



International Trademark Association
Representing Trademark Owners Since 1878

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**COMMENTS OF THE
INTERNATIONAL TRADEMARK ASSOCIATION
ON THE DRAFT APPLICANT GUIDEBOOK FOR NEW GTLDS**

The International Trademark Association (INTA), acting through its Internet Committee, welcomes this opportunity to provide comments on the Internet Corporation for Assigned Names and Numbers ("ICANN") Draft Applicant Guidebook for new gTLDs ("DAG").

INTA (<http://www.inta.org>) is a 130 year-old not-for-profit membership association of more than 5,800 trademark owners, from more than 190 countries, dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce. Over the last decade, INTA has been the leading voice for trademark owners on the future of the Internet DNS, and it is a founding member of ICANN's Intellectual Property Constituency (IPC).

Executive Summary

INTA has participated in the process for introducing new gTLDs since ICANN's inception. Through its activities in the Intellectual Property Constituency (IPC), INTA has consistently expressed the view that any procedure for introducing new gTLDs must not place unfair burdens on intellectual property owners, and must protect the interests of Internet users. See IPC comments on new gTLDs, <http://www.ipconstituency.org>

INTA considers the development of a policy for introducing new gTLDs in a safe and responsible manner as central to ICANN's mission. See ICANN Bylaws, Article 1, Section 2. <http://www.icann.org/en/general/bylaws.htm>

In the Joint Project Agreement (JPA) with the United States Department of Commerce, ICANN identifies specific responsibilities in Annex A of that agreement as evidence of its commitment to provide private sector-led management of the Internet DNS. In regards to TLD management, ICANN affirms in the JPA, that it will build upon processes to ensure that consumer interests are identified and considered in TLD management decisions. See Annex A, Affirmation of Responsibilities, Joint Project Agreement, <http://www.icann.org/en/general/JPA-29sep06.pdf>.

INTA believes that substantial work remains for ICANN to bring the DAG and its new gTLD procedure into compliance with the relevant provisions of its Bylaws and the JPA.

INTA continues to believe that a responsible expansion of the domain name space must be limited to the introduction of market differentiated, sponsored (in the DAG, community-based) gTLDs. While the DAG contains numerous references to the "opportunities for innovation" and

“increased competition” arising from the introduction of new gTLDs, INTA remains concerned that the provisions of ICANN’s new gTLD procedure merely encourages applicants to duplicate the existing domain name space, rather than encouraging innovation at the top-level of the domain name hierarchy.

Sponsored (or community-based) TLDs are, by their very nature, differentiated and targeted to a specific registrant population. The existence and enforcement of eligibility requirements for sponsored TLDs has resulted in significantly decreased incidences of fraud and cybersquatting and minimize the need for trademark owners to secure defensive registrations to protect their intellectual property and prevent confusion among Internet users. ICANN should seek to replicate this experience through the introduction of only community-based TLDs.

INTA continues to have significant concerns regarding the costs and resource requirements that the introduction of a large number of new gTLDs will have on trademark owners and businesses (excluding registries, registrars, and other companies in the domain name industry) more generally. These costs and resource requirements, which would be significant in any economic environment, are of particular concern in light of the current global economic downturn.

Because ICANN is charged with representing all stakeholders in the community it serves, INTA urges ICANN to develop and present a structure that will not unfairly prejudice or burden business owners (both large and small) who may be faced with protecting their rights amid hundreds of new registrations across multiple new gTLDs, particularly in trying economic times.

INTA believes that it is incumbent upon ICANN to inform the community of any independent studies it has commissioned which assess the impact of introducing new gTLDs on both right holders and Internet users. INTA is concerned that the community remains unaware of the status of the broad economic study on the domain name registration market called for years ago by the ICANN Board in its October 16, 2006, Board Resolution. See IPC Comment on the CRAI Report, <http://forum.icann.org/lists/crai-report/msg00013.html>.

In accordance with the principles of openness and transparency, ICANN should reveal to the community the status of these important studies, engage in further meaningful consultations with stakeholders, and modify its new gTLD procedure and the DAG accordingly. INTA welcomes the opportunity to provide ICANN further input on this important issue.

INTA believes that ICANN must implement the new gTLD procedure with appropriate safeguards to address the economic realities of the marketplace, or it will further reduce institutional confidence in its processes and governance. Proceeding without the safeguards in place will inevitably delay the transition of the management of the Internet DNS to the private sector. See Statement by United States Department of Commerce on the Mid-Term Review of the Joint Project Agreement, http://www.ntia.doc.gov/ntiahome/domainname/ICANN_JPA_080402.pdf

INTA provides its specific comments on the DAG below by module, and its comments on the Explanatory Memoranda are included in each corresponding module.

Module 1: Introduction to the gTLD Application Process

Evaluators. The DAG provides no information about the selection process for Evaluators.

ICANN should include in the next draft of the DAG a description of the selection process and criteria that ICANN intends to use.

Public Comment. It is not clear from the DAG what types of information and comments are appropriate for the public comment period (as opposed to the objection process). ICANN should provide examples of the categories of information and comments that would be appropriate for this process. ICANN should also ensure that Evaluators are provided with relevant comments in their entirety and not merely summaries.

Open or Community gTLD. ICANN should clarify if a community-based gTLD may include a “branded” gTLD applied for by the brand owner that will be operated solely for the brand owner’s benefit and in which registration will be restricted. INTA believes that such “branded” gTLDs meet the criteria, and the applicant could designate its application as community-based, at least where domains would be owned or used by a reasonably large population, such as the brand owner’s customers or licensees. If ICANN does not intend to consider such a “branded” gTLD within the scope of community-based gTLDs, it should specifically state that conclusion and its reasoning.

Required Documents. ICANN should clarify how newly-formed applicant entities may comply with the financial statements requirements.

Registration Fee. While INTA assumes there will be only one \$100 registration fee for each application, ICANN should clarify the same and, if not, state its reasoning.

Cost Considerations.

- Estimated Application Fee. INTA objects to ICANN’s stated intention to seek to retroactively recover from new gTLD applicants the monies expended on drafting the implementation plan. These costs have already been incurred and were not incurred in a transparent manner. As for the \$60,000 attributable to “risk/hard-to-estimate costs,” INTA notes that the explanation provided at the Cairo meeting for this amount – potential litigation costs – is inconsistent with the blanket waiver/covenant not to sue currently included in the Application Terms & Conditions. Assuming that this \$60,000 component remains in the final application fee, INTA believes that this amount should be held in escrow, withdrawn as needed (subject to appropriate documentation), and the remaining balance refunded equally to all applicants.

- Refund Excess Funds. All excess funds collected as new gTLD application fees should be refunded on an equal basis to all applicants. “Engaging the community” will invariably generate conflict and controversy within the community, as well as between ICANN and the community. Refunding excess funds as proposed not only avoids such conflict and controversy, but is mandated by principles of fairness and equity.

- Annual Fees to ICANN. ICANN has failed to provide any acceptable rationale for the imposition of an annual registry fee of not less than \$75,000 when one considers that one registry currently pays ICANN only \$500. The reality that a number of successful new gTLD applicants – especially community-based applicants – could operate registries with relatively low numbers of registrants underscores this problem. Further, it is simply inappropriate to require new gTLD registries to bear ICANN’s costs of “possible increased registrar activity,” including registrar-related compliance.

Module 2: Evaluation Procedures

String Confusion Review Failure and Extended Review. The draft string review procedure states, “[a]n application that fails the string confusion review and is found too similar to an existing string will not pass the Initial Evaluation, and no further reviews will be available.” Notwithstanding the appropriateness of requiring a high level of uniqueness or non-similarity between strings¹, given the imperfect nature of the string comparison algorithm, and the subjective nature of determining similarity between two strings, the applicant whose string has been rejected on string confusion grounds should have the option of proceeding to an Extended Evaluation.

Limitations on Evaluators’ Ability to Request Further Information. Section 2.1.2.2 states that the evaluators may make only one request for further information or evidence from an applicant. There is little reason for this restriction, which conflicts with the goal of allowing evaluators to obtain sufficient information to decide applications on their merits.

0-1-2 Point Scale. The evaluation point scale, which generally offers the options only of grading an application 0, 1, or 2 on a particular criterion, is too compressed. This scale will not allow ICANN to differentiate in a meaningful way among applications. At a minimum, a 0-5 or 0-10 scale should be used.

Limited Conflicts of Interest Policy. The “Probity and Conflicts of Interest” policy in section 2.3 is inadequate insofar as its only effect would be to prevent *ex parte* contacts between the applicant and ICANN staff, board, evaluators, experts, etc. At a minimum, the conflicts policy should also ensure that no party involved with the consideration of a particular application has a conflict of interest with respect to prior or current work with the applicant or a party that might be adverse to the application.

Evaluation Criteria.

- Registry Failure. Applicants should prove that they are able to run the new gTLD for at least 5 to 7 years. A requirement of a deposit for securing the costs of running the registry for an appropriate transition period in the case of registry failure would create a secure situation. By doing so ICANN could take over or redelegate the management for the registry without cost to the community. It would give registrants who may have invested in registrations and marketing around a domain name a chance to gradually move away from the gTLD. Thus, making the new gTLDs more safe and attractive.

- String Review. Before addressing the specifics of the string review procedure and criteria, it is important to note, with disapproval, how it contrasts with the process for determining that the string does not conflict with other legally recognized interests. The string selection process (and the process of determining what entity should have priority over a given string) is, in all other aspects, strictly objection driven. For example, if a new gTLD encompasses a trademark (even the most globally famous of marks) owned by a third party, the trademark owner must file an expensive dispute resolution proceeding to object to the application. The same is true of community members who object to a relevant application, or those who contend that a proposed string is contrary to morality and public order. However, the very premise of the string review process is fundamentally flawed in that it privileges other TLD operators and certain organizations, like ICANN itself, whose names are on the Reserved Names

¹

See comments on String Review under Evaluation Criteria, below.

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List. This is another respect (in addition, as discussed elsewhere, to proposing that new gTLD operators merely adopt rights protection mechanisms such as sunrise period and the UDRP) in which ICANN imposes on the business community high cost solutions that do not scale into the larger ICANN scheme to unleash hundreds of new TLDs into the root. While imposing high-cost solutions on business owners for protecting their rights in all these spaces, ICANN adopts a no-cost mechanism (i.e., the Reserved Names list) for itself. If the process is to be truly objection-based, these stakeholders should be forced to file a dispute resolution proceeding. Otherwise, as set forth below ICANN should undertake a more comprehensive review in its string review stage.

▪ If ICANN proposes to preserve the string review against other TLD strings and the Reserved Names list, ICANN should undertake a more comprehensive review in its string review. This review should include comparing the proposed string with a “Trademark Reserved List” open to any trademark owner that can meet specific, objective, verifiable criteria demonstrating the scope of the business owner’s trademark rights. Such criteria could include:

1. Ownership of trademark registrations of national effect for the mark at issue in a sufficient number of separate countries;
2. Ownership of trademark registrations of national effect for the mark at issue in a sufficient number of ICANN geographic regions; and
3. Demonstration (and supporting documentation) that the mark at issue has been the subject of repeated cybersquatting, as established by successful proceedings under the UDRP, other dispute resolution policies applicable to other TLDs, or applicable national law.

A prospective TLD applicant whose proposed string has been determined to be likely to be confused with a mark on the “Trademark Reserved List” should be permitted to bring an expedited administrative proceeding to allow its application to move forward. We propose that this proceeding should be administered by the WIPO AMC, which has already been identified by ICANN as one of the likely DRSPs.

▪ If the string review is to be adopted with respect to the limited number of variables mentioned in Module 2, there are still several issues with the string review criteria and procedure:

1. From the point of view of preventing user confusion, ICANN should consider adding other terms commonly found in Internet URLs (most notably “HTTP” and “HTTPS”) to the Reserved Names List.
2. Even if the string confusion review does not encompass an analysis of similar trademarks, it should, for the sake of efficiency alone, analyze the string’s similarity to any string whose application had been successfully opposed through a dispute resolution proceeding. Of course, in some circumstances, the new application may be distinguishable from the unsuccessful one (such as where the new application owner has the support of the relevant community or government, or the new application is filed by the very trademark owner that opposed the old one). However, inefficient serial dispute resolution proceedings can be avoided if the String Similarity Examiners consider, at

least on an initial basis (and an Extended Evaluation should be available in this case), that the same or nearly the same string was rejected in an earlier dispute resolution proceeding.

3. The most significant flaw is that while the “Standard for String Confusion” ostensibly borrows from trademark law, it does so only superficially, and in a manner that pays only lip service to the policy goal of the likelihood of confusion standard, namely, to prevent consumers (here, Internet end users) from being confused, deceived, or defrauded.

First, while the GNSO Council explicitly declined to limit the string review criteria to visual similarity, ICANN staff, in drafting the DAG, explicitly limited the definition of string confusion to cases “where a string so nearly resembles another visually that it is likely to deceive or cause confusion.” In trademark cases, even when considering merely the similarity of two marks (one of several factors in a likelihood of confusion analysis), courts generally consider both similarity in form (which itself encompasses both visual similarity and phonetic similarity), and similarity in meaning (semantic similarity). Yet the DAG is limited to visual similarity and the string confusion algorithm reinforces this limitation.

While we appreciate the attempt to develop an objective criterion, as nearly any trademark lawyer would agree, the likelihood of confusion analysis simply does not lend itself to string empirical analysis because it concerns human pattern recognition and the psychological propensity to subjectively associate one thing with another. The algorithm’s results are less instructive than the human review by the String Similarity Examiners that will occur in any application. Since the algorithm appears to be of little concrete value, and may introduce problems with its misleading results, the best approach would be simply to remove it from the process, in addition to expanding the string confusion standard beyond visual similarity.

Second, the DAG recites that, “[f]or the likelihood of confusion to exist, it must be probable, not merely possible that confusion will arise in the mind of the average, reasonable Internet user.” It is true that trademark law requires a likelihood of confusion, and that the relevant universe includes people showing merely the average level of familiarity with the products at issue (or here, TLD strings) and exercising the ordinary/reasonable level of care in selecting the product (or typing the Internet address). For this reason, consumer confusion surveys in trademark cases are generally limited to people who have been, or may be in the market for the product at issue within a reasonable period of time. In addition, surveys employ a control to filter out background noise. However, it should be made clear that this is far from saying that a *majority* of that universe must be confused for there to be a likelihood of confusion. As the leading treatise states, “[l]ikelihood of confusion is found by such a likelihood among a ‘substantial’ or ‘appreciable’ number of reasonably prudent customers. An ‘appreciable’ number is not

necessarily a majority, and in fact can be much less than a majority.”²

“Generally, figures in the range of 25% to 50% have been viewed as solid support for a finding of a likelihood of confusion,”³ with courts accepting results in the 10-20% range as probative of a likelihood of confusion within a properly conducted survey. The policy reason for this is both simple and directly applicable to the string review context: in a large market (such as billions of Internet users), even a relatively small but appreciable minority can represent millions of consumers confused.⁴ In the Internet address context, where the consequence of confusing one address for another can easily result in a user falling victim to a phishing attack or other Internet security threats, ICANN should err well on the side of protecting Internet users by setting a high bar for the uniqueness of TLD strings.

○ Applicability of Criteria to Closed, “Branded” TLDs. One result of the TLD application process may be the development of “branded” TLDs, where the TLD string is the applicant’s pre-existing trademark. For illustration purposes, such a TLD might take any of at least three forms:

1. A company wishes to operate a TLD to provide unique Internet “entry points” for its multitude of customers, such as users of an Internet portal or news site, or bank depositors.
2. A company licenses or franchises its trademark to an independent sales force numbering over 100,000, or a large number of independent offices, and wishes to create a “branded” TLD to provide unique web addresses as a service to those licensees for their use in marketing to the public.⁵
3. A company wishes to operate a “branded” TLD purely for its own marketing use, with all domains in the registry being owned by the registry operator.

First, at least forms (1) and (2) appear to meet the criteria for community-based gTLDs, but this should be clarified. However, in such cases, it is not clear that the objection of members of the target community (for example, customers of an international coffee chain) should have standing to object to the application where the string consists of the applicant’s trademark.

Most significantly, the emphasis on continuity (both in criteria and scoring) may not be appropriate in such cases (although in most cases, protecting registrants through the continuity requirements is a laudable goal). In example (3) above, there is little need for continuity, since

² 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 32:185 (rev. 2008).

³ McCarthy, § 32:188 and cases collected therein.

⁴ *See Quality Inns Int'l v. McDonald's Corp.*, 695 F. Supp. 198 (D. Md. 1988) (commenting, in accepting 16% confusion number, that “[p]rojected across the 144 million people who are considered to be the potential audience for [defendant's services], well over 20 million would be likely to be confused. This is not an insubstantial number.”)

⁵ Restaurant franchises may have tens of thousands of locations worldwide. Similarly, cosmetics and real estate brokerage are two examples where sales forces can number upwards of 100,000, with each sales representative conducting their own marketing.

the registry operator is the only registrant. In examples (1) and (2), the registrant's ability to use a domain where the TLD is the company's trademark depends entirely on, and is subordinate to, the registrant's ability to use the trademark. If the trademark owner decides for business reasons that it no longer makes sense to offer the service of "branded" domains in the TLD, it should be free to cease doing so. Indeed, quality control over the uses of one's trademark is the *sine qua non* of trademark ownership. As a result, any scenario where the continuity requirements dictate that ICANN could re-delegate ownership and operation of such a registry to a third party without the trademark owner's consent may render it untenable for trademark owners to submit "branded" TLD applications.

- Preference for New Business Models. The Evaluation Questions and Criteria state that "an important objective of the new TLD process is to diversify the namespace, with different registry business models and target audiences." While accommodating new business models seems a worthy means toward diversifying the namespace, accommodating new business models should not be an objective in its own right. ICANN should, on the margins, be free to reject applications because it determines that the business model does not serve the interests of the community. For instance, a model that either explicitly or implicitly seeks to profit through wildcard monetization of domains in order to profit from unregistered domains (and 'incentivise' corporations to obtain purely defensive registrations) is a model that ICANN should be free to reject.
- Objective Criteria for Consumer Protection. The Evaluation Criteria state that criteria can be objective for registrant protection. However, policies that aim at protection of non-registrant Internet users can also be objective. For instance, question 45, concerning the provision of Whois ownership information (which is critical for consumers verifying sites with which they do business), should solicit an answer consistent with objective requirements, rather than one that "is consistent with the business model."
- Required Rights Protection Mechanisms. Question 31 indicates that, for an acceptable "1" score, rights protection mechanisms "at least at registry start up" (i.e. in addition to the UDRP, which would apply later) are required. INTA strongly supports and applauds this requirement.
- Obligation to Abide by ICANN Agreements and Policies. During discussion of the new gTLD introduction process at the GNSO council level, we understood that the obligation of new gTLD operators to abide by ICANN consensus policies is not subject to debate. It would be helpful if the Applicant Guidebook restated this obligation explicitly, and made clear that the Evaluation Questions that ask applicants how they intend to comply with certain policies and standards are not to be construed as inviting responses that re-interpret or otherwise do not comply with those policies and standards.

Geographical Names Process.

- The DAG reflects a startling omission – the fact that some country names have well-used and general meanings in the English language. The requirement that applicants for TLDs that are country names must submit evidence of government support or non-objection makes it

quite unlikely, for example, that communities consisting of manufacturers of china or turkey farmers would be able to secure the most logical TLD for their respective communities (.china and .turkey).

- In addition, some territory names are also geographic indicators or appellations of origin for a specific product, such as Champagne. The support/non-objection requirement also makes it quite unlikely that the producers of products identified by these geographic indicators will be able to secure TLDs corresponding to their respective communities.

- The proposal to have multiple applicants for the same city name TLD “resolve the contention themselves” is odd. Why only these applicants? Moreover, the reference process regarding contested delegation of ccTLDs does not seem parallel. While there are likely few competing applicants for the same ccTLD, there are numerous potential applicants for city name TLDs. For example, there are more than 60 cities named Berlin, and Paris is a city in France, Illinois, Idaho, Texas and Tennessee.

Module 3: Dispute Resolution Procedures

INTA has focused its comments to Module 3 on “Legal Rights Objection” because this is the ground of most concern for its members. INTA is concerned that ICANN has not yet finalized contracts with the Dispute Resolution Service Providers (“DRSPs”) and that each DRSP has not yet made public its proposed final procedures and standards. This lack of certainty is detrimental to potential applicants, trademark owners and Internet users alike.

Standing. In addition to a trademark owner, an exclusive licensee should also have the right to file legal rights objections. Objections based on morality should not limit standing to any particular recognized authority or government, as there may be constituencies that legitimately object on such grounds, but are not recognized formally as an authority.

Procedure for Filing an Objection.

- The 2,500 word limit is half the 5,000 word limit specified for a UDRP complaint filed with WIPO, and should be lengthened. ICANN should clarify whether the filing deadline is the DRSP’s receipt date or the objecting party’s filing date. Requiring that each type of objection must be filed separately with each DRSP and with separate filing fees is unduly burdensome. If one objector has multiple bases for objecting to the same application, the objector should be permitted to file a single complaint that covers all grounds, even if each basis is evaluated separately by the DRSPs. Furthermore, because string confusion objections and legal rights objections may overlap, such objections should be capable of being heard together. Finally, since one objector may be forced to pursue different types of objections before different DRSPs, there is some risk that those DRSPs may produce conflicting outcomes even though the disputes are premised on the same facts. ICANN should identify and develop the mechanism that it plans to implement to resolve any such inconsistent outcomes.

- The fee for a UDRP complaint to be heard by a single panelist is 1,500 USD. Accordingly we would expect the fee for legal rights objections to be at the lower end of the range stated in the DAG. The DRSP rules must specify when and under what conditions filing fees may increase or be refunded. Parties should be permitted to establish accounts with the DRSPs for administrative ease of payment.

Filing a Response to an Objection. The inclusion of a default judgment is welcomed by INTA and is an improvement over the current UDRP. Reasonable exceptions should be provided for the filing of responses past the 30 calendar day deadline. The 2,500 word limit for responses should be extended. We endorse the requirement that the applicant must pay a non-refundable fee to file a response to an objection. This requirement will prevent applicants from filing responses even when they have no realistic prospect of successfully defeating the objection.

Dispute Resolution Procedure.

- Each DRSP must include an appeals process regarding objections dismissed under procedural rules. Provisions should also be made for re-filing or amending an objection that is dismissed for failure to comply with procedural rules within the existing timeframe. Objecting parties should have the right to refuse consolidation of objections (particularly legal rights objections). Based on the success of the “cooling off periods” used by Nominet and OHIM, INTA recommends that the “cooling-off” period be mandatory. One extension of time should be automatic during a cooling off period. A maximum amount of time for such extensions can be set.

- Panelists should have a minimum of five years’ experience in dispute resolution. ICANN should issue guidelines which make it clear what type of documents can and cannot be required by the panel. Discovery should be allowed where necessary, however. Panelists should not be allowed to unilaterally appoint experts to be paid for by the parties. Instead, either both parties must approve the appointment, or a single party may approve the appointment (and, in that event, bear the costs).

- Hearings should be permitted only in exceptional cases and must be public and permitted to exceed one day if necessary. Either party should be able to request a hearing.

- Any additional fees must be subject to a ceiling and be based on pre-determined, objective criteria. The fees for morality and community objections should have fixed rates, just as the string confusion and legal rights proceedings. It is unclear why, as a matter of policy, there should be disparities in the costs associated with different types of proceedings. We endorse the return of fees to the prevailing party.

Dispute Resolution Principles. It would be helpful if the rules could explain clearly the standard of proof, i.e., whether the civil law standard of “on balance of probabilities” will be employed rather than a stricter standard such as the “beyond all reasonable doubt” standard used in criminal proceedings in the U.S.

String Confusion Objection. Using a probability of confusion seems to be an onerously high standard, and should be changed to a likelihood of confusion standard. It is not clear if the use of the word “deceive” in “likely to deceive or cause confusion” imposes an intent requirement. ICANN should clarify this point. Likewise, it is not clear if “probable” has the same meaning as “balance of probabilities.” It is also not clear who the “average reasonable internet user” is. Please see our comments on the application of the likelihood of confusion standard under Module 2.

Legal Rights Objection.

- The burden of proof should shift to the applicant to show cause why the application should not be refused if the applicant has unsuccessfully defended more than a given number of UDRP or gTLD claims in a 12 month period. Unregistered marks should be a permitted basis of claimed legal rights.

- It is not clear if the language “takes unfair advantage of the distinctive character or the reputation of the objectives for the trade or service mark or unjustifiably impairs the distinctive character or the reputation of the objector’s mark” allows for dilution in addition to the likelihood of confusion. INTA believes it should, and that the language in this provision be clarified accordingly.

- ICANN (or the DRSP) should explain how global considerations will be applied, particularly in respect of determining a similar semantic meaning between strings.

- The third non-exclusive factor, “public recognition,” is also somewhat problematic. Who is the relevant sector of the public? Moreover, except in cases where both parties claim trademark rights, should the question not be simply whether the applicant has rights, not whether the sign corresponding to the TLD is recognized as the mark of the objector or a third party? This raises the question of how claims between parties of competing legal rights will be determined. This question is important and must be answered.

- The fifth non-exclusive factor (the extent to which an applicant has used or made demonstrable preparations to use the sign corresponding to the TLD) should be acceptable so long as it corresponds to the equivalent provisions of the UDRP. ICANN should confirm that the reference to “bona fide” imparts an obligation of good faith, which INTA believes it should.

Morality & Public Order Considerations.

As a matter of principle, INTA agrees that new TLDs should be restricted to protect the rights of those who would be offended or harmed by material which is widely accepted as being offensive and not deserving of the protection that free speech usually affords. Nevertheless, there are a number of important issues that should be considered in balancing morality and public order considerations with the rights of business owners:

- Differences between gTLDs and second-level domains. Although second-level domain names under the current gTLDs have not to date been restricted on the basis of these considerations, there is a significant difference between second-level names and TLDs. Second-level names are, for the most part, registered through an automated process with no manual checking of the name at all. For these new TLDs there is every opportunity to manually review and decline applications on any number of criteria, including this one.

- Context of Proposed Use. There is concern that the general principles set forth in the DAG could prevent legitimate use of a brand owners’ trademark as a new gTLD and/or give rise for a basis of objection. Context is key. For example, Australian Trade Mark Registration No. 723110 covers “Wogs” for entertainment services. One meaning of the word “wogs” in Australia is an ethnic slur or racist term used, for example, towards immigrants traditionally of South European, Mediterranean and Eastern European descent. In most of the world, the word may have no racial connotation. By way of further example, the New Zealand soccer team is called the “All Whites” because they wear white. ALL WHITES is their trademark. In New Zealand there is no racial connotation to the name at all. If the team wants to register and use

.allwhites for a relevant purpose and community, there should be no difficulty with that. They use the name in other ways now, and cause no offense. Obviously if the name were to be used for other purposes there is a real potential for offense.

Would an objection against a “.wogs” or “.allwhites” gTLD succeed? The answer must depend on context and the proposed use. Considering the context and proposed use opens up a more complicated and extended review, not only of the proposed gTLD string, but also of its proposed use and community to determine whether or not it falls within accepted parameters or into one of the proposed “exceptions”. The gTLDs are first and foremost there to act as an identifying address on the worldwide web. In reality it is likely to be the content of websites and not their gTLD in the main which will cause concerns as to public morality and the like. Whether or not the use of a particular approved new gTLD subsequently proves to contravene morality and public policy could then be left to be dealt with appropriately by the myriad of other international and local laws in place to deal with such offensive use.

○ Morality and Public Order Considerations in Relation to Legitimate Trademark Rights. Trademark owners who are not using their trademarks in any offensive way should be able to seek registration of those trademarks as new gTLDs despite any public morality and associated restrictions. It is true that in some jurisdictions registration of trademarks is restricted to some degree, preventing for example registration of trademarks contrary to law or scandalous. However, in those cases the trademarks being examined are by reference to a particular jurisdiction, such that issues as to the mark being contrary to law can be examined within a defined set of parameters (unlike the new gTLDs which are global). Further, the registration of a trademark provides the owner the exclusive right to use the trade mark as a brand in the jurisdiction, for example, and lack of a trademark registration does not prevent use (as a common law trade mark or otherwise). The restriction of new gTLDs based on morality and public order criteria would act to prevent any use as a domain name string.

INTA believes that any interested party should have the right to object on the grounds of morality or public order. In conclusion, we agree with the 3 categories proposed as the standard of generally accepted legal norms relating to morality and public order that are recognized under international principles of law. However, we strongly suggest that the proposed registry owner, use and community for any proposed new gTLD be taken into account in the consideration as to whether there is a real (rather than theoretical) likelihood of any particular name being used in a way that may incite or promote violent lawless action, discrimination, etc.

Module 4: String Contention Procedures

String Similarity Examiners/Panel. The Module makes reference to a panel of “String Similarity Examiners” (called the “String Similarity Panel” in the companion paper) responsible for deciding whether and which strings are in contention. This panel is to base its evaluation on “human judgment assisted by criteria and algorithm outcomes.” In general, the suggestions for identifying contending strings/contention sets are straightforward and well thought out. However, neither the Module nor the companion paper makes clear whether strings will be translated for purposes of determining which strings may be in contention. Consideration should be given to whether translations should be part of this process.

Database. Although not discussed, a timely updated database seems a necessary precursor to operating a system based in part on applicant objections.

Comparative Evaluation.

○ While the Comparative Evaluation idea is a good one, the implementation seems to warrant further consideration. The standards for evaluating the four criteria seem arbitrary and invite subjectivity. For example, with respect to the first criterion (nexus between the applicant and the community), 3 points are to be awarded where the string is the name of well-known abbreviation of a community institution, but only 2 points are to be given where the string is relevant to the applicant's area but also has well-known associations. What would the result be if the owner of the DOMINO'S mark for pizza applied for .dominos to be used by its suppliers and franchisees? DOMINO'S -brand pizza is very well-known in the United States, but there is also DOMINO-brand sugar, as well as the game of dominoes. Would the applicant get 2 or 3 points? With respect to the second criterion (dedicated registration policies), it is not clear why an applicant should lose a point simply because the applicant would allow some with an informal association with the community to register a domain using the string.

○ The procedure provides that a "clear winner" exists if one and only one applicant scores 11 or 12 points or, where two or more applicants so qualify, one applicant "represents a much larger share of the relevant community." Thus, if two or more applicants score 11 or 12 points and no one applicant represents a dominant share of the relevant community, there is no "clear winner." The Module specifies that the process then moves to an "Efficient Mechanism for Contention Resolution," in which all applicants, even those that are not community-based, take part. This seems counter-intuitive. Where two or more community-based applicants both qualify to be the "clear winner," the pool of eligible applicants for further contention resolution should be limited to those applicants.

○ If there is no "clear winner" from the Comparative Evaluation, the resolution process is to proceed into a not-yet-finalized Efficient Mechanism for Contention Resolution, which will probably be auctions. Auctions do not appear to be a realistic mechanism for resolving contention among community-based applicants. Because it seems likely that many community-based applicants, such as non-profit organizations, may not have resources sufficient to compete with the open applicant in the auction setting, auctions are likely to favor those with open applications instead of those with community-based applications. In addition, an auction would work to the great detriment of a community-based applicant unfortunate enough to compete with another community-based applicant and an open applicant. If the two community-based applicants both qualify through the Comparative Evaluation procedure and neither represents "a much larger share of the relevant community," they might both lose out to a better funded open applicant. This result seems contrary to the general preference for community-based applicants.

Module 5: Transition to Delegation

Pre-contract review. Given the potential delay between initial application and Transition to Delegation, ICANN should be required in section 5.1 to conduct a pre-contract review. If that pre-contract review uncovers changes to the applicant's situation, ICANN should at that point have the ability to refuse entry into the Registry Agreement.

Information re-certification. In addition, ICANN should require that applicants re-certify the information they have provided in their initial application, in particular the information required in Section 1.2.3 of Module 1, and, if they are unable to certify that all those documents are still

accurate, be required to state so and provide updated documentation. The language of Section 5.1 places a burden of notification to ICANN on the applicants, but does not impose an affirmative duty to re-certify.

Identify Transition Evaluators. Module 5 is silent as to what person(s) are responsible for conducting the pre-contract review and the pre-delegation technical check. This should be stated for all stages.

Audits. Technical check questions 3, 7, 8, 9 under Section 5.2.1 require only self-certification with possible audit by ICANN. An audit by ICANN should be mandatory. In addition, one potential alternative to self-certification that should be considered is a third-party technical audit. The terms and conditions of any ICANN audit should be set forth before the application round opens.

Registration Data Publication Specs. ICANN should require that all new gTLDs function as thick registries.

Define funding obligation. The requirement of continued ability to fund operations for five to seven years is not specifically contained in the Registry agreement, but should be. ICANN should also require annual submission of specific evidence of funding sufficient to cover service, not only to "then existing registrants" but to projected growth in the number of registrants as well.

Module 6: Application Terms and Conditions

Paragraph 1. Any oral statements that are considered in accepting, rejecting or reviewing an application for a new gTLD should have to be confirmed in writing or else they cannot be considered. Ideally there should be a clear process for recording or documenting any discussions outside the written application process. The phrase "reflect negatively" needs to be clarified or defined; its meaning is unclear.

Paragraph 2. The applicant must make full disclosure of all corporate relationships (parent, subsidiaries, etc.) as well as disclose any other applications that the applicant and related corporations have for gTLDs. A corporate entity (including its subsidiaries) should not be allowed to submit more than one application at a time for a particular gTLD. This prohibition would prevent a well financed entity from overwhelming ICANN with many applications for the same gTLD.

Paragraph 3. ICANN should have the ability to reject an application where the applicant intentionally submitted or provided fraudulent information in connection with its application, the review of that application, or the defense of an objection to that application. No application fee refund should issue for any application rejected on this basis.

Paragraph 4. There should be a notice and cure provision in the case where an applicant's fees are not received in a timely manner and that simply because a fee is late should not, without proper notice and cure provisions, be grounds for the cancellation of the application.

Paragraph 6. ICANN has failed to provide any explanation for the overly broad, unduly burdensome, and commercially unrealistic requirement that an applicant release ICANN from all

claims, covenant not to sue, and waive any rights to judicial action and review. This paragraph should be deleted and re-written with appropriate limits on the release of ICANN from liability.

Paragraph 7. Before ICANN treats as “non-confidential” information submitted by an applicant as “confidential”, the applicant should be notified and provided with an opportunity to justify the confidentiality designation.

Paragraph 8. ICANN should require that the applicant keep all of its "personal identifying information" current and up-to-date. Applicants should be required to update their personal information within a reasonable period of time (perhaps as long as 60 days) after the information has changed.

Paragraph 9. ICANN should not have perpetual, unlimited rights to use an applicant's name and/or logo in ICANN public announcements. Such right to use should be limited to those announcements relating exclusively to the applicant's application.

Protecting Rights of Others

INTA is pleased that ICANN intends to require TLD applicants to identify in their applications the Rights Protection Mechanism (“RPM”) that they intend to use, to require contractually that registry operators provide RPMs, and to develop a post-delegation dispute resolution process to address post-delegation infringements.

RPMs. While INTA applauds ICANN's intention to require applicants to identify the RPM that they intend to use, we believe ICANN is obligated to take reasonable steps now to develop robust RPM models that will be low-cost, administratively efficient, and will scale into the anticipated scheme to unleash hundreds of new TLDs into the root. If these mechanisms are not developed before new TLDs are launched, large and small business owners will likely be unfairly prejudiced or burdened when the root is expanded and they are called upon to protect their rights amid hundreds of new registrations across multiple TLDs. While there are many routes ICANN could take in RPM implementation, some options for further consideration include:

- Providing for the development of a robust “Reserved Trademark List” with the goal of making that list (i) open to as many trademark owners as possible, and (ii) subject to challenge.
- Designing a handful of basic RPM models from which applicants could choose, which would benefit the entire community by: (i) providing business owners with certainty regarding what the mechanisms will be; (ii) not requiring registries or registrars to write new code every time a new TLD is launched; and (iii) otherwise providing scalable solutions that would provide economic and administrative efficiencies for the entire community.
- Creating a database of cleared rights, whereby a trademark owner would submit evidence of all rights and documents upon which it may rely and those rights and documents would be authenticated, allowing the owner to participate in RPMs with all rights pre-authenticated.
- Creating a centralized access point interface within each TLD allowing trademark

owners to choose which RPMs to participate in, and providing for direct billing for such participation.

INTA is committed to working with ICANN to develop more concrete suggestions for RPM models in the coming months, and urges ICANN to make this process a priority. Nevertheless, we note that much of the urgency around developing alternative and robust RPM models would be alleviated if the expansion of the domain name space were limited to the introduction of market differentiated community-based gTLDs.

Additional Information from Applicants. ICANN should require applicants to disclose several additional pieces of key information. First, applicants should be required to disclose whether they or any of their funders, either individually or through their respective corporate affiliations, have been the subject of UDRP or national court proceedings where they have been enjoined from cybersquatting or found to have violated the trademark rights of others. In addition, ICANN should require applicants to answer the same series of questions and provide the same follow up information as is required under the Sponsoring Organization's Fitness Disclosure, namely, whether (i) the applicant or any of its (ii) officers, (iii) directors, or (iv) managers:

1. within the past ten years, has been convicted of a felony or of a misdemeanor related to financial activities, or has been judged by a court to have committed fraud or breach of fiduciary duty, or has been the subject of a judicial determination that is similar or related to any of these;
2. within the past ten years, has been disciplined by the government of its, her, or his domicile for conduct involving dishonesty or misuse of funds of others;
3. is currently involved in any judicial or regulatory proceeding that could result in a conviction, judgment, determination, or discipline of the type specified in (a) or (b);
or
4. is the subject of a disqualification imposed by ICANN and in effect at the time of this application.

Post-delegation mechanism. INTA welcomes the possibility of a post-delegation dispute resolution process. We encourage ICANN to develop a balanced process that will provide trademark owners with an effective means for addressing post-delegation infringement, and provide registry operators that are not engaging in infringement with some degree of certainty that their TLDs cannot be targeted by baseless challenges. ICANN should develop this process and publish the proposed criteria as soon as possible.