



European Communities Trade Mark Association



Comments of MARQUES, the Association of European Trade Mark Owners and ECTA, the European Community Trade Marks Association on Expressions of Interest¹.

25 January 2010

About MARQUES and ECTA

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.

MARQUES represents trade mark owners across Europe who together own more than two million domain names (a conservative estimate). These domain names are relied upon by consumers across Europe as signposts of genuine goods and services.

Response

MARQUES and ECTA have been closely following developments concerning the roll-out of the new gTLDs . Our position has been consistent since DAG1:

If ICANN does not introduce adequate measures to protect IP, it should halt the new gTLD process.

This remains our position in relation to the EOI, even whilst acknowledging the benefits that an EOI process could bring to any organisation that is running a programme as complex as the introduction of new gTLDs. We understand that an EOI could help ICANN to match its resources to demand whilst also providing certainty to potential applicants about key dates. Nevertheless, we have concerns about another step towards implementation that ICANN should not take before addressing outstanding issues.

Furthermore, we understand that the EOI as proposed could allow “.brand” applicants to understand at an early stage in the process whether they face any competing applications. This could be valuable intelligence for a trade mark owner.

However, MARQUES and ECTA feel that the EOI as currently proposed by ICANN offers insufficient advantages to either potential “.brand” applicants or the wider community of trade mark owners. If

¹ <http://www.icann.org/en/announcements/announcement-2-18dec09-en.htm>



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ICANN does introduce EOI process is to be introduced, MARQUES and ECTA make the following further observations.

Clarity over the title

If an Expression of Interest is to be accompanied by part-payment of the Application Fee, we suggest ICANN abandons the term “Expression of Interest” and calls it “Stage One of the Application Process”: this conveys the appropriate sense of urgency to those still considering an application. It is clear that if you miss Stage One of an Application Process you are excluded from further participation. From the name alone, it is not clear that if you miss submitting under an EOI you will be excluded.

Under the IDN Fast Track EOI, countries or registries that missed submitting under the EOI were not excluded from the final process. In our view, ICANN needs to demonstrate consistency.

Certainty over outstanding issues

We do not think that the EOI/Stage One should be opened until there is agreement in the ICANN community, including the GAC and especially the GNSO, that the Over-Archiving issues identified during the DAG process have been resolved.

Unlimited new gTLDs will bring significant risk and cost to the public and trade mark owners unless there are stronger measures to protect consumer rights and the rights of others. We would like both DAG4 and the Final Version of the Registry Agreement to be published before the EOI/Stage One begins.

In the current economic climate, it would be very hard for a corporation – especially one that is publically-owned - to commit to pay a substantial sum to participate in an EOI/Stage One whilst so much uncertainty remains.

Whilst we note that ICANN says, “It is the intention to conclude many current open issues prior to initiation of the EOI process”, MARQUES and ECTA feel that ICANN **must** actually resolve all remaining substantive issues before opening the EOI/Stage One. These issues include (but are not limited to):

- Rights Protection: it is remarkable to our members that the EOI/Stage One is being offered to the community for comment before the final package of measures to protect the rights of others have been confirmed;
- The other Overarching issues: The Economic impact of the new gTLDs, Malicious Conduct, Security & Stability;
- The Objection process; and
- Details of the costs and discounts involved in applying.

Creation of a market-place

Unless there are restrictions on the ability to transfer an application under EOI/Stage One, there is a considerable risk that speculators will speculate in a new form of “domain name tasting”. Speculators could create a marketplace in which legitimate rights owners may feel that they have no choice but to “buy-up” pending applications rather than face the risk and uncertainty of trying to oppose under later stages of the process, particularly if they are not known.

In addition, restrictions on transfer will need to cover not just “assignment” of applications but “change of control” type restrictions too.

Confirmation of timelines

We would like the time gap between the launch of the EOI/Stage One and the Opening of Applications to be a minimum of three months and a maximum of six months.

Brand owners need to be able plan with certainty. Making a financial commitment that you may need to carry forward across one or more financial years with no end-date in sight will be burdensome for most organisations, including many trade mark owners.

Furthermore, for those who have not applied, we believe that they will need a minimum of three months in order to develop a strategy where “their” character string has been indicated by one or more applicants.

Communications Campaign

The communications campaign promoting the EOI/Stage One should run for at least four months before the EOI opens. Advocates for the new gTLD programme need at least this time to be able to communicate the risks and rewards of applying within their organisations, to calculate the resource implications and to prepare business plans and obtain budgets.

However, ICANN would do well to consider the extent of publicity and how this ties in with the most common business cycle of financial years and budget planning. Many organisations have financials years that end in December or in March.

Publication of applicants and character strings

If the EOI becomes “Stage One” of the application process and no further applications can be submitted after it closes, then MARQUES and ECTA see no problem with the publication of a list that matches applicants to character strings for the reasons given above. However, application under the EOI/Stage

One should not create any rights or entitlements for applicants in the first round over applicants in later rounds or those who do not apply who may wish to mount an objection.

We also believe that applicants for Community-based gTLDs should provide the name of the government authority that is endorsing them/providing the Letter of Support – and that the identity of this authority should be published. This would prevent objections being raised by central government if there is no transparency as to who/which body in local/federal government provided the letter of support for the community based application.

Fees

We believe that the proposed costs of participation in Phase One need to be reconsidered. We believe that ICANN might usefully consider a stepped range of fees starting at \$25,000 for those who are applying for an identical match to a trade mark term that has been registered for at least three years and for cities or geographical communities that can demonstrate a Letter of Support from the appropriate authority, rising to \$50,000 for those applying for a generic term.

This structure would deter speculation and would be reasonable for brand owners who wish to participate but must argue within their organisations for the funds. MARQUES and ECTA would also like any applicant under Stage One to be allowed to withdraw their application without financial penalty less a modest administration fee (say, \$1,000 at most) should they decide it is in their best interests to discontinue an application before Opening of Applications (Stage Two). In addition, the fee payable to participate in the EOI/Stage One should be refundable if the Opening of Applications (Stage Two) does not take place within four months of the EOI/Stage One.

Announcement of Round Two:

We believe that ICANN should announce a target date for the opening of the second round of applications at the time that it announces the launch date of the EOI/Stage One. This will assist brand owners and others in the community who chose not to participate to give reassurance to their organisations that they can participate in the future and to prepare budgets and business plans.

Information and Advice to EOI/Stage One Applicants

During the period between the launch of the EOI/Stage One and the Opening of Applications/Stage Two, we believe ICANN should hold a series of workshops limited to applicants to assist them in managing their applications. For example, such workshops could cover what will happen if a third party objects to an application and how effective rights protection mechanisms can be run and the impact the URS and the UDRP can have on a registry operator.



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The EOI should not be taken as demonstrating demand for new gTLDs

It is possible that some brand owners may feel compelled to apply under the EOI/Stage One in order to have the maximum number of options open to them as they consider the impact the new gTLD programme will have on their brand protection strategies.

MARQUES and ECTA do not believe that ICANN should use the number of applications it receives to demonstrate that there is economic demand for new gTLDs. After all, it is possible that speculators may form the majority of applicants. The economic case for new gTLDs needs to be proven by considering the needs and concerns of all internet stakeholders.

Other answers to the questions raised specifically by ICANN

ICANN asks: What information should be collected from EOI participants?

We suggest the category under which the application is being made needs to be collected – Standard or Community-based as well as whether the application will be for an IDN. We would also like to see an additional category such as “Private Brand Registry” for trade mark owners who are applying whose registries will not be open to the general public. This information will enable ICANN to qualify the expertise/resourcing that it will require in evaluating new gTLDs

ICANN asks: What are the potential risks associated with the EOI?

Should the Objection Process outlined in DAG3 apply as soon as details of EOI/Stage One applicants and strings are published?



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CONCLUSION

MARQUES and ECTA have consistently voiced our concern at ICANN's plan to introduce an unlimited number of new gTLD extensions through a process that could expose trade mark owners to risk and expense and the consumers that depend upon trade marks to confusion. Many of our members are of the belief that it is the family of ICANN (registry operators and registrars) who stand to profit from new gTLDs who have been driving the process forward.

We hope that ICANN will note our comments on the EOI/Stage One in the context of the comments of the GAC which called for "the more effective protection of intellectual property rights" in its Communiqué of 28 October 2009 and make greater efforts to resolve the outstanding issues, including trade mark protection, before proceeding. We remind ICANN of its Affirmation of Commitments and draw particular attention to paragraphs 4, 6 and 7.

Submitted by:

Nick Wood
Chair
MARQUES CyberSpace Team
info@marques.org
www.marques.org

Andrew Mills
Chair
ECTA Internet Committee
ecta@ecta.org
www.ecta.eu