



VIA E-MAIL

March 7, 2013

Dr. Stephen Crocker, Chairman of the Board of ICANN
Mr. Fadi Chehadé, President & CEO
Internet Corporation for Assigned Names and Numbers (ICANN)
12025 Waterfront Drive, Suite 300
Los Angeles, CA 90094

Re: Closed Generic Top-Level Domain (TLDs)

Dear Dr. Crocker and Mr. Chehadé:

Microsoft Corporation (“Microsoft”) welcomes this opportunity to provide further comments on the issue of “closed generic” gTLD applications pursuant to ICANN’s February 5 request for public comment on the subject. Microsoft¹ previously submitted a letter dated January 31, 2013 raising concerns about this issue. That letter is listed as part of the [background materials](#) for this open comment period and is incorporated herein by reference.

ICANN’s precepts and the undergirding of this new gTLD expansion are based upon the fundamental concepts of competition and consumer choice. ICANN has stood steadfastly by these principles throughout its existence, as expressed in ICANN’s [Core Values](#) (ICANN’s role is to “introduce[e] and promot[e] competition in the registration of domain names where practicable and beneficial in the public interest”), ICANN’s [Affirmation of Commitments](#) (“ICANN will ensure that as it contemplates expanding the top-level domain space, the various issues that are involved (including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection) will be adequately addressed prior to implementation”),² in Module 2 of the New gTLD Applicant [Guidebook](#) (“[O]ne of [ICANN’s] key mandates has been to promote competition in the domain name market. ICANN’s mission specifically calls for the corporation to maintain and build on

¹ For purposes of disclosure, Microsoft applied for eleven new gTLD strings: .azure, .bing, .docs, .hotmail, .live, .microsoft, .office, .skydrive, .skype, .windows, and .xbox. Microsoft owns trademark rights around the world for most of these strings. Notably, however, it does not have a trademark registration for the term “docs,” which it has applied for as a closed registry. Accordingly, Microsoft notes that it is a vested applicant and its policy position stated herein may affect its own pending .docs application. Regardless, Microsoft (as previously stated in our January 31 letter) believes that to better foster competition and innovation, and support a free and open Internet, ICANN should implement existing processes, and interpret existing rules, to prevent use of generic terms as closed gTLDs by industry applicants whose policies would exclude competitors or other interested parties.

² Notably, ICANN has committed to protect these interests on a prospective basis.

processes that will ensure competition and consumer interests . . .), in [announcements](#) regarding the new gTLD program (“[t]he program’s goals include enhancing competition and consumer choice”), and in the GNSO’s [Principles](#) for expanding the domain namespace (one of the reasons for the new gTLDs was “to add to consumer choice”). It is these precepts that have made the Internet a backbone of contemporary society and commerce, and support the public interest.

* * *

With that background in mind, ICANN has asked in particular for comments on (i) how to determine whether a string is generic; and (ii) under what circumstances a particular TLD operator should be permitted to adopt “open” or “closed” registration policies.

In response to ICANN’s two questions, Microsoft supports the view that (i) a generic TLD is one that represents an industry category in which the applicant competes and (ii) ICANN should require any such closed generic TLDs to be opened to competitors and other interested parties.³

Contrary to claims in some submissions, avoidance of the dangers inherent in closed generic gTLDs does *not* require ICANN to create new policies or processes. It can be achieved simply through proper implementation and interpretation of existing rules and processes, including application of the Code of Conduct and judicious use of exceptions thereto. However, if the ICANN Board believes that this issue is best dealt with through creation of new policies, Microsoft would support initiation of a PDP to address the challenge of closed .generics, and is willing to accept whatever resultant delay of the new gTLD roll-out may be required to fully resolve this issue.

ICANN’s expansion of the Internet namespace through the new gTLD program is novel and unprecedented. However, many of the issues raised by the program, including this genericness issue, are not. It is appropriate to consider new gTLDs within the well-established legal framework relating to the ownership and control of terms. Closed gTLDs could be delegated consistent with those global legal principles. Such principles provide a foundation for making meaningful distinctions regarding the nature of the terms under consideration and for determining which categories of “closed generic gTLDs” merit greater scrutiny. For instance, where an applicant owns a trademark registration evidencing its pre-existing proprietary rights in the term that constitutes its applied-for gTLD string, and that application expressly notes its intent to operate its closed registry as a .brand TLD, it may operate a closed gTLD without harming competition or limiting choice or innovation on the Internet. It is for such applicants that the “Single Entity, Single User” exemption to the Code of Conduct was originally intended. In its public comment on this topic, Yahoo! stated it exactly right:

³ Certain restrictions that serve the interests of consumers and that do not hinder competition may be appropriate (e.g., .bank for verified financial institutions), and would be consistent with similar restrictions that already exist (e.g., .gov for governments and related entities).

Since 2008 ... up to the actual reveal of applications in June 2012, the concept of a “closed” TLD registry was only considered in the .brand context. However, unlike a generic term, a brand enjoys exclusive rights outside the domain name system. Accordingly, a closed .brand registry merely extends to a recognized legal exclusive right. This is very different from creating an exclusive TLD for one entity in a generic term.⁴

The delegation and operation of closed registries for generic industry terms by a single industry participant would be contrary to well-established legal principles, *see* Appendix A, and would present an anti-competitive risk.

* * *

ICANN, governments, industry associations, responsible businesses, consumer protection advocates, and the Internet community at large should carefully examine the threat to fair competition and innovation posed by exclusive ownership of common industry terms by a single industry participant, and ensure that ICANN policy prioritizes the best interests of consumers worldwide. ICANN should not be distracted by arguments that the Applicant Guidebook did not speak to “closed generics” in particular. Nor should ICANN accept the specious claim that certain applicants may have to revise business models, when none of those businesses have even been launched, or that ICANN would become a “regulator” by abiding by its own principles and contractual commitments. The ultimate issue, and one that ICANN cannot ignore, is whether new registry models are in the public interest.

In sum, this issue cuts to the core principles of the gTLD expansion itself. Closed generics are contrary to the public interest and the spirit and letter of ICANN’s principles, and therefore should not be allowed. Accordingly, ICANN must require applicants for closed generic TLDs to either open the TLD or withdraw for a full refund.

Thank you for your consideration. If you have questions or wish to discuss any of the points raised herein, please contact Russell Pangborn at russpang@microsoft.com.

Very truly yours,



Russell C. Pangborn
Assistant General Counsel - Trademarks
Microsoft Corporation

⁴ See comment dated March 6, 2013 posted at: <http://forum.icann.org/lists/comments-closed-generic-05feb13/msg00150.html>.

APPENDIX A: FOREIGN STATUTES PERTAINING TO GENERICS

AFRICA

South Africa:

South Africa's Trade Mark Act states:

The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

- ...
- (2) a mark which—
- (a) is not capable of distinguishing within the meaning of section 9; or
 - (b) consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or
 - (c) consists exclusively of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade; . . .

South Africa Trade Marks Act No. 194, Part II, Section 10 (1997).

ASIA

Australia:

Australian law provides that a mark should be refused registration when “it is not to any extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons.” Australia Trade Mark Act, Section 41(6) (2012). However, in this situation, an applicant can still establish distinctiveness based on a concept similar to secondary meaning. *Id.* Importantly, the Act includes a note stating, “[t]rademarks that are not inherently adapted to distinguish goods or services are mostly trademarks that consist wholly of a sign that is ordinarily used to indicate: (a) the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or (b) the time of production of goods or of the rendering of services. *Id.*

Additionally, under Australian law, a trademark can be cancelled if it is generic. This occurs “if a registered trade mark consists of, or contains, a sign that, after the date of registration of the trade mark, becomes generally accepted within the relevant trade as the sign that describes or is the name of an article, substance or service.” *Id.* at Section 24(1).

India:

The Indian Trademark Act provides that trademarks shall not be registered:

- (a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;
- (b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or service; [and]
- (c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade.

India Trade Marks Act, Section 9(1) (1999).

However, an applicant can still qualify for registration, if the mark “has acquired a distinctive character as a result of the use made of it or is a well known trade mark.” *Id.*

A case heard by The High Court of Delhi at New Delhi illustrates Indian resistance to use of generic terms as trademarks. In the case, the court explained:

[I]n the trade of drugs it was a common practice to name the drug by the name of the organ or ailment which it treated or the main ingredient of the drug. The name of such an organ, ailment or ingredient being *publici juris* or generic, could not be claimed by anyone exclusively for use as a trademark.

Schering Corporation & Ors. V. Getwell Life Sciences India Private Limited- FAOOS 314/2008 [2009] INDLHC 4987 (1 December 2009).

The court went on to state, “[t]he jural message, therefore, is clear and unequivocal. If a party chooses to use a generic, descriptive, laudatory or common word, it must realize that it will not be accorded exclusivity in the use of such words.” *Id.* (citing *Rhizome Distilleries P. Ltd. & Ors. V. Pernod Ricard S.A. France & Ors.*, FAOOS 484/2008 [2009] INDLHC (23 October 2008)). Moreover, “[t]he abbreviation of a generic word will also be generic.” *Id.* (citing *Indo-Pharma Pharmaceuticals Works Ltd., Mumbai v. Citadel Fne Pharmaceuticals Ltd., Madras* 1998 (18) PTC (DB) (Mad)).

Additionally, the opinion details the process for determining whether a word is generic for particular goods or services:

The concept of public for the purpose of determining whether a word is *publici juris* for an article or thing would depend on what that article or thing is. For example, if the article or thing is one typically belonging to the field of aeronautics, the knowledge of the general public i.e. the common man on the street, of the meaning of the word would not be relevant. The meaning of the word would have to be gathered from the knowledge of the public knowledgeable in the field of aeronautics, to determine whether the word is *publici juris* for the article or thing for which it is claimed to be *publici juris*.

Id.

Japan:

Japanese law allows a mark to be registered unless the trademark:

- (i) consists solely of a mark indicating, in a common manner, the common name of the goods or services;
- (ii) is customarily used in connection with the goods or services;
- (iii) consists solely of a mark indicating, in a common manner, in the case of goods, the place of origin, place of sale, quality, raw materials, efficacy, intended purpose, quantity, shape (including shape of packages), price, the method or time of production or use, or, in the case of services, the location of provision, quality, articles to be used in such provision, efficacy, intended purpose, quantity, modes, price or method or time of provision; [or] . . .
- (v) consists solely of a very simple and common mark.

Japan Trademark Act, Art. 3(1) (2006), *available at* http://wipo.int/wipolex/en/text.jsp?file_id=188400.

Under Japanese law, whether a mark “has been commonly used in [an] industry for [a] product . . . from olden times,” is relevant to a determination of registrability. *See Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F. 3d 266 n.1 (2d Cir. 1999) (translating a portion of a Japanese Patent Office decision which rejected registration of the characters for "Hokkai Otokoyama" because the word otokoyama had longstanding use as a designation for sake by other traders in the industry).

Peoples Republic of China:

Under Chinese law “[n]one of the following marks may be registered as trademarks: . . . where the mark bears only the generic name, design, or model number of the goods concerned.” Trademark Law of the People's Republic of China, Chpt. 3, Art. 11 (1), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=131395.

In a trademark registration cancellation proceeding based on Article 11.1, “the People’s Supreme Court held that . . . ‘[t]he criterion for judging whether a name is generic or not should be whether it is a name which operators in the industry have commonly used, by way of convention, to express a certain category of goods.’” Shoukang, Guo & Dr. Huang Hui, *China Trademark Laws & Cases*, p. 30, *available at* http://www.ipr2.org/storage/Trademark_Laws_&_Cases-EN-110504-final1006.pdf (citing 【(2007) Xing Jian Zi No.111-1】 (9 CTMR 115)).

The PRC will also refuse registration of a sign “where it just directly indicates the quality, principal raw materials, function, use, weight, quantity or other features of the goods.” Trademark Law of the People's Republic of China, Chpt. 3, Art. 11 (2), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=131395.

For example, the “Beijing Higher People’s Court held that “BLUETOOTH” is designated for use on computer and related goods and directly expresses the features of the goods, and no registration of it as a trademark should be approved.” Shoukang et al, at 31 (citing 【(2004) Gao Xing Zhong Zi No.416】 (5 CTMR 161)).

Republic of Korea:

According to Article 51 of the South Korean Trademark Act, rights do not extend to:

2. A trademark indicating in the normal denomination, place of origin, quality, raw materials, efficacy, use, quantity, shape (including shapes of wrappers), price or producing, processing and using methods and time of goods identical with or similar to the designated goods of the registered trademark in a common way; . . . [or]
3. A trademark used commonly for goods identical with or similar to designated goods of the registered trademark, and trademark formed of distinguished geographical denomination and abbreviation thereof or map; . . .

Republic of Korea Trademark Act, Art. 51(1) (2011), *available at* http://wipo.int/wipolex/en/text.jsp?file_id=280894.

EUROPE:

Community Trademark Directive:

The Office for Harmonization in the Internal Market (OHIM) will deny registration of:

- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade.

E.C. Regulation on the Community Trademark, Art. 7(1) (1993).

Further, under Community Regulations, “no undertaking may be given the right to monopolize the use of terms, which indicate directly a basic feature of the goods in the specification.” MMD Design & Consultancy Ltd., Case R 350/2000-3 MMD (OHIM 3d. Board of Appeal, 3 April 2001).

When determining whether a mark is generic, an examiner may look to the dictionary definition of a term, how a term is used in publications by the applicant, and how a term is used in industry publications. *See id.* (finding the mark MINERAL SIZER devoid of distinctive character for

machines, machines for crushing, sizing and grading and machinery when used in connection with excavation, mineral prospecting, mining and quarrying as it designates the kind of the goods, namely machines/machinery that sizes minerals).

France:

French Law provides:

Art. L. 711-1. A trademark or service mark is a sign capable of graphic representation which serves to distinguish the goods or services of a natural or legal person.

...

Art. L. 711-2. The distinctive nature of a sign that is capable of constituting a mark shall be assessed in relation to the designated goods or services.

The following shall not be of a distinctive nature:

- (a) Signs or names which in everyday or technical language simply constitute the necessary, generic, or usual designation of the goods or services;
- (b) Signs or names which may serve to designate a feature of the product or service, particularly the type, quality, purpose, value, geographical origin, time of production of the goods or furnishing of the service; . . .

France Intellectual Property Code, Book VII, Chpt. 1 (1996).

Germany:

Under German law, registration is not permitted for the following marks:

1. trade marks which are devoid of any distinctive character with respect to the goods or services;
2. trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of the rendering of services, or to designate other characteristics of goods or services,
3. trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade for designating goods or services.

German Law on the Protection of Trade Marks and Other Signs, Part II, Section 8(2) (1999), available at http://www.wipo.int/wipolex/en/text.jsp?file_id=126229.

Russian Federation:

Russian law provides that:

No state registration shall be granted designations not having a distinguishing capability or composed only of elements:

- 1) that have come into general usage as designations for goods of a certain kind;
- 2) being generally-accepted symbols and terms;
- 3) that characterise goods, for instance indicating their kind, quality, quantity, properties, intended purpose, value, and the time, place and method of their manufacture or sale;
- 4) representing a form of goods that is defined exclusively or mainly by the properties or intended purpose of the goods; . . .

Civil Code of the Russian Federation, Part IV, Art. 1483 (1) (2008).

Spain:

Under the Spanish Law on Trademarks, the following signs may not be registered:

- (b) those which are not distinctive in nature;
- (c) those which consist exclusively of signs or indications which may be used in trade to designate the species, quality, quantity, purpose, value, geographical origin or period of production of the good or provision of the service, or other characteristics of the good or service;
- (d) those which consist exclusively of signs or indications which have been converted into those used habitually to designate the goods or services in common parlance or in fair and constant trade practices; . . .

Spain Law on Trademarks, Chpt. II (5) (2001).

Additionally, there is also a limitation for “trademark reproduction in dictionaries.”

That provision establishes that when a trademark is reproduced in a dictionary, encyclopedia or any other reference work, the trademark owner can not prohibit such reproduction. In such event and when the reproduction might provide the impression that the trademark is a generic term for the products or services for which the trademark is registered, then the trademark owner may request from the editor that the trademark reproduction is made together with the indication that it is a registered trademark on the next edition.

Spanish Group, Report Q195: Limitations on Trademark Protections, AIPPI, *available at* <https://www.aippi.org/download/comitees/195/GR195spain.pdf>.

United Kingdom

Under the Trade Marks Act of the United Kingdom, the following marks shall not be registered:

- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade: . . .

United Kingdom Trade Marks Act, Part I, Section 3 (1) (1994), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=127271.

NORTH AMERICA

Canada:

The Canadian Trade-Mark Act states:

Where any mark has by ordinary and bona fide commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trade-mark in association with such wares or services or others of the same general class or use it in a way likely to mislead, nor shall any person so adopt or so use any mark so nearly resembling that mark as to be likely to be mistaken therefor.

Canada Trade-Marks Act, R.S., c. T-10, s. 10 (2011), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=207674.

Mexico

Mexico's Industrial Property Law states that the following may not be registered as trademarks:

- I. Three-dimensional animated or changing names, figures or shapes that are expressed in motion even when visible;
- II. The technical or commonly used names of products or services for which the protection of the trademark is sought, and also those words that have turned into the usual or generic designation of said products or services in everyday language or business practice; . . .

Mexico Industrial Property Law, Title IV, Art. 90 (II)(2010), *available at* http://wipo.int/wipolex/en/text.jsp?file_id=265590.

SOUTH AMERICA

Argentina:

Under Argentinian law:

If a mark consisting of generic or descriptive words were registered, it would be vulnerable to cancellation, if a wordmark. Should it consist of a generic or descriptive word or expression bearing stylized features or associated to a logo, rights over the mark

would be limited to the fanciful features and not enforceable against use by third parties of the generic or descriptive elements.

Argentine Group, Report Q195: Limitations of the Trademark Protection, AIPPI, *available at* <https://www.aippi.org/download/committees/195/GR195argentina.pdf>.

Brazil

Brazilian law prohibits the registration of the following:

VI. signs of generic, necessary, common, ordinary or simply descriptive character, when related to the product or service to be distinguished, or those commonly employed to designate a characteristic of the product or service regarding its nature, nationality, weight, value, quality and time of production or rendering of the service, except when endowed with a sufficiently distinctive form;

Brazil Industrial Property Law, Title III, Chpt. I (124) (1996).