Uniform Rapid Suspension (URS) System**

The envisaged URS system offers no advantages to the existing UDRP (it is neither faster nor cheaper). Additionally, it could be perceived as encouraging cybersquatters and fraudulent behavior, as it does not institute the principle “loser pays”; the envisaged mechanism could also add additional financial burdens to trademarks owners.

Under the envisaged URS system, the rights that a trademark owner may rely upon are the ones resulting from registrations issued subsequent to a substantive examination of trademarks applications, which leaves out a number of valid trademark registrations.

Also, during the URS the domain name is locked but it will continue to exist thus prolonging the infringement; furthermore, and there are no clear provisions regarding the transfer of the infringing domain name to its rightful owner. This proposed “locking” mechanism in the URS system does nothing to actually deter cybersquatting and in fact is likely to perpetuate it.

The system seems to be imbalanced, as the burden of proof lies with the entity filing the complaint, while the definition of “abusive” complaints is not very clear, and legitimate trademark owners could be found in position as being labeled as having an abusive behavior, and thus barred from using URS.

### **B. Lack of provisions for closed gTLDs**

Nowhere in DAG4 are clear provisions regarding the operation of closed gTLDs. For example, would this mean that trademark owners owning a gTLD would need to open the registration procedure to second-level domain names applied for to third unrelated parties? In this case, what would be the incentive of actually registering and operating such a gTLD?

## **Conclusion and recommendation**

DAG4 is still an incomplete document, as it does not provide viable solution to the protection of intellectual property rights. In addition, owners of intellectual property rights are forced to submit

voluminous and expensive documentation and use the imperfect protection mechanisms to defend their rights.

We would recommend that future draft address these concerns by providing for rules that: avoid the discriminatory treatment of trademark registrations; provide for equitable and efficient resolution of situations of split trademark ownership (e.g., geographic split or product category split); include clear procedures for the trademark repository and recognition of trademark registrations; include intellectual property rights other than trademarks alone; provide for an equitable and efficient dispute resolution system (a shifting burden of proof following demonstration of a prior IP right, including the principle “loser pays”, streamlining the appellate procedure, and providing unambiguous provisions for the transfer, or cancellation, of infringing domain names); and include clarifications on closed gTLDs.

In absence of effective intellectual property right protection mechanisms, and clarification on closed gTLDs, the launch of the new gTLDs risks increasing costs to businesses with little possible benefit. For the reasons explained above, PMI expresses its worries that the new gTLDs will increase the number of IP infringements and abuses in cyberspace, while adding additional financial burden on right owners willing to defend their rights.

Sincerely,

Celia Ullmann  
Assistant General Counsel  
Philip Morris International Management S.A.  
IP Law Group / Trademarks