

Comments of the International Trademark Association (INTA) on the  
New gTLD Applicant Guidebook – April 2011 Discussion Draft  
May 14, 2011

## I. Introduction

The International Trademark Association (“INTA”) appreciates this opportunity to comment on the New gTLD Applicant Guidebook – April 2011 Discussion Draft. While we acknowledge that this draft is an improvement over the previous version, we believe important work remains to provide sufficient protection from the various forms of DNS abuse facing trademark holders, consumers, and the Internet community at large. Some of our greatest concerns, however, lie with the underlying premise that there is demand for and benefit from the introduction of an unlimited number of new gTLDs.

After multiple iterations of its Draft Applicant Guidebook, ICANN has failed to demonstrate a sound economic basis for the introduction of an unlimited number of new gTLDs. The recent report commissioned by ICANN to address these concerns, *Economic Considerations in the Expansion of Generic Top-Level Domain Names*, stressed the importance of assessing social costs and benefits in relation to the nature or type of gTLD. The analysis described an important economic principle to be applied in this context: ICANN cannot rely on the private interests of applicants to determine the socially optimal number of new gTLDs that should be introduced. To properly assess the costs and benefits, the report recommended ICANN proceed with a limited introduction of new gTLDs, which would help measure for example the effectiveness of the proposed rights protection mechanisms in reducing external social costs.

Yet despite these recommendations and warnings, ICANN has apparently concluded that the economic reports reveal nothing to justify altering the scope and scale of its new gTLD program; an astounding conclusion given the importance of the issue and the significant amount of resources spent in commissioning the work. However, without basing its decisions on a solid economic foundation, ICANN cannot credibly claim that its proposal for unlimited new gTLDs will serve the public’s interest. INTA recommends that ICANN adhere to the recommendations from the Economic Framework report and modify the scale and scope of its program accordingly.

In terms of rights protection, INTA thanks the Government Advisory Committee (GAC) for identifying these concerns in its Scorecard of Issues that require resolution. As the “scorecard” approach appears to be the latest, most preferred method of identifying and tracking issues, we have taken the opportunity to create our own “scorecard” enumerating the outstanding issues with the proposed rights protection mechanisms that must be addressed prior to the introduction of any new gTLDs.

The “scorecard” as set forth below is comprised of ICANN, GAC and INTA positions on new gTLDs, and includes remarks regarding the Trademark Clearing House (“TCH”), Uniform Rapid Suspension (“URS”), and the Post-Delegation Dispute Resolution Procedure (“PDDRP”). The scorecard is followed by a discussion on “Newly Created Issues” that address issues stemming from the recent modifications in the new gTLD program.

## INTA Scorecard of Issues

GAC Scorecard Item #	Issue	ICANN Position	GAC Position	INTA Position
TCH				
6.1.4	All trademark registrations of national and supranational effect, regardless of whether examined on substantive or relative grounds, must be eligible to participate in the pre-launch sunrise mechanisms.	All nationally or multi-nationally (supranational) registered trademarks, regardless of where registered and whether examined on substantive or relative grounds, will be eligible to participate in either the 60-day Trademark Claims service or Sunrise service, subject to the following: (a) For marks in the Clearinghouse to be recognized and honored in Sunrise services, proof of current use of those marks must have been submitted to the Clearinghouse before the Sunrise service begins. (b) Use of the trademark may be demonstrated by providing a declaration from the trademark holder and one specimen of current use.	Sunrise services should not require evidence of use of the trademark.	INTA agrees with the GAC that proof of use should not be a requirement for participation in Sunrise services or Trademark Claims Notice services. In a majority of countries, trademark rights arise through registration and not use; therefore a use requirement denies protection to the trademarks rights properly acquired in conformity with these national laws. See our further discussion of the use requirement in section II.2.A. below.
6.1.3	IP claims services should not be limited to “exact match” of Clearinghouse mark	Exact match is necessary, because Clearinghouse operator should not have discretion to determine whether variants are sufficiently similar to trigger protection.	Don’t limit to exact match. Both IP claims service and sunrise service should include exact match plus key terms, and typographical variants identified by the rights holder.	INTA agrees with the GAC that some protection beyond exact match of a Clearinghouse mark is needed. INTA suggests that IP Claims services should be expanded to cover all strings which comprise the exact match, <u>or</u> plurals of the exact match, <u>or</u> the exact match along with key terms associated with the goods or services relating to the mark (such terms being identified by the mark owner in the Clearinghouse application), <u>or</u> typographical variants of the mark (identified by the mark owner in the Clearinghouse application).

Strings which fall into these categories could be automatically

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				flagged by software, thus eliminating the need for the Clearinghouse to exercise discretion. A familiar example is “spinner” software, which shows potential registrants available variants of a domain name they have or wish to register.
6.1.7.1	The Clearinghouse, and in particular IP Claims services, should continue beyond initial launch of each gTLD.	While the Clearinghouse will be an ongoing operation, Sunrise services should be limited to a 30-day period before launch of a gTLD, and IP Claims services should be limited to a 60-day period immediately following the opening of registration in a gTLD to the general public. After that, mark owners will be able to subscribe to third-party “watch” services which will be able to access Clearinghouse databases.	The Clearinghouse itself, and not third-party watch services, should provide ongoing IP Claims services for marks registered in the Clearinghouse.	INTA agrees with the GAC that the Clearinghouse itself should continue to provide IP Claims services on an ongoing basis, and not limited to 60 days following a gTLD launch. The GAC has correctly recognized that implementation of this recommendation would create a deterrent to registration abuse and cybersquatters. At the same time, it would benefit - and certainly not burden - good-faith potential registrants, provide significant protection to mark owners, and do so at a relatively minimal cost. That cost can be further minimized if ICANN accepts INTA’s suggestion, explained above in section 6.1.3, that an IP Claims “hit” be defined in such a way that a software agent could flag it and automatically send the appropriate notices. Finally, it does not make sense to build a robust and beneficial system, expend the time, money and resources to get it running and then limit it to 60 days use. (INTA agrees that Sunrise services should be limited to a 30-day period before launch of a gTLD.)
URS 6.2.4	Use requirement should be dropped	There is no requirement that any registration of a trademark must include substantive evaluation. Each trademark registration must be supported by evidence of use in order to be the basis of a URS complaint. Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.	The URS should not require evidence of use of the trademark.	As with INTA’s view on 6.1.4 above, proof of use should not be a requirement for participation in the URS. In a majority of countries, trademark rights arise through registration and not use. Moreover, requiring a showing of use in the URS would go well beyond the criteria purposefully mirrored from the UDRP.

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6.2.6	Standard of proof should be lowered	The principle of the URS is that it should only apply to clear-cut cases of abuse. "Clear and convincing" is the burden of proof that was recommended by the IRT and endorsed by the STI.	The GAC remains of the view that this burden equivalent to that required in criminal law is too burdensome for rightsholders.	INTA agrees with the GAC and points out that the URS has the same legal requirements as a UDRP but a substantially more onerous standard of proof, which in INTA's opinion is inconsistent and unwarranted under the URS as currently proposed.
6.2.8	Loser pays	A limited "loser pays" model has been adopted for the URS. Complaints listing twenty-six (26) or more disputed domain names will be subject to an Response Fee which will be refundable to the prevailing party. Under no circumstances shall the Response Fee exceed the fee charged to the Complainant.	GAC accepts the Board's position but reiterates its support for enhancing opportunities to deter persistent cybersquatting which is the paramount aim of a "loser pays" provision. The GAC therefore requests the Board to make a clear and binding commitment to review the URS and the potential value and applicability of a "loser pays" mechanism after the initial round.	INTA agrees with the GAC that the paramount aim of a "loser pays" provision is to deter persistent cybersquatters. To that end, we welcome the recent shift to a partial loser pays system, but recommend that the threshold number of twenty-six (26) or more domain name registrations be significantly lowered to be somewhere to five (5) to prevent gaming of the system.
6.2.10.1	There should be clear rationale for appeals and extensions to file same.	An appellant must identify the specific grounds on which the party is appealing, including why the appellant claims the Examiner's Determination was incorrect.	<p>In its written answers and comments to the Board following the Brussels meeting, the GAC advised that the registrant must demonstrate that it is acting in compliance with the requirement of not infringing the rights of others. Similar to the clarification with regard to 5.7(a) and 5.7(b), an appellant must demonstrate a clear basis for objecting to the decision.</p> <p>The GAC questions the Guidebook's reference to "de novo" (i.e. from the beginning)</p>	<p>INTA appreciates and supports the clarification by ICANN that appellants must identify specific grounds for appeals.</p> <p>INTA also agrees with the GAC on the issue of "de novo" review. In the UDRP, "de novo" review is accomplished by a filing in court (commonly referred to as an appeal of a UDRP). However, the difference with the URS is that ICANN has erroneously referred appeal back to the URS provider. To get the appeal process correct, INTA recommends mirroring the process and standard used in the UDRP.</p>

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			which infers that all previous arguments are ignored even though this is an appeal of a previous decision. The GAC advises that appeals should not be held on a de novo basis and seeks confirmation that this is not the Board's intention.	
6.2.13.2	The URS should go beyond 'exact' matches	As recommended by the IRT, the URS only applies to registrations that are identical or confusingly similar to protected marks as described in the Guidebook. As noted above, the URS is only intended to apply to clear-cut cases of abuse.	The GAC advice remains that the URS should go beyond exact matches to include key terms associated with the goods and services relating to the mark. The GAC looks forward to the Board's response to the proposal to reduce the URS timeline.	<p>INTA agrees with both the GAC and ICANN on this point. Specifically, the URS was envisioned, intended to and designed to go beyond 'exact' matches, including additional terms. As such, the IRT recommended that the URS apply the "identical or confusingly similar to" standard, which, by definition goes beyond exact match.</p> <p>There is nothing further to discuss on this point unless ICANN intends to narrow the applicability of the URS to something other than a standard of "identical or confusingly similar to".</p> <p>Both the PDDRP and RRDRP have been modified to the point that they are no longer fit for the original purpose. As stated in INTA's July 21, 2010 Comments on New gTLD Draft Applicant Guidebook, Version 4<sup>1</sup>, alternative dispute resolution procedures such as the PDDRP are attractive to the extent that they provide a simpler, less expensive and quicker alternative to civil litigation. To the extent that the PDDRP adds layers of complexity and erects procedural barriers that unduly burden the Complainant, it loses a significant advantage over civil litigation.</p> <p>The PDDRP continues to contain a number of provisions that severely, and perhaps fatally, weaken its effectiveness to potential Complainants. From recent calls, it appears the RRDRP is soon to join the PDDRP. We are concerned that</p>
PDDRP & RRDRP				

<sup>1</sup> <http://www.inta.org/Advocacy/Documents/INTA%20Comments%20on%20Draft%20Applicant%20Guidebook%20V4.pdf>

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unless key changes are made, potential Complainants will elect to forego the PDDRP option entirely and pursue their grievances in civil courts, which we assume all would agree defeats the point of creating either the PDDRP or RRDRP.

- II. In addition to the above concerns, INTA believes there are ‘newly created’ issues that result from recent changes to the new gTLD program that ICANN has overlooked in its haste to proceed with the new gTLD rollout.

1. Vertical integration

ICANN’s unilateral decision to remove all barriers to integration between Registries and Registrars came in the middle of the new gTLD process and has not been fully fleshed out. For example, Specification 7 of the registry agreement refers to new registries complying with the PDDRP, RDDP, and URS, but there is still no reference to new registries complying with UDRP decisions (which registrars would have to comply with). Moreover, the PDDRP speaks only of conduct by the registry, which does not take into consideration the issues raised by vertical integration. ICANN needs to go back and check that the draft applicant guidebook and all mechanisms therein fully account for vertical integration issues. The ICANN Board’s decision to eliminate vertical separation is likely also to have important implications and consequences for existing consensus policies.

2. Ambiguities and deficiencies in the Trademark Clearinghouse

- A. The proposed ‘use requirement’ in the Trademark Clearinghouse and Uniform Rapid Suspension is inconsistent with the trademark laws in the majority of jurisdictions, and should be eliminated.

ICANN once echoed the concerns of some that a Trademark Clearinghouse might create a new body of law or morph into a new trademark agency displacing the functions and decisions of official trademark agencies around the world. Yet, ironically, ICANN now insists on a Trademark Clearinghouse function that goes beyond mere validation of a trademark registration.

The Trademark Clearinghouse is not the proper authority to determine the extent and validity of trademark rights globally. The proper determination of these complex issues rests with the appropriate legal authorities within the trademark law systems of each country. To the extent these rights need to be challenged, the Trademark Clearinghouse operator is not the valid authority to invalidate legal rights granted under national law. Rather, each trademark law system provides the public with the means to invalidate marks through cancellation or opposition procedures.

The use requirement is also inconsistent with how trademarks are registered and renewed in the majority of jurisdictions. Moreover, by insisting that ‘use’ be shown in both the Trademark Clearinghouse and the Uniform Rapid Suspension system—and not specifically linking the two processes as recommended by the IRT—there could be two different decisions on a mark’s protectability in the new gTLD system. For these reasons, the use requirement should be eliminated.



INTA continues to stress the importance of minimizing costs by integrating the Trademark Clearinghouse to support the URS, in addition to Sunrise/Claims services. While depositing a mark in the Trademark Clearinghouse should not be a prerequisite to utilizing the URS, surely the validated information in the Clearinghouse should be available to support a URS complaint, e.g. to establish ownership of a registered mark. If, despite our recommendation, a use requirement is maintained, the Trademark Clearinghouse's determination that a mark is in use should determine that issue for the purpose of a URS proceeding in which the mark is cited. As we have repeatedly emphasized, time- and cost-efficiency are key measures of the URS's ability to offer a scalable complement the UDRP in the higher-volume new gTLD world. Having duplicatively to offer proof of use in every URS proceeding (and for the panel to have to evaluate such evidence) seriously detracts from the effectiveness of the URS.

#### B. Clarification of "inclusion" into the Trademark Clearinghouse

INTA notes that paragraph 3.2.4 reads "other marks that constitute intellectual property" would be included in the Clearinghouse and paragraph 3.3.6 states:

"Data supporting entry into the Clearinghouse of marks that constitute intellectual property of types other than those set forth in sections 3.2.1 -3.2.3 above shall be determined by the registry operator and the Clearinghouse based on the services any given registry operator choose to provide."

This statement seems to be referring to the data for paragraph 3.2.4. It is unclear, however, what "other marks that constitute intellectual property" are. Additionally, paragraphs 1.3 and 1.5 both require a separate database for any "ancillary services" provided by the Trademark Clearinghouse.

INTA recommends that paragraphs 1.3 and 1.5 be revised to clarify that the data regarding other types of intellectual property is not an "ancillary service" and paragraphs 3.2.4 and 3.3.6 be revised to correctly articulate what constitutes intellectual property.

#### C. Clarification of functions of "the" Trademark Clearinghouse

Curiously, ICANN proposes that "the" Trademark Clearinghouse Provider may actually be two entities: the "authenticator/validator" and the "administrator." Along with the problems highlighted above, this language invites semantic confusion, as only the second entity will really be "the clearinghouse." ICANN needs to clarify what roles each entity is to play, including with respect to Sunrise Eligibility Requirement complaints – indeed, there is no information in the AGB on what a Sunrise Dispute Resolution Policy will even look like or how it will be implemented, highlighting a further gap in the entire new gTLD proposal. It is also unclear how the Clearinghouse itself is supposed to provide Sunrise services, rather than simply be a repository of information that is used in support of such services.

On a broader level, the Trademark Clearinghouse proposal is still full of “proposals” of what the requirements “should” be rather than proposed firm requirements. Other issues are left open, such as the penalties for failure to keep information in the Clearinghouse up-to-date, which if significant enough could cripple the entire system. Thus, neither ICANN nor the Internet community really knows what final Trademark Clearinghouse requirements are being proposed.

#### D. Notice to domain name applicants and trademark owners

Section 4.3 and elsewhere of the Trademark Clearinghouse proposal refer to notice of a trademark claim being given to the “Registrant” prior to the domain name being registered. Prior to registration, the entity receiving the notice is only an “applicant.” Misuse of the term “Registrant” invites confusion. In addition, ICANN should make clear that the “Notice” system really involves two notices – one to the applicant that there is a match of the proposed domain name to a mark in the Trademark Clearinghouse, and another to the trademark owner if the applicant proceeds to register the domain name anyway.

#### 3. URS decisions based on evidence “available” to panel should not be permitted

Section 8.4 of the URS as proposed would allow an examiner to decide a complaint based on the evidence “available” to him, which may invite the examiner to conduct his own investigation rather than rely on the evidence actually presented. This proposal is therefore yet another version of the discredited and discarded approach of allowing decisions based on “any defense that can be imagined” by the examiner. Decisions should be based on the evidence presented only, and examiners should not be conducting independent investigations for information that is “available” to them.

#### 4. Redelegation of <.brand> gTLDs

INTA appreciates the recent changes to Section 4.5 of the draft Registry Agreement, but believes further clarification is necessary to specify the circumstances under which a brand owner can reasonably withhold consent to redelegate a TLD reflecting its brand name. In addition, the exception should not be limited to registries where the domains are registered to the Registry Operator or its Affiliates, but should include where registrants are licensees of the pre-existing trademark incorporated in the <.brand> top-level string. After all, many <.brand> operators, such as franchisors, may wish that domains for which independent licensees are responsible be registered to the licensee. These provisions should apply to all uses of <.brand> registries. If ICANN does not address these issues, the potential loss of control over the mark that could result from redelegation of a <.brand> registry over the brand owner’s objection could present a fundamental obstacle to brand owners applying to run new gTLD registries.

### III. Conclusion

These concerns represent a small, but significant sample of issues that have arisen due to multiple changes to a complex process that ICANN is now unnecessarily hurrying to conclusion. INTA's December 8, 2010 comments to the Proposed Final New gTLD Applicant Guidebook further details these issues among other deficiencies that remain unaddressed.<sup>3</sup> If the thoughtful recommendations from those who are closest to the problems are not accepted and incorporated into the new gTLD process, ICANN should, at a minimum, go back and 'clean up' the Applicant Guidebook to do away with the numerous omissions and ambiguities that continue to remain highly problematic.

INTA reiterates its support for the efforts of the GAC to address the many ongoing deficiencies in ICANN's new gTLD program, and strongly encourages ICANN to take the time necessary to address the public's legitimate concerns.

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](mailto:cdigangi@inta.org).

### ABOUT INTA

The International Trademark Association (INTA) is a 132-year-old not-for-profit association of over 5,700 member organizations from over 190 countries. One of INTA's key goals is the promotion and protection of trademarks as a primary means for consumers to make informed choices regarding the products and services they purchase. During the last decade, INTA has served as a leading voice for trademark owners in the development of cyberspace, including as a founding member of ICANN's Intellectual Property Constituency (IPC).

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<sup>3</sup> See <http://www.inta.org/Advocacy/Documents/INTACommentsPFAG.PDF>