



July 21, 2010

To: ICANN (4gtld-procedures@icann.org)

From: National Cable & Telecommunications Association (NCTA)

Re: Proposals for Trademark Protection Mechanisms for New gTLDs

Dear Mr. Beckstrom, Mr. Dengate-Thrush and the ICANN Board of Directors:

The National Cable & Telecommunications Association (“NCTA”) appreciates the opportunity to submit the following comments on the fourth draft of the Applicant Guide book for the new generic top-level domains process, specifically, the portions that contain ICANN’s revised proposals for trademark protection mechanisms, namely, the Trademark Clearinghouse, the Uniform Rapid Suspension (“URS”) Procedure and the Post-Delegation Resolution Procedure (“PDDRP”).

Introductory Statement

The National Cable & Telecommunications Association is the principal trade association representing the cable television industry in the United States. Its members include cable operators serving more than 90% of the nation’s cable television subscribers, more than 200 cable program networks, and suppliers of equipment and providers of services to the cable industry.

NCTA’s program network members have invested literally billions of dollars to establish and promote some of the best-known and most trusted brands nationally and internationally in cable programming and broadband content. Moreover, the cable operator members of NCTA are the nation’s largest providers of high-speed Internet access. From 1996 to 2009, the cable industry invested over \$161 billion (and \$14.4 billion in 2009 alone) to build out a two-way interactive network with fiber optic technology.

Many of the products resulting from the efforts and investments by members of the cable industry provide the means by which the new gTLDs under consideration would be able to operate. Accordingly, many of NCTA’s members have a special expertise that enables them to appreciate many of the issues that would be presented by ICANN’s proposed [New gTLD Program](#) (the “Program”), if implemented. NCTA’s members also share the concerns of other trademark owners about the impact of the Program.

I. ICANN's Proposal for the New gTLD Program Will Create Special Problems for Trademark Owners

It is well recognized that, along with its numerous benefits, the growth of the Internet has created many opportunities for various types of predatory practices. In particular, trademark owners have been the target of those who, among other things, have sought to make a profit by the use and registration of domain names that trade off the goodwill of established trademarks. These bad actors have also sought to make various uses of well-known marks to deceive and defraud consumers. As a group, trademark owners (including many members of NCTA) have been forced to expend huge amounts of effort, time and money to prevent and to halt such practices, both to protect the goodwill and the integrity of their brands, as well as to prevent consumer confusion and fraud. Significantly, these expenditures do nothing to increase the bottom line for trademark owners or to otherwise improve their position in the market. Rather, these expenditures are almost entirely defensive in nature, in that they are required to avoid harm and maintain the status quo.

Assuming that ICANN does ultimately approve the creation of new gTLDs, as seems likely, the problems encountered by trademark owners will likely grow exponentially because they will need to either engage in numerous defensive registrations or pursue claims against those who register and/or use domain names that trade off the goodwill of established trademarks in each of the new domains. The financial costs and the diversion of other resources to prevent deceit and fraud and to maintain the status quo will multiply significantly. In marked contrast, ICANN, the registries and the domain name registrants stand to benefit financially from the approval of new gTLDs and the registration of domain names that are intended to attract traffic and/or create confusion based on their similarity with the trademarks of others.

II. The New gTLD Process and Proposals for Trademark Protection

In response to the concerns raised by trademark owners regarding the Program, by [resolution](#) dated March 6, 2009, the ICANN Board authorized the creation of an Implementation Recommendation Team (“IRT”) to develop and propose solutions to the overarching issue of trademark protection in connection with the proposed introduction of new gTLDs. The IRT issued its [Final Report on Trademark Protection in New gTLDs](#) on May 29, 2009. The report identified various proposed solutions to address issues for trademark owners in the implementation of new gTLDs and recommended the implementation of a number of them, including a Trademark Clearing House, a Globally Protected Marks List, a Uniform Rapid Suspension System, a Trademark Post-Delegation Dispute Resolution Mechanism and a “Thick” WhoIs model for new gTLDs.

After a comment period, on October 4, 2009, ICANN released a third revision of the Draft Applicant Guidebook (“DAG 3.0”). The portions of the [DAG](#) governing trademark rights mechanisms only incorporated aspects of the IRT’s recommendations for a Trademark-Post-Delegation Dispute Resolution Procedure (limited to providing relief against registry operators

that act in bad faith, with an intent to profit from the systematic registration of infringing domain names) and a Thick WhoIs model. ICANN rejected the proposal for a Globally Protected Mark List in its entirety. No position was taken by ICANN regarding the proposed Trademark Clearinghouse or Trademark Watch Services. By [letter](#) dated October 12, 2009, ICANN asked the Generic Names Supporting Organization ("GNSO") to determine whether these two proposed rights protection mechanisms are appropriate and effective options.

In turn, by [resolution](#) dated October 28, 2009, the GNSO created the Special Trademark Issues ("STI") review team to provide recommendations. On December 11, 2009, the STI review team submitted its [Report](#) to the GNSO, recommending alternatives to ICANN's proposed rights protection mechanisms ("RPMs). The GNSO unanimously endorsed these recommendations. On December 17, 2009, ICANN [solicited public comments](#) on the STI report.

After reviewing these comments, on February 15, 2010, ICANN issued proposals for a Uniform Rapid Suspension System <<http://www.icann.org/en/topics/new-gtlds/draft-urs-clean-15feb10-en.pdf>>, a Trademark Clearing House <<http://www.icann.org/en/topics/new-gtlds/trademark-clearinghouse-proposal-clean-15feb10-en.pdf>> and a Post-Delegation Resolution Dispute Procedure ("PDDRP") <<http://www.icann.org/en/topics/new-gtlds/draft-trademark-pddrp-clean-15feb10-en.pdf>>. ICANN also solicited comments on these proposals <<http://www.icann.org/en/public-comment/public-comment-201004-en.htm#urs>>, which were due by April 1, 2010.

Due to the importance of the impact of the Program on its members, NCTA has submitted comments in response to the December 17, 2009 request for comments on the STI report and the February 15, 2010 request for comments on the three trademark protection mechanisms that were recommended by the STI review team and are under consideration by ICANN.

III. Overview of Comments by NCTA

NCTA assumes that ICANN will adopt a Sunrise Procedure and will require new gTLD registries to incorporate the Uniform Domain Name Dispute Resolution Policy ("UDRP") into their user agreements. As stated by the IRT and many others, however, the UDRP has been ineffective in deterring the registration and use of abusive domain names in the existing gTLDs or in limiting the substantial expense incurred by trademark owners in challenging the use and registration of such domain names.

The various additional trademark protection mechanisms proposed by the IRT over a year ago have been reduced to three possible procedures, each of which will still require trademark owners to shoulder the burden and expense of challenging abusive domain name registration. Given the likely magnitude of the problems that will come with approval of numerous gTLDs, as stated in its prior comments, NCTA has supported the adoption of all three trademark protection mechanisms in principle, subject to appropriate changes being made. NCTA is disappointed that the current Guide incorporates many of the proposed changes that it vigorously opposed and fails

to incorporate many of the changes it supported. In particular, NCTA believes that the changes to the Uniform Rapid Suspension System eviscerate it to such a degree that trademark owners are unlikely to seek relief under its provisions.

IV. The Revised Proposal for a Uniform Rapid Suspension System

The Uniform Rapid Suspension System was conceived as a procedure for challenging abusive domain name registrations that would be quicker and less expensive than proceedings under the Uniform Dispute Resolution Policy (“UDRP”). The URS would, however only apply to domain name disputes in which there is no genuine contestable issue as to infringement and abuse.

The changes to the URS that are in the current Guide would make it significantly more difficult for a complainant to prevail in a URS proceeding, which already had a very high bar. As a result, as currently constituted, the URS simply will not offer an effective tool for trademark owners against abusive domain name registrations and it will likely go unused by trademark owners.

First, a number of the changes that have been incorporated run counter to the expressed goal of making an expedited procedure available. In particular, the current proposal:

- extends the time for a response to a URS complaint from 14 days to 20 days. Moreover, the proposal allows a registrant to request an *additional* seven days to respond with no requirement that cause be shown.
- permits late responses to a URS complaint without cause and well past the time that a response is due. The current proposal merely states that the Registrant “should” be charged a fee if a response is filed more than 30 days after a determination. There is no justification for allowing a late answer when proper notice has been given, much less permitting the respondent to answer after a default determination. Indeed, these provisions will encourage registrants not to file a response until after a decision is issued and they know whether relief was granted. These changes are wholly inconsistent with the goal of creating an expedited process, much less one that is fair and balanced.
- only requires that a fee be imposed for a late filing made more than 30 days after a default determination is made. In practice, this provision will be tantamount to waiving any requirement of a fee for a late filing. If the registrant is not required to file a fee upon reexamination caused by its own unexcused delay, either the examiner will have to do extra work without any additional remuneration or the complainant will be required to compensate the examiner for its additional work. Neither option is acceptable.
- permits a registrant to obtain *de novo* review by filing an answer as late as *two years after* a decision is made against a defaulting registrant. Moreover, in such situations, upon filing of the answer, the domain name in issue must resolve to its original IP address.

This change will render any relief granted to the complainant illusory. There is simply no conceivable justification for allowing a late answer by a defaulting registrant who has notice after a decision is rendered, much less two years later. This change will also allow a domain name to be restored to the original registrant even where a complainant has registered the domain name after the suspension ends and uses the domain name in connection with a website. The revised proposal thus creates an incentive for the initial registrant to deliberately default and then threaten to file an answer within the two year period unless it receives a substantial payment from the trademark owner.

Assuming that proper notice has been given, NCTA strongly opposes allowing a default determination to be vacated or reviewed. In the event that the URS allows default determinations to be revisited, the window for doing so should be brief and the registrant should be required to pay a substantial fee for taking advantage of any such option.

Second, the current proposal for the URS will materially heighten the already daunting showing that a complainant must make in order to prevail on an URS complaint. In particular:

- The current proposal has added the following as factors that will support a defense that the registrant has not acted in bad faith:
 - the domain name is generic or descriptive and the registrant is making fair use of it.
 - the domain name site is operated solely in tribute to or in criticism of a person or business that is found to be fair use.
 - the registrant's holding of the domain name is consistent with an express term of a written agreement entered into by the disputing Parties that is still in effect.
 - the domain name is not part of a wider pattern or series of abusive registrations because the domain name is of a significantly different type or character than the other domain names registered by the Registrant.

None of these defenses are included in the UDRP, but they are non-exclusive factors that may be considered as evidence that a domain name is *not* abusive under Nominet's Dispute Resolution Policy for .uk domain names. Notably, however, the current proposal fails to include the following presumptions *supporting* a finding of abuse that are also present in Nominet's Dispute Resolution Policy:

- the registrant provided false contact information.
- the registrant's holding of the domain name is consistent with an express term of a written agreement entered into by the disputing Parties and the complainant has been using the domain name exclusively and has paid for the registration or renewal of the domain name.
- the registrant is found to have made an abusive registration in three or more

cases in the two years before the complaint was filed.

The decision to add defenses in favor of registrants, but not to include any additional presumptions in favor of trademark owners, is wholly one-sided and seems to reflect a bias against trademark owners.

- Similarly, the current proposal provides that the following situations will not be sufficient in and of themselves to establish bad faith:
 - trading in domain names for profit, and holding a large portfolio of domain names; and
 - the sale of traffic (i.e. connecting domain names to parked pages and earning click-per-view revenue).

These provisions arguably reflect views that have been applied in the majority of UDRP proceedings, but they are views that **only** favor domain name registrants. Either these new provisions should be stricken or ICANN should also add factors that have been found to support a finding of bad faith in the majority of UDRP decisions.

- In discussing examination standards, the current proposal includes an additional requirement that, where if no response is made by the registrant, the URS complaint is to be rejected if some defense can be imagined to show the domain name is non-infringing or a fair use of the trademark. This change effectively requires a complainant to prove a negative, namely, that there is no conceivable defense to the complaint. Simply because a defense can be imagined does not warrant dismissal of a complaint. Indeed, this burden of proof is so high that any complaint would have to be dismissed.

Third, the only relief available under the URS is suspension until the domain name registration expires. Although the current proposal allows successful complainants to extend the period during which the domain name will be suspended by paying for one additional year of registration, suspension remains no more than a temporary solution. Once the registration expires, the complainant will have to compete with any other entity that seeks to register the domain name, including the party that lost the URS proceeding. Given the high standard for prevailing on an URS complaint, transfer is a far more equitable and reasonable remedy.

Fourth, the standard for imposing penalties on complainants has been lessened and the standards for imposing penalties are insufficiently rigorous. In particular, the current proposal:

- eases the requirement for imposing a penalty against complainants from three abusive complaints either to two abusive complaints or to one complaint containing a “deliberate material falsehood.” No rationale for these changes has been provided. Moreover, there is no comparable provision for domain name registrants who have been found to have made repeated abusive registrations.

- is completely silent as to the burden of proof that would be placed on the examiner before finding that a complainant filed an abusive complaint or one containing a deliberate material falsehood. In light of the severe consequences of such a finding, the burden of proof placed on the examiner should be extremely high. Moreover, examiners are not well-situated to find there was a “deliberate material falsehood” because it goes to the complainant’s intent, which can only be inferred.

Finally, the current proposal makes additional changes to the appeal procedures that are inconsistent with the goals underlying the creation of an URS. In particular, the proposal:

- has changed the standard of review from the requirement that the decision be found to have been “arbitrary, capricious or abuse of discretion” to a *de novo* review on appeal. As a result, rather than providing any deference to the decision of the examiner, the proposal allows the unsuccessful appellant to simply hope for a different decision by a new reviewer. Moreover, a *de novo* appeal will take longer to resolve because every element of the URS must be considered anew.
- now allows for submission of additional evidence by either party upon payment of a fee and permits the appeals panel to require additional evidence or statements. An appeal should not be an opportunity for either party to raise issues that were not part of the original URS proceeding. Accordingly, NCTA believes that any new evidence submitted as part of the appeal should be limited to evidence that (1) was not available at the time of the initial proceeding or (2) relates to an issue that was not raised by the parties, but formed part of the basis for the decision.

V. The Revised Proposal for a Trademark Clearinghouse

In large measure, NCTA either has no objection to or supports the revised proposal for a Trademark Clearinghouse. It should be recognized, however, that the Trademark Clearinghouse is not a true trademark rights protection mechanism, as it does not create any new remedies to address instances of abusive domain name registrations or lessen the need for defensive registrations. Rather, it is an ancillary mechanism that will facilitate the ease of obtaining relief through any trademark rights protection mechanisms, such as Sunrise Procedures, the URS, Trademark Claims Services Procedures (under which domain name applicants will receive a notice when they seek to register a domain name) and the UDRP.

As revised, however, the proposal provides that all costs will be borne by the parties using the service. The rationale underlying this change is that these parties are the beneficiaries of the service and that it therefore should not be funded by ICANN from its fees. The fees paid to ICANN by registries in connection with new gTLD applications, as well as the registration of domain names in the new gTLDs, will be substantial. Therefore, ICANN will also benefit from the approval of the proposal for new gTLDs. Thus, it is eminently reasonable that ICANN also share in the costs that will inevitably be incurred by virtue of approving for new gTLDs

registries. Similarly, the new registries will presumably benefit financially from the approval of their respective gTLDs, but are not being asked to share in any of the costs necessitated by the abusive registration of domain names in their respective gTLDs. Moreover, this provision fails to take into consideration the fact that the parties using the service – trademark owners – will incur costs in policing their marks that are necessitated only because of the approval of new gTLDs.

In addition, NCTA believes that a Trademark Clearinghouse will be far more effective in helping to prevent domain name abuses if it is not limited to second level domain names that are an identical match to a trademark on record with the Clearinghouse. Based on the experience of trademark owners with the current gTLDs, such a limitation will address only a fraction of the domain name abuses that are likely, if not certain, to take place in the new gTLDs. Notably, it will not have any effect on typosquatting or on the registration of domain names consisting of a trademark in combination with generic terms (e.g., online, company, website) or terms that relate to the goods and services provided by the trademark owner. NCTA urges ICANN to reconsider permitting the registration of such terms with the Trademark Clearinghouse or allowing any trademark rights protection mechanisms to provide relief against any such variants of trademarks.

VI. The Revised Proposal for a Post-Delegation Resolution Procedure (“PDDRP”)

Although NCTA does not agree with many of the elements of the current PDDRP proposal, it has strong concerns about two of those proposals in particular. Specifically, the current proposal:

- adds the requirement that, in cases involving second level domain names, the complainant establish the registry operator’s bad faith through “affirmative conduct.” The current proposal states that it would be insufficient to show that the registry operator had notice by virtue of the registrations themselves. Rather, a complainant would have to show, for example, that the gTLD registry has engaged in a pattern or practice of **actively encouraging** registration of SLDs that take advantage of the trademark with bad faith. The revised procedure also requires a showing of some benefit to the registry other than the registration fee itself.

NCTA firmly believes that excluding registries from liability under the PDDRP for any domain name registrations by third parties (unless it can be shown that they were actively encouraged by the registry) will effectively eliminate the utility of the procedure. The requirement for some benefit by the registry other than registration fees will also have the same effect.

The revised proposal provides only two examples of the types of evidence that will support the required showing that the registry has actively encouraged abusive domain name registrations, namely, (1) a pattern or practice of encouraging registrations and (2) a

pattern or practice of acting as the registrant or beneficial user. With regard to the first, promotional materials concerning the registration of domain names are typically facially neutral and do not explicitly invite bad faith registrations. Indeed, presumably, no registry operator will expressly encourage abusive registrations. Thus, it is extremely unlikely that the first of these two examples could ever be established.

In addition, the second example has no applicability to abusive registrations by third parties, which represent the vast majority of abusive domain name registrations. It is manifest that these two examples do not describe realistic situations that could be the subject of a successful complaint by a trademark owner under the PDDRP.

Some trademark owners support a “willful blindness” standard where registries will be liable if they “turn a blind eye” to abusive registrations of which they should have known. NCTA supports a somewhat less stringent standard, which would require that the registry have first been put on express notice of abusive registrations. NCTA had previously provided the following examples that should suffice to make the required showing of evidence of the practices showing that a gTLD operator has been acting in bad faith:

- a failure to act after being put on express notice of abusive registrations of domain names; and
- a failure to require complete and accurate WhoIs information, either on a frequent or a regular basis.

Reasonable persons would be hard-pressed to justify excluding, at a minimum, these situations from those for which registries should take responsibility. Where there is a pattern or high frequency of such registrations, the aggregate of the registration fees will represent a significant benefit to the registries. Indeed, without the possibility that they will be held responsible for ignoring abusive registrations of which they have notice, registries will be free to pocket these fees and continue to ignore the abuses taking place in their backyards.

At a minimum, if ICANN believes that trademark owners would be able to employ the PDDRP despite these additional conditions upon obtaining relief, it should put forward realistic examples of situations that would satisfy these requirements. If it cannot, it would be an implicit acknowledgement that these requirements cannot be met and that the current version of the PDDRP will have no utility whatsoever.

- retains the requirement that, in a proceeding based on registration of second level domains, the complainant must establish (a) a bad faith pattern or practice of registering trademark infringing domain names *and* (b) a bad faith intent to profit from the systematic registration of domain names within the gTLD that are confusingly similar *to the complainant's mark*.

In its comments, NCTA had noted that the latter requirement goes beyond requiring the complainant to show some specific harm, but rather would require proof that the gTLD registrar has a pattern of registering domain names that specifically infringe one of the complainant's marks. As a result, despite the degree of abusive conduct, there would be no basis for a PDDRP complaint against a gTLD operator where no one trademark owner has one mark that is specifically affected by abusive registrations. Nevertheless, in the proposal as set forth in the current Guide, the PDDRP still requires that a pattern of abusive registrations of the complainant's mark be established. NCTA renews its arguments that this requirement be deleted, the threshold for harm to the complaining trademark owner be lowered and/or that the proposal be revised to allow some form of joiner or class status for aggrieved trademark owners.

In addition to the two primary areas of concern described above, NCTA is disappointed that the PDDRP proposal in the current Guide continues to:

- require that default cases be determined on the merits. Requiring defaults to be decided on the merits will stretch out the process unnecessarily. Registries are sophisticated businesses and can easily avoid this result simply by filing a response. Moreover, there would not be any good reason for a gTLD registry operator to ignore a PDDRP complaint.
- provide that, instead of permitting PDDRP Decisions against a registry operator to be implemented, *the proposed remedies* are only a recommendation that must be approved or amended by ICANN. As there is no ICANN review of decisions denying relief, this second tier of review by ICANN only benefits the operator. Moreover, there is no time frame within which ICANN must make a decision and there is no stated standard of review to be applied by ICANN when reviewing the remedies. Moreover, there are no limitations concerning to whom the ICANN Board can delegate the review.

Again, the procedure, as recommended, may be all but useless to address the type of abuses suffered by trademark owners because (a) the unchanged requirement for standing protects abusive registrars that do not have particular trademark owners damaged by domain name registrations in their gTLD and (b) the requirement for affirmative action does not offer realistic examples of what behavior, if any, may qualify as affirmative conduct by the registry operator.

Conclusion

NCTA and its members appreciate the opportunity to provide their comments to ICANN on the foregoing trademark protection mechanisms, which are extremely important. If the Program is put into effect, there will be a potentially unlimited number of new gTLDs, each presenting the same problems engendered by the existing gTLDs. The threat of these adverse consequences has led many in the trademark and business community to oppose the Program in its entirety. Trademark protection mechanisms have been proposed to try to make the Program more palatable.

The current proposals for a Uniform Rapid Suspension Procedure and a Post-Delegation Resolution Procedure, however, fall far short of the mark. We are extremely concerned that the revised proposals will diminish any realistic prospect that these mechanisms will provide trademark owners with any practical remedies. If ICANN does not provide practical solutions to address these concerns, its promises to provide transparency and to consider and balance the interests of all interested constituencies, as set forth in the Sixth, Seventh and Eight Core Values and the Third Article of the ICANN by-laws, will have little, if any, meaning.

Finally, the anticipated problems from the creation of new gTLD registries already exist in the DNS, as currently constituted. Thus, NCTA also proposes that the current gTLD registry operators and their registrars should be subject to any new trademark protection mechanisms that may ultimately be adopted.

Respectfully submitted,

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