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Com Laude and Valideus Comments on the Rights Protection Mechanisms (RPMs) Review Draft Report

Com Laude is a corporate registrar which provides domain name management and online brand management services to businesses. Com Laude's clients consist of brand owners as well as law firms and service providers to brand owners. As part of its brand protection services, Com Laude also acts as an official Trademark Clearinghouse (TMCH) agent. Com Laude recorded over a thousand trade marks in the TMCH for clients from a variety of sectors. Com Laude has also received Trademark Claims notices on behalf of its clients and made extensive use of Sunrise Periods and registry-specific RPMs in managing the clients' domain name registrations in new gTLDs.

Com Laude's sister company, Valideus provides new gTLD consultancy and registry management services to prospective and existing new gTLD registry operators. Valideus has advised its clients on the implementation of the RPMs as part of their ICANN compliance obligations. Having worked with a number of .brand and community registries, it has substantial experience on the applicability of the RPMs from a registry operator's perspective.

Com Laude and Valideus welcome the opportunity to comment on the RPMs Review Draft Report (the Draft Report) which outlines the RPMs and puts forward a number of issues and discussion questions to help with the assessment of the effectiveness of the RPMs. This comment is based on Com Laude's experiences as a corporate registrar and TMCH agent, Valideus' experiences as consultants to .brand and community new gTLD registries and on the feedback given during a client workshop at which there was extensive discussion of experiences of the RPMs, and the RPMs Review process, attended by representatives from a number of companies including:

Amaya Group
ARM Limited
BBC Worldwide Ltd
British American Tobacco
British Broadcasting Corporation
CPC Connect
HSBC
Incopro
News UK
Novagraaf UK
Saint Laurent
The Southbank Centre
A UK Broadcaster
A global fashion retailer

A mobile telecoms company
A global energy company
A luxury goods company
A global fashion and homeware brand

We note that the Draft Report currently envisages reviewing only those mandatory RPMs which were introduced by ICANN for the New gTLD Program. Feedback from Com Laude's clients indicates that registry-specific RPMs are considered an integral part of the RPMs landscape. Any satisfactory review of the RPMs needs to also consider such registry-specific RPMs, and we have therefore included feedback from our clients relating to those mechanisms.

1. TMCH

Com Laude's clients recorded their key trade marks in the TMCH primarily because this is a mandatory requirement for making use of Sunrise Periods and some of the registry-specific RPMs such as Domains Protected Mark Lists (DPMLs). To a lesser extent, the Trademark Claims service and the administrative benefit of using a single database for Sunrise registrations were other factors that influenced trade mark holders' decisions to use the TMCH. Nevertheless, on the whole, the majority of Com Laude's trade mark holder clients view the TMCH as a mechanism with medium to low effectiveness and value. The main issues leading to this assessment are (i) the cost implications of utilizing the RPMs, on top of the TMCH fees; (ii) the limitation of use of the TMCH records in the Sunrise and for Trademark Claims to terms that are considered to be an "identical match" to the trade mark; and (iii) the perceived weaknesses of the RPMs supported by the TMCH.

TMCH verification process

Com Laude's clients identified a number of largely administrative challenges in making use of the TMCH. The requirement to provide the TMCH with actual registration certificates where the relevant trade mark jurisdiction does not have an online database that can be used for verification has been one of the key practical and administrative challenges of the verification process for trade mark holders reported by Com Laude clients. This has been especially burdensome in the case of trade marks registered internationally via the Madrid Protocol. Despite the fact that the validity of these trade marks can be verified online on the World Intellectual Property Organization (WIPO) database, the TMCH required trade mark holders to submit registration certificates for the underlying local trade marks. This has proved to be quite burdensome, especially as the certificates often required translation of the class descriptions etc.

Another reported challenge encountered during the verification stage has been in relation to proof of use submissions. To be able to qualify for a Sunrise registration, trade mark holders must have a sample of use verified by the TMCH. In verifying samples of use, the TMCH has taken a very strict approach leading to the rejection of some legitimate and genuine samples which demonstrated the full text of the trade mark along with additional text which did not affect the distinctiveness of the trade mark. Rejecting proof of use on this basis risks encouraging the filing of non-genuine samples of use, which have been mocked-up for the purposes of satisfying the TMCH operator, rather than risking the rejection of what is actually a valid mark. This is in no-one's interest. With a more lenient approach and local language skills the fact that the trade mark is genuine and in use could readily be ascertained.

In order to improve the effectiveness of the verification process, Com Laude's clients recommend that TMCH staff should adopt a more holistic approach and evaluate each trade mark submission in its context. This would allow the TMCH to verify legitimate trade marks without unnecessary administrative burden and to investigate and identify non-qualifying trade marks more thoroughly.

In addition, many Com Laude clients reported difficulties in communications from the TMCH staff, particularly around rejection of a mark or proof of use evidence, citing that such communications frequently do not properly identify the nature of the problem and thus requiring multiple exchanges to try to obtain clarity, or an inability by the trade mark holder to rectify the problem. Trade mark holders would find it helpful if, in their communications, TMCH staff would explain the relevant issue more clearly and identify exactly what change is required in order to achieve a successful verification. For example, in relation to proof of use the TMCH staff should give clear and detailed examples of what qualifies as acceptable evidence and what does not.

Suggested improvements to the TMCH

For trade mark holders, one of the perceived primary purposes in creating an “IP Clearinghouse” was to ease their financial and administrative burden by streamlining the Sunrise registration process. It is important in this review to consider whether this has been the case. The feedback from Com Laude’s clients is that it has not, that there are a number of areas where challenges have been encountered, and thus that trade mark holders would like to see various changes to improve the effectiveness of the TMCH from their perspective. This includes consideration of the following measures:

- (i) **Pricing incentives:** Trade mark holders have expressed frustration at having to incur the cost of recording their trade marks in the TMCH when they have already spent the time and money to register their brands as trade marks at the local and regional trade mark offices. Adding to this frustration is the fact that a recordal in the TMCH does not, of itself, deliver any protection of the trade mark, it is merely a precursor to adopting the other RPMs, for which there are further fees and, in the case of registry Sunrise fees, these are often significantly higher than the price for a domain name at general availability. Some trade mark holders see the New gTLD Program as little more than an attempt at extortion. While larger trade mark owners may still be prepared to pay the price for the sake of protecting their brands, there is a particular risk that small to medium size businesses, which would be expected to be key targets target of some of the new gTLD registries, could be left out of the process.

For the TMCH to add real value to trade mark holders, the TMCH services must be offered at cost or alternatively at much lower prices. One way in which this might be achieved could be by the introduction of new providers into the market and encouraging competition for trade mark verification services. Currently, Deloitte has a monopoly position as the provider of the TMCH recordal services which leaves trade mark holders with no alternative if they find the TMCH fees too high or are unhappy with the level of service.

Furthermore, the current pricing model does not incentivise longer term TMCH registrations. The fees for 3 and 5 year registrations are simply straight multiples of the 1 year registration price. Consideration should be given to introducing fee discounts for longer-term recordals, with a view to increasing the adoption of the TMCH over a longer period.

- (ii) **Expanding the matching rules:** Currently, the TMCH only generates domain name labels that are considered an “identical match” to the underlying trade mark. This means that trade mark holders can only obtain Sunrise registrations or receive Trademark Claims for these identical terms. Com Laude client feedback indicates that the “identical match” requirement is too rigid as it denies protection for plurals, terms that contain the trade mark and an article such as “the” or “a” and “mark + keyword”. Trade mark holders with a strong core brand which is used in combination with a variety of descriptive terms will frequently seek to rely on trade mark registrations of the core mark alone since the added descriptors add little to the strength of the trade mark protection.

Limiting the RPMs to identical matches means that such trade mark holders are unable to protect their wider suite of brands by Sunrise registrations. Since it is common to register a brand name together with an additional descriptor for the purposes of cybersquatting, trade mark holders are thus also denied substantial potential benefit from the Trademark Claims service. The registration of “mark plus” by third parties as domain names could be equally confusing to consumers as the registration of the exact trade mark term. In order to enhance the effectiveness of the TMCH and the RPMs it supports, a review should consider greater flexibility on the matching rules.

(iii) Strengthening existing RPMs: The current RPM Requirements include gaps which allow some registry operators to circumvent the RPMs. For example, as referred to in more detail below, registry operators are able to designate TMCH-verified trade marks as premium names or to reserve them from registration altogether during the Sunrise period and release them to third parties at a later date. This is causing trade mark holders to lose confidence in the TMCH and the RPMs it supports. Revising the RPM Requirements and strengthening the RPMs are considered key to increasing the value of a TMCH registration.

(iv) Additional RPMs: In their feedback, some Com Laude clients stated that their main reason for recording their trade marks in the TMCH was to be able to make use of the DPML blocking mechanisms offered by individual registry operators such as Donuts and that they used the DPML blocks in preference to Sunrise registrations, where available. By expanding the scope of a cost-effective blocking mechanism, ideally across all new gTLD registries, the attractiveness of the TMCH would be improved for trade mark holders.

2. Sunrise Period

A number of the Com Laude clients sought to register domain names during Sunrise Periods. The main factors considered in making their decision to obtain Sunrise registrations were (i) the relevance of the TLD; (ii) the risk of confusion if a third party registers the name; (iii) the cost of a Sunrise registration; (iv) the desire to use the domain name; and (v) the search ranking implications. In general, the Sunrise Period is considered to be a useful mechanism by those trade mark holders, although certain practices of some registry operators significantly undermine its value to them.

None of the Com Laude clients that provided a feedback on the RPMs have used the Sunrise Dispute Resolution Policy (SDRP) to date.

Limitations of the Sunrise Period

Although the Sunrise Period is considered useful in protecting trade marks, according to the client feedback its effectiveness was diminished by two factors:

(i) Premium pricing: Holders of TMCH-verified trade marks report that they frequently found that Sunrise registrations were being offered by registry operators at prices significantly higher than those for general availability, often prohibitively so. In addition, some trade mark holders found that terms corresponding to their trade marks were designated by some registries as premium names which attracted even higher prices than regular Sunrise registrations. Often the perception was that the term was considered “premium” by the registry by virtue of the use made of the term by the trade mark holder. Our clients described this as an incredibly frustrating experience which made them feel extorted. Whilst in some cases Com Laude was able to discuss the matter with the registry in question in order to get the term removed from the premium list this was not

always effective and, in any event, made the whole process of registration significantly more time consuming.

- (ii) **Reserved names:** Under the current RPM Requirements, registry operators are able to reserve from registration an unlimited number of terms, including terms corresponding to trade marks. If those terms are subsequently released from reservation after the end of the Sunrise Period, the registry operator is under no obligation to run a Sunrise on them, although they are required to run a Trademark Claims period. This appears to allow registry operators to circumvent the Sunrise requirements for certain terms completely, which is contrary to the intent of the RPMs Requirements.

Limited Registration Period (LRP)

The LRP is a useful mechanism for registries to give priority to certain groups of registrants once the Sunrise Period ends, and in some cases LRP's were beneficial for trade mark holders to protect their brands where they did not qualify for a Sunrise registration for some reason. As registry operators could deliberately reserve names to avoid the Sunrise Period and release them during the LRP, there is potential for trade mark abuse, although this risk is not specific to the LRP. Feedback from trade mark holders suggests that the timing and criteria of individual LRPs was not always well publicized or well understood. To increase effectiveness, therefore, it would be helpful for dates and eligibility criteria for LRPs to be published more widely.

Suggested improvements to the Sunrise Period

Contributing trade mark holders identified a number of improvements which they consider would increase the effectiveness of the Sunrise Period, by addressing as a priority the factors that diminish its perceived value. Trade mark holders consider that there should be a formalized mechanism to challenge the designation of their TMCH-verified trade marks as premium names. Such challenge should be referred to an independent party and once it is established that the trade mark holder has a legitimate right in the term, the term should be removed from the premium names list and should be able to benefit from the RPMs. Trade mark holders also consider that registry operators should not be allowed to charge disproportionately high prices for Sunrise registrations in comparison to general registrations, where this operates effectively to circumvent the RPMs.

To strike the right balance between the registry operators' discretion to reserve names and trade mark protection, trade mark holders consider that the RPM rules should provide that when registries release their reserved names, holders of TMCH-verified trade marks that correspond to a reserved name should be given the right of first refusal, at a price which is comparable to that of a normal Sunrise registration.

We would like to see consideration given to how these issues might be satisfactorily addressed for future rounds.

3. Trademark Claims

Com Laude clients reported that they regularly receive Notices of Registered Names from the TMCH. According to the client feedback, the Trademark Claims service has not had a significant impact on the brand protection strategies of these trade mark holders. While the Trademark Claims services are useful to a degree, most of the trade mark holders attach more importance to stronger preventative mechanisms (e.g. Sunrise, DPML or other block mechanisms), for the reasons which we set out below.

The clients that have received Notices of Registered Names have generally responded to the notice by checking the registrant and the website supported by the domain name to identify potential infringement in order to decide on the next steps. The majority of the clients reported that they decided to monitor the domain name initially rather than resorting to a dispute resolution mechanism or a court order.

Limitations of the Trademark Claims

The main shortcomings of the Trademark Claims identified in the client feedback are (i) the limited duration of the Trademark Claims period; (ii) the ability of potential registrants to ignore the Claims Notice and proceed to register the matching domain name; (iii) the fact that the Notices are only sent for domain names that are considered to be an “identical match” to the trade mark; and (iv) the fact that the trade mark holder is not notified of the intention to register the domain name in advance, but only after the fact meaning that there is no opportunity to engage in a dialogue with the potential registrant.

Content of the Notice of Registered Names

Com Laude clients’ feedback indicates that the inclusion of the registrant data in the Notice of Registered Names would be extremely useful to make this process more efficient for the trade mark holder.

Suggested improvements to the Trademark Claims

Although the extended claims service offered by the TMCH allows trade mark holders to receive the Notice of Registered Names indefinitely, the Trademark Claims notices to potential registrants are generally stopped after the 90-day mandatory Trademark Claims period. In order to improve the effectiveness of the Trademark Claims as a deterrent to potential registrants, trade mark holders would like to see a Trademark Claims service which runs indefinitely rather than for just the first 90 days of general registration.

In addition, the trade mark holders feel strongly that Notices of Registered Names should extend to domain names that could be confused with those of the relevant trade mark holder (e.g. mark + keyword) in order to increase the effectiveness and value of the Trademark Claims service.

4. Uniform Rapid Suspension (URS)

At the time feedback was requested, none of the Com Laude clients that provided a feedback on the RPMs had used the URS.

Limitations of the URS

In their feedback, the majority of clients indicated that the URS is considered to have low usefulness in their brand protection strategies. The main reason stated for this assessment was that the available remedy, which is the suspension of the domain name rather than transfer, is perceived to be inadequate. Despite the relatively low cost of the URS, clients indicated that the cost to benefit ratio did not incentivise them to pursue the URS.

Suggested improvements to the URS

To improve the URS as a cost-effective mechanism, trade mark holders would like the following enhancements to be considered:

- (i) **Transfer as a remedy:** Currently, the only remedy available to successful complainants is the suspension of the infringing domain name for the duration of its registration period. The trade mark holder then has to monitor the domain name and ensure that it is not registered by another party when the suspension ends. For most trade mark holders the prospect of having to grab the domain name as soon as it is available and the risk of it being registered by a third party before they are able to do so, raising the prospect of the whole cycle starting again, means that the URS is not viewed as worthwhile. Introduction of domain name transfer as a remedy would significantly increase the effectiveness for trade mark holders of the URS as an RPM.
- (ii) **“Loser – pays” model:** The URS is not viewed as involving any significant deterrents for infringers. Potentially infringing domain names can be registered by third parties, knowing that in case of a dispute resolution proceeding against them they will not incur any financial loss other than the cost of the domain name. For a fair and balanced RPM framework, the cost of the URS proceedings should be borne by the losing party. Although some have expressed doubt as to how a workable model could be developed for recovering costs from a losing registrant, there is precedent for such a model in some ccTLDs. Further work on this would be beneficial to establish whether a mechanism could be introduced for ICANN to pursue the losing registrant for payment.

5. Registry Specific RPMs

Although the Draft Report does not touch upon the registry-specific RPMs, we think it is important to share the feedback we received from our clients since these RPMs have been used widely as brand protection mechanisms in new gTLDs, and a proper review of the RPMs requires a holistic assessment of the environment in which the new gTLDs operate.

DPML blocking mechanisms

DPML blocks offered by several new gTLD registries were the most commonly used registry-specific RPMs among the Com Laude clients. The clients that used the DPML, sometimes in preference to the Sunrise Period, regarded it as a cost-effective brand protection mechanism as it allows trade mark holders to block their trade marks across all TLDs operated by the registry offering the DPML.

While generally DPML blocks are considered useful, some of the clients expressed strong discontent with the terms under which the DPML is provided by some registries. In particular, Donuts' DPML attracted criticism as it did not cover trade marks which were listed by Donuts as premium names. In one instance, the client's trade mark was designated as a premium after the DPML block was purchased and the client only discovered that the DPML block it purchased was ineffective after a third party registered its trade mark as a domain name. This example further demonstrates that trade mark holders are often deprived of the RPMs as a result of registries' complete discretion to designate any name as a premium name. Com Laude clients also expressed dissatisfaction that the manner in which Donuts premium lists are generated is opaque, leading to a perception that they are dynamic and influenced by the trade mark holder's own brand protection activities, and thus generating a feeling of being penalized. Greater clarity over such block mechanisms, as well as a premium name challenge process, as referred to above, would greatly help to allay such concerns.

Suggested improvements

As noted on page 8 of the Draft Report, one of the RPMs that was discussed during the RPM development stage was the Globally Protected Marks List (GPML), although the GPML was not ultimately adopted as a mandatory RPM. As the feedback from Com Laude clients indicates that the need for an effective blocking mechanism is still present, and the DPML has demonstrated that block mechanisms can be effective, we urge ICANN to consider this further.

Despite the issues faced with respect to some of the DPML services, the DPML blocks are generally considered by the participating Com Laude clients the most cost-effective RPM in the New gTLD Program. As ICANN does not have the authority to improve the DPMLs offered at individual registry operators' discretion, we suggest that serious consideration be given to introducing a similar mechanism, that allows trade mark holders to block their trade marks from registration in all new gTLD registries at a cost-effective fixed fee, as a mandatory RPM for future rounds.

Thank you for considering these points.

Yours sincerely,

/s/

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