

January 31, 2014

Comments on the Proposal for a Specification 13 to the ICANN Registry Agreement to Contractually Reflect Certain Limited Aspects of “.Brand”

I. Introduction

We respectfully submit the following comments on behalf of several brand owner clients, including applicants for .BRAND TLDs, (“Brand Owners”) in response to ICANN’s posting for public comment a proposal requested by the Brand Registry Group to incorporate a new Specification 13 into the gTLD Registry Agreement, which would be available to a Registry Operator that operates a TLD that ICANN determines qualifies as a “.Brand TLD”.

Brand Owners support the draft Specification 13, including certain revisions to the .Brand definition that recognize that the gTLD applicant was often not the owner or user of the trademark at issue, but was instead an affiliated company set up for the purposes of the running the registry, proposed by Valideus on December 30, 2013, and also support the comments filed by NTAG on December 20, 2013 in favor of a “deferred” Sunrise Period for .Brand TLDs, for the reasons discussed below.

In no way should these comments be construed to preclude .Brand TLD applicants from seeking additional revisions to the Registry Agreement, or from other .Brand applicants that don’t qualify under the .Brand definition, such as those whose marks were not eligible as TLDs (e.g., two-character marks) or for entry into the Trademark Clearinghouse, from working with ICANN to verify that they are operating authentic .Brand TLDs and should qualify for Specification 13.

II. It is Appropriate to classify certain TLDs as “.Brand TLDs”

One of the stated purposes of the New gTLD Program was to foster innovation in the domain name space. Currently, ICANN recognizes four types of top-level domains: generic, country-code, sponsored, and infrastructure.¹ These top-level domains are categorized by their intended use and registrant. Each type of TLD has its own contracting format and operating requirements. As noted by multiple commentators during the public comment periods regarding the Registry Agreement, the .Brand TLD model does not fit under any of these categories, as the unique purpose of these TLDs is to operate a registry in furtherance of the brand signified by the TLD

¹ See <http://www.iana.org/domains/root/db>.

January 31, 2014

Page 2

and to offer domain names for use only by the authorized users of the brand (i.e., the registry operator and its corporate affiliates and trademark licensees). Moreover, approximately one third of all applications in this TLD application round consist of applicants that applied for a .Brand TLD, which could be the second largest category of TLDs once delegated, and so this group of registries deserves its own contracting and policy requirements. Finally, .Brand TLDs will serve an important and unique function by allowing the providers of goods and services the ability to provide an authentic, innovative and secure online space to conduct their business for their customers and avoid fraud, and this use will benefit Internet users and facilitate the acceptance of new TLDs in general. Accordingly, this model should be encouraged through the use of dedicated contracts and policies that accurately reflect the specific .Brand model. It is therefore necessary to classify this new, large, and clearly delineated category of TLDs as “.Brand TLDs” to distinguish their purpose and registrant model from the other TLD categories and tailor their contractual and policy commitments accordingly.

III. The Definition of “.Brand TLD” is sufficiently narrow to capture only what is commonly recognized as a corporate brand

The purpose of Specification 13 should be to recognize a new category of TLD that will be seen by Internet users as consisting of a registry operator’s pre-existing brand and to revise the Registry Agreement to reflect the realities of this very different business model where the registry operator and/or its affiliates and licensees will be the sole registrants in that TLD. The definition of “.Brand TLD” must thus allow for legitimate trademark owners to efficiently demonstrate their legitimate trademark rights in a term that was not previously used for domain name registry services and that only they and their affiliates and/or licensees are registering domain names in the TLD, but also be narrow enough to eliminate gTLD applicants that have attempted to game the system by securing non-bona fide trademark rights in terms which they have not used as trademarks prior to their application in the hopes of avoiding certain obligations in the Registry Agreement such as allowing third-party registrants.

We are of the opinion that the proposed definition of .Brand TLD in the draft Specification 13 is sufficiently narrow to include bona fide trademark owners of existing trademarks that will allow only authorized users of the brand, while also weeding out front running applicants, except in one instance. On this point, we agree with Valideus that the definition in Section 5.1(f) of the draft Specification 13 should be expanded to include brands that were used by Registry Operator *or its Affiliate* in the conduct of one or more of its businesses that are unrelated to the provision of TLD Registry Services. This reflects the reality that many brand owners set up affiliated entities under the same corporate parent to run the registry operator aspect of their businesses, but still in furtherance of their brands.

January 31, 2014
Page 3

IV. There are no unintended consequences associated with the implementation of draft Specification 13

Brand Owners are not aware of any legitimate concerns or unintended consequences associated with the implementation of draft Specification 13. Indeed, Brand Owners have not heard any meaningful opposition to the proposed revisions. Again, Brand Owners believe that the definition of a .Brand TLD is sufficiently narrow to keep out non-bona-fide trademark owners, while also not affecting the already existing sufficient compliance measures available to ICANN if necessary.

V. It is appropriate to permit a Registry Operator for a .Brand TLD to limit its registrar use to one or more preferred ICANN accredited registrar(s).

The primary goal of registrar non-discrimination is competition, which provides consumer choice and downward pressure on pricing to third-party registrants.² Under a .Brand TLD, however, the registry operator and its affiliated companies are the registrants, and so there is no reason to believe that registrations will increase with more registrars and registrars will still be able to compete for the business of becoming the preferred registrar(s) and thus offer increased service at lower prices. Accordingly, the non-discrimination clause does not provide additional competitive benefits for .Brand TLDs as it does for open, generic TLDs. Requiring all registrars to have access to a .Brand TLD will, however, cause security concerns for brand owners that would have to open their TLDs to unknown and untrusted companies.³ By permitting .Brand TLDs to use trusted registrars, ICANN is allowing .Brand registry operators to better secure their online spaces to Internet users that will be visiting their websites. Thus, there are important benefits to allowing .Brand registry operators to use its trusted registrar(s), and no discernible costs to anyone in the Internet community.

VI. A two year “cooling off” period prior to re-delegation of the .Brand TLD upon expiration or termination of the Registry Agreement is appropriate (subject to the limitations provided in the draft Specification).

² *E.g.*, GNSO Final Report on the Introduction of New Generic Top-Level Domains, Background, Paragraphs 6-7.

³ *See* CRAI Report 2008.

January 31, 2014

Page 4

Brand Owners believe that at least a two-year “cooling off” period⁴ prior to re-delegation of their .Brand TLD to third parties is appropriate to protect not only their brand from the unauthorized use by third parties, but to protect Internet users from confusion and fraud. Under the .Brand definition, only the registry operator and its affiliates and licensees will be registrants in the TLD and the TLD has to be used for the furtherance of the brand and its goodwill. If the owner of that brand terminates its Registry Agreement, no one else can, under international unfair competition and trademark law, use the TLD in this same way.

If a third party were to take over the TLD, all of the registrants would withdraw from the TLD, and because the original registrant would no longer be using the TLD in furtherance of its brand, the meaning and intention of the TLD would also immediately change to Internet users. These changes render any public need to re-delegate the TLD moot because the intention and users of the TLD would no longer exist. More importantly, immediately re-delegating the TLD to a new registry operator—who would by definition use the TLD for a different purpose and have different registrants—would thus likely confuse many Internet users about the registry operator and purpose of the TLD and damage the underlying brand. Brand Owners recognize that many of their branded terms have different meanings for Internet users (including as source identifiers for different entities) and so are open to having these terms eventually become available for re-delegation in line with those other meanings. For the reasons discussed above, however, there is likely no public benefit to *immediately* re-delegating a .Brand TLD, only likely harm.

VII. A deferred Sunrise Period for .Brand TLDs is appropriate and beneficial to the entire Internet community

Specification 13 revises parts of the Registry Agreement to better reflect the unique purpose and registrants of a .Brand TLD, while maintaining the core requirements of the New gTLD Program that help the Internet community. A current requirement in the Registry Agreement that is beneficial to the Internet community including brand owners is the requirement for registry operators to run a Sunrise Period for each TLD where trademark owners will have the opportunity to register domain names consisting of their trademarks in open gTLDs before the General Registration period is opened for the public at large. Allowing legitimate trademark owners the early opportunity to secure their brands in generic TLDs protects their brands and the Internet community from the abusive activities of cybersquatters and other fraudsters. A Sunrise Period, however, does not achieve its purported goal in a .Brand TLD because the .Brand registry operator will set the registration eligibility policy to permit only the registry operator and

⁴ For example, it is prima facie evidence under United States trademark law that a term is abandoned so as to lose its significance as a source identifier and be available for use by others after three years of nonuse. *See* 15 U.S.C. § 1127.

January 31, 2014
Page 5

its affiliates and licensees to register domain names during the Sunrise Period. Accordingly, no third parties would be able to take advantage of the Sunrise Period except for the registry operator's affiliates and licensees, rendering the Sunrise Period a mere formality that merely delays a .Brand registry operator's full use of its TLD because it will not be able to register descriptive or generic words in its own TLD until the Sunrise Period is over. Under the Registry Agreement, however, the .Brand registry operator could later "open" its TLD to third parties and forfeit its Specification 13 revisions without having to re-run its Sunrise Period. To avoid the unnecessary delay of running an unbeneficial Sunrise Period and to maintain the noted benefits of the Sunrise Period to the wider Internet community for each TLD, Brand Owners support the proposal by NTAG in its December 20, 2013 public comments to defer the Sunrise period requirements of the Rights Protection Mechanism Requirements until the .Brand TLD opens its registry eligibility policies to third parties beyond its affiliates and trademark licensees.

VIII. Conclusion

Brand Owners are excited to see the Internet space expand in innovative and exciting ways, while maintaining the core rights protection mechanisms embedded in the New gTLD Program. However, it is important that the Registry Agreement which .Brand applicants must execute contain terms that recognize the unique type of TLD that .Brand applicants will operate. Accordingly, we respectfully request that ICANN swiftly adopt and implement Specification 13 with the revisions recommended above so that .Brand applicants may bring this welcome TLD model to the online marketplace without further delay.

Respectfully submitted,

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