



Comments of the Intellectual Property Constituency ("IPC") to the 11 December 2009 Recommendations of the Special Trademark Issues ("STI") Review Team

The IPC welcomes the opportunity to comment on the 11 December 2009 Recommendations of the Special Trademark Issues ("STI") Review Team which focus on two of the proposals of the Implementation Recommendation Team ("IRT"): the Trademark Clearinghouse and the Uniform Rapid Suspension System ("URS"). The IPC appreciates the considerable work done by the STI, which, in turn, built off the work of the IRT. Significant progress on the overarching issue of trademark protection has been made since March 2009, but the IPC does not consider the issue to be "adequately addressed" as it stands. As part of the solution, we are of the view that the STI Recommendations need modification, as proposed below. We sincerely hope that registry operators will consider the potential benefits of implementing higher standards of protection than the mandatory minimums set forth in the STI recommendations, as modified below, where appropriate. Additionally, the rights protection mechanisms once implemented must be reviewed periodically to assess efficacy and ICANN must act swiftly to address abuses. Further, we sincerely hope that ICANN will include the other recommendations made by the IRT in its final set of trademark protections which the STI was not given a mandate to discuss.

I. Trademark Clearinghouse Proposal

The IPC encourages the Board of Directors to approve, with the modifications proposed below, the STI recommendations relating to a Trademark Clearinghouse database, Trademark Claims rights protection mechanism, and Sunrise rights protection mechanism. In doing so, it is important for the Board to recognize that the Trademark Clearinghouse is not, in and of itself, a rights protection mechanism. It is a database. Properly implemented, the Trademark Clearinghouse should reduce significantly the administrative and resource burden on trademark owners of participating in rights protection mechanisms in each new gTLD. Equally, it should reduce the administrative and resource burden of registries and registrars of implementing and facilitating participation in rights protection mechanisms. That anticipated reduction is valuable. It is not, however, a rights protection mechanism. We set forth below our specific comments on the proposal.

A. Design Marks Should Not Be Excluded from the Trademark Clearinghouse

The proposed exclusion of design marks from the Trademark Clearinghouse (4.1) will adversely, and disproportionately, impact small to medium enterprises and non-profit organizations that do not have financial resources necessary for registering numerous iterations of their marks. We recognize that including design marks will add complexity, but note that the launches of .eu, .asia, .mobi and .tel demonstrate that these complexities are clearly not insurmountable.

B. Common-Law Marks Other Than Court-Validated Ones Should be Permitted in the Trademark Clearinghouse

The STI's recommendation that only court-validated common-law marks should be permitted in the Trademark Clearinghouse (4.2) is overly narrow and will adversely impact trademark owners, often small or not-for-profit enterprises, in jurisdictions that recognize such rights. At a minimum, registry operators should be permitted to include such marks in their rights protection mechanism, and, in order to do so, will need the data about those rights in the Trademark Clearinghouse. To avoid any uncertainty, the IPC is not taking the position that all common-law marks must be included in the Trademark Clearinghouse; instead, the IPC position is that the registry operators should be permitted to respect such marks in their pre-launch rights protection mechanisms, and thus call for the inclusion of those marks in the Trademark Clearinghouse.

C. The Data Contained in the Trademark Clearinghouse must have Broader Application to be Most Effective in Thwarting Abusive Registrations

The IPC believes that the data contained in the Trademark Clearinghouse should have broader application, as described in the STI report and the minority reports of the Business Constituency and At Large Advisory Council. Limiting this remedy to an exact match on the trademark seriously undermines the effectiveness of the proposed rights protection mechanisms utilizing the Trademark Clearinghouse. Because typosquatting and use of a trademark in tandem with generic dictionary words will not be captured by the rights protection mechanisms as outlined in both the IRT final report and the STI recommendations, the IPC believes that the effectiveness of the proposed rights protection mechanisms will be greatly diminished. The experience of trademark owners with abuse in the existing DNS indicates that the failure to allow the proposed rights protection mechanisms to include variants of the trademarks listed in the Clearinghouse is a key omission which will undermine the effectiveness of the proposed rights protection mechanisms.

D. Registries Should Not Be Permitted to Discriminate Against National Registrations Based Solely on Whether the Issuing Country Registration Authority Conducts Substantive Review

The IPC vigorously objects to the STI Recommendation that registries should have the discretion to exclude from their Sunrise or Trademark Claims processes trademark registration issued by countries in which the national authority does not conduct substantive examination. Trademark registration authorities in numerous countries -- including most European countries -- do not conduct substantive review as to some issues. Indeed, it is for the national Trademark Registry in each country to decide how to accept registrations and not something that a registry operator or ICANN should interfere with. Excluding the tens of thousands of trademark registrations issued by such registration authorities is unacceptable. Doing so sets a dangerous precedent for ICANN.

E. Trademark Owners Must Consent to Use of Deposited Data for “Ancillary Services” offered by Trademark Clearinghouse or Third-Party Service Providers

The IPC urges the Board to reject the STI’s recommendation that the Trademark Clearinghouse or third-party service providers may use, impliedly without trademark owner consent, the data deposited by trademark owners into the Trademark Clearinghouse for ancillary services. The collection of trademark data anticipated to be housed by the Trademark Clearinghouse will be commercially valuable and, as a result, vulnerable to abuse and misuse. For this reason, the IRT recommended that trademark owners grant a license -- limited to the sole purpose of supplying data to registries and registrars for implementation of rights protection mechanisms. ICANN must not permit the use of this data for ancillary services by any entity without the trademark owner’s specific consent as to each type of use.

II. Uniform Rapid Suspension System

The IPC believes that the URS, if properly implemented, will be an important remedy for brand owners to effectively and efficiently address clear cut cases of abusive domain name registrations. However, the IPC believes that the STI Recommendations on the URS make it far too easy for serial cybersquatters to manipulate the systems. ICANN must address these vulnerabilities in order for the URS to have the intended deterrent effect on abusive registrations.

A. Successful Claimants Should Have Option to Further Extend and Purchase a Suspended Domain Name

The STI Recommendations provide that the sole remedy for a successful URS complainant is that the subject domain name is placed in a locked state for the life of the registration, which may be as little as a few months.¹ The Recommendations further provide an option for the successful complainant to pay to extend the registration period for one additional year at commercial rates. After expiration of the registration period (and the one-year extension, if chosen), the domain name will be publically available for registration. Given the reality that most abusive domain name registrations are commonly re-registered by automated registration programs and individuals looking to monetize the once-registered domain name as soon as it has been released, the IPC believes that this remedy is insufficient to fully resolve the problem the URS is designed to address.

The IPC believes that the better approach would be to allow the successful Complainant to pay a reduced fee in order to keep the domain suspended for one additional term equal to the initial registration term and, at the end of this additional period of suspended registration, allow the successful complainant the opportunity to purchase the domain name before it is returned to the pool of available domain names.

¹ The IPC notes that this is the same remedy provided in the Final IRT Report.

B. Appeals within the Uniform Rapid Suspension System

As conceived by the IRT and the STI, the URS is designed to offer quick action for particularly egregious cases of abusive domain name registrations. The IPC is concerned that including an appeals process *within* the URS as envisioned in STI Recommendation 8.1 defeats the purpose of the system. Allowing the owners of abusive registrations to drag out the process through an appeal will greatly diminish the URS. The IPC believes that an aggrieved party (whether registrant or complainant) should have the right to proceeding *de novo* in a court of competent jurisdiction.

However, should ICANN implement an appeals process within the URS, the IPC supports STI Recommendation 8.2 that states that the domain name should remain “status quo” prior to the appeal. Simply put, if the registrant appeals: the domain name should not automatically be redirected to the registrant’s name servers. In addition, the fee for the appeal will of necessity be considerably higher given the extra consideration necessary, as in theory the fact that an appeal has been brought is an indication that the facts are potentially more complex and the issues not “clear cut”. Thus in our view, any appeal would need to have a fee at least on the level of that for a UDRP decision. This would also then allay to an extent concerns regarding gaming the system by appeal as it should thwart manipulation of the URS by bad actors.

C. Fees for Multiple Domain Names

Although STI Recommendation 5.2 makes no mention of any fees payable by a domain name registrant when filing an answer to a URS complaint, the IPC believes that the fee mechanism set out in Section 5 of the IRT final report² that required a registrant to pay a fee to file a response when more than 26 domain names are at issue is the best model to assist in thwarting manipulation of the URS by serial bad actors.

D. Penalties for Abuse of the URS

The IPC supports allowing registrants to file counterclaims alleging abusive complaints or complaints filed for improper purposes as this will be a strong means to deter complaints that are frivolous, harassing, or without merit by parties without legitimate rights in a mark. However, the IPC agrees with STI Recommendation 9.1 that when implementing the URS, the ICANN staff must clarify what constitutes “abuse” by trademark owners. At a minimum, the IPC urges ICANN to 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. The IPC recommends that ICANN look to the definition of Reverse Domain Name Hijacking (“RDNH”), which is defined in the UDRP Rule 1 as “using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.”

² See, <http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>.

The IPC also believes that any penalty mechanism designed to thwart abuse must be reciprocal. In short, the IPC urges ICANN to design penalties for domain name registrants who regularly abuse the system.

III. Conclusion

Being rightly described as an overarching issue, trademark protection is an essential and integral part of each and every new gTLD launch. If trademarks are not sufficiently catered for, the result will be a resort to litigation in the Courts, we will likely see increased costs for registry operators defending such actions, with the potential for new gTLD launches to be delayed, and even registry operators finding themselves forced out of business.

However, if trademarks are sufficiently protected, by appropriate mechanisms that are both efficient and fair, we can look forward to litigation free launches and minimal abusive registrations, which are what the registry operators, registrars, brand owners, ICANN, and, ultimately every good faith end user or consumer wants.

The work and recommendations of the IRT, on which the STI Recommendations are based and the STI Recommendations themselves, are significant steps towards this and the IPC recognizes the enormous efforts of those teams who have come together to work on this critical issue. We are of the view that with the modifications proposed here we have a mandatory minimum that is acceptable on the two issues the STI was asked to consider. However, we remain of the view that new gTLD operators should be free to go above this minimum level of protection wherever appropriate. Finally, we stress the fact that ICANN should ensure that there is a periodic review of the efficiency of the implementation and we would suggest that this be carried out 12 months after the launch of the first new gTLD. This review should involve members of the original IRT if they are so willing and able.