MARQUES

ECTA

European Communities Trade Mark Association

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COMMENTS OF MARQUES, THE ASSOCIATION OF EUROPEAN TRADE MARK OWNERS AND ECTA, THE EUROPEAN COMMUNITIES TRADE MARK ASSOCIATION ON MEASURES TO PROTECT IP IN THE NEW GTLDS

MARQUES and ECTA are concerned that ICANN may miss a golden opportunity in the Proposed Applicant Guidebook to introduce rights protection measures that can become a model of best practice for all TLD registry operators.

There remains time for ICANN both to improve the measures it has been considering – such as the URS and the Trade mark Clearinghouse - and also to introduce new measures which will permanently remove abusive registration especially by the small number of serial cyber squatters who repeatedly defraud consumers and infringe trade mark owners. As we move into a knowledge economy, where the integrity of domains as signposts to genuine goods and services must be protected, the leadership that ICANN demonstrated in resolving the Vertical Integration debate over the top of the protests of large parts of the ICANN community is needed.

For example, MARQUES and ECTA urge ICANN to consider strongly the idea that **"the loser pays"** in relation to the URS and the PDDRP. This single principle would end 90% of domain infringement in our view. It would also minimise the negative economic impact that many businesses fear the gTLDS will bring. There are many ways that "loser pays" could be introduced. If there was an onus on registrars to pay (or to lose a deposit) if the registrant did not, it would be especially effective.

In suggesting this, we note that the .be Belgium registry has adopted "loser pays" and vigorously and successfully pursues defaulters.

Similar bold measures that ICANN might adopt include:

- Extending to any organisation that has won five or more UDRPS protection of the type proposed by the IRT in the Globally Protected Marks list at least during the first three years of the new gTLD programme. We remind ICANN that this protection allowed any legitimate rights owner to register a name on the list provided it was for non-infringing use.

- Issuing a trade mark claim to every applicant for a term that is identical or similar to or containing a trade mark in the Clearinghouse.

- Appointing a professional agency to be the new gTLD Compliance Agent. This agency should undertake an Annual Compliance Audit on all applicants and have the right to pay unannounced site visits on all new gTLD registry operators. The fees of this Compliance Agent could be covered by income from contention auctions.

Furthermore, we repeat our earlier recommendation that ICANN establishes an **Advisory Committee** to monitor and recommend improvements in rights protection and to assess the economic impact of the new gTLDs. This would be independent of the IPC which addresses a much broader range of issues. It should be constituted for a three year period.

We believe that WIPO, an international treaty organisation, could have a key role on this Advisory Committee.

Such an Advisory Committee would address the concerns addressed by the majority of commentators on previous editions of the Guidebook who in the ratio of 5:1 have overwhelmingly called for greater protections – and this is counting organisations like MARQUES or ECTA with literally thousands of member companies as one organisation that can be balanced against one individual commentator.

Turning to the measures as they appear in the Proposed Applicant Guidebook, our concerns are:

URS

The URS was designed, "*to provide a cost effective and timely mechanism for brand owners to protect their trade marks and to promote consumer protection on the Internet. The URS is not meant to address questionable cases of alleged infringement (e.g., use of terms in their generic sense) or for anti-competitive purposes or denial of free speech, but rather for those cases in which there is no genuine contestable issue as to the infringement and abuse that is taking place*."[1]

We endorse the comments of WIPO which state, "*The URS continues to present a series of enforcement layers that are disproportionate to the available remedy, i.e., the temporary suspension of a domain name. Registration-driven compromise risks impacting the effectiveness and efficiency of the URS to the point of missing the fundamental intent behind the WIPO and IRT proposals*."

We originally prepared Table One below for our comments on DAG 4. We have updated it to reflect the very modest improvement that ICANN has made to the DAG 4 version of the URS, namely taking seven days out of the process.

Our analysis clearly shows that the URS remains cumbersome and overly complex:

[1] From IRT Original Report: http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf

Table One

	Original under IRT	In PAG	Comments
Format	Easy to complete two page pro-forma complaint with copy of WHOIS and webpage to show infringement	5,000 word limit on complaint	*Lengthy and burdensome; who will afford to be a panellist and be paid less than $300 for reading a 5,000 word complaint? Will ICANN subsidise the URS?*
Cost	From $200	$300	*50% more expensive*
Timing	Site down and domain locked in 14 days	Up to 47 days with possibility of De Novo review for two years	*An eUDRP can take 35 days – 5 days quicker. URS is no longer rapid. De Novo Review should be dropped. Why should the respondent get a second chance? Let them go to the courts as trade mark owners have to.*
Panellists	Expert panellists experienced in IP; case allocation left to panel provider	Legal background; must be rotated	*Panellists may have no experience of IP or trade marks; rotation may lead to shortage of examiners in some jurisdictions*
Standard for decisions	Based on clear and convincing evidence that there is no genuine contestable issue: Panellist views a website	Based on a preponderance of the evidence, i.e., is it more likely than not that the required element has been proven?	*The URS is no longer an effective tool for tackling cyber squatting if the respondent wins if there is any open question of fact, ("My dog is called Kodak")*
Default decision	Name locked and re-pointed to website with standard wording	Dismissal of case if examiner thinks a defence would have been possible	*Some type of defence can always be imagined*
Appeal	Reconsideration by Ombudsman or appeal to relevant court	Defaulting respondent can apply for de novo panel review for up to two years	*Uncertainty for brand owner during two years. If domain expires and is bought by third party in this year, could new owner be enjoined in a dispute?*

In reviewing the URS for the third time, MARQUES and ECTA conclude that the URS needs to be reinforced if it is to be in any way effective. Therefore we strongly recommend four measures:

- The complainant should have the chance of requesting the transfer of a domain if there is no response or a complaint is upheld.
- The complaint should have the cost off a successful URS reimbursed by the loser or his registrar if the panellist recommends it.
- The URS should come into line with developments in DRS provision around the world. The grounds for a complaint should be that a name has been registered or is being used in bad faith. The link to the UDRP should be broken.
- Currently a complainant who files three abusive URS can be banned from using the URS but a serial infringer can lose 1,000 complaints without penalty. Why not shift the burden of proof so that a serial infringer who has lost 3 complaints automatically has his domain locked?

These four suggestions are made in addition to our overwhelming concern that the URS needs to be re-engineered to be a rapid, streamlined, easy-to-use process.

TRADE MARK CLEARINGHOUSE

In our last comments we called for ICANN to define what it meant by "Substantive Review". We thank ICANN for this definition but we remain concerned that the current proposal discriminates against trade mark owners who have registrations within jurisdictions which do not evaluate for use. We note that WIPO believes that this means that, "*Many trade marks registered in good faith will face a potentially costly additional process, in particular, SMEs that may not have obtained multiple national trade mark registrations*". We believe that in attempting to exclude the exploiters who obtained expedited trade marks in terms like "SEX" in order to try to gain earlier TLD sunrises (which is why this policy was proposed), ICANN is causing a significant harm to the majority of rights owners. Therefore we recommend that all owners of trade marks should be treated equally by the Clearinghouse – and leave it to registry operators to decide whether they want to introduce a check for use when they launch.

Should ICANN continue with this discrimination, then the question remains over who will draw up the list of countries that undertake substantive review. We reiterate that this is not a task that should fall to the Clearinghouse Service Provider or to ICANN itself. Instead, a third-party organisation with the appropriate legal expertise should be tasked with developing the list.

Next, ICANN indicates that costs will be borne by the parties who use the Clearinghouse. However, there is no indication yet of what these costs will be. Apart from paying fees to submit trade mark data to the Trade mark Clearinghouse, we note that there are other references to costs, for example, costs for renewing trade mark data periodically by any mark holder who wishes to remain in the Clearinghouse. Neither the timescale nor an indication of the costs involved in such a periodic renewal are provided. In addition, it is stated that there will be penalties for failing to keep information current. We urge ICANN (working with the selected service provider(s)) to establish and publish a proposed cost list as soon as possible, for both inclusion in the Clearinghouse and for other maintenance and renewal fees, to facilitate planning for brand owners.

Finally, we note that the initial paragraph of the Clearinghouse section states that the purpose of the Trade mark Clearinghouse is "*to accept, to authenticate, validate and facilitate the transformation of information in relation to certain trade marks*." We are specifically concerned about the use of the term "validate" in this context, as this may imply that the Clearinghouse itself has the power to grant legal rights. We suggest clarifying what is meant by "validation" in this context, explicitly stating that the Clearinghouse itself is not a legal authority with the power to grant trade mark rights. An alternative term such as "verify" may be an option.

PDDRP AND COMPLIANCE

We remain concerned that ICANN does not have the experience or the resources to undertake adequate compliance monitoring of new gTLD registry operators. Therefore we have earlier recommended that ICANN outsources Compliance Monitoring to a specialist agency, using the funds raised from Contention Auctions. Compliance Agents could play a key role in the PDDRP too, for example by responding to complaints.

Otherwise, MARQUES and ECTA endorse the remarks of WIPO that the current PDDRP "*fails to account for profiting from wilful blindness…..Continuing failure to address this issue will leave a gaping hole in higher-level administrative enforcement within the DNS*".

The impact that a small number of bad actor registrars has had on innocent registrants has been dramatic. ICANN needs weapons in its arsenal to tackle bad actor registry operators.

WHOIS AND PRIVACY POLICY

We certainly want to protect privacy rights of individuals. However this protection, as we all know, can become, in some circumstances, a shield for counterfeiting and cyber squatting activities. Accordingly, ICANN needs to carefully consider balancing privacy rights against the need for rights owners to readily identify persons carrying out counterfeiting and cyber squatting activities. ECTA has previously submitted relevant comments to ICANN about privacy proxy services on 28 October 2010 (here attached).

CONCLUSIONS

MARQUES and ECTA thank ICANN for the opportunity to comment. We hope that ICANN staff will go back through all the comments they have received since publication of DAG 1 and evaluate the substantial advice and proposals made by intellectual property professionals and organisations of the stature of WIPO, as well as national governments against the contributions of those who want lesser protections. If the motivations of these groups are assessed and the actual harms suffered quantified, it is our belief that ICANN will see that unless they improve rights protection measures, they will be sacrificing the concerns of an overwhelming majority because of the overloud complaints of a well-meaning but misguided minority.

A small but significant number of the members of MARQUES or ECTA are evaluating the new gTLD opportunity. A failure to adjust the balance of trade mark protections in favour of rights owners and the general public will be a deterrent to application and will undermine trust in ICANN. If the private sector model of leadership pioneered by ICANN is to survive, trust must be maintained.

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About MARQUES and ECTA

MARQUES represents trade mark owners and practitioners across Europe, who, together own more than three million domain names (a conservative estimate) and advise organisations of all sizes on rights protection in the domain name system. These domain names are relied upon by consumers across Europe as signposts of genuine goods and services.

ECTA is the European Communities Trade Mark Association. ECTA numbers approximately 1500 members, coming from the Member States of the European Union, with associate members from all over the world. It brings together all those persons practising professionally in the Member States of the European Community in the field of trade marks, designs and related IP matters such as domain names.