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VIA EMAIL ONLY (irt-final-report@icann.org)

Implementation Recommendation Team (IRT)
ICANN

Re: Request for Comment on IRT Final Report

Verizon appreciates the opportunity to comment on the IRT's "Final Report on Trademark Protection in New gTLDs" dated May 29, 2009 ("Final Report"). We commend the IRT for taking on the difficult task, in a very short period of time, of preparing these thoughtful recommendations. The IRT recommendations present a comprehensive set of solutions that should be adopted as a whole. However, Verizon urges that a small number of important improvements be made in order to make the IRT recommendations a workable long-term set of solutions. With improvements, these solutions will avoid imposing substantial costs or burdens on trademark owners and will be less subject to gaming.

We must reiterate that the comments we have made to date on the IRT report are still not meant as an acknowledgment that the widespread introduction of new TLDs are either necessary or desirable. The three threshold issues ICANN must address prior to the introduction of new TLDs, have not yet been addressed, including (1) completing the independent empirical study of the domain name marketplace to determine whether new domain names are necessary in the first place; (2) ensuring the safety and stability of the Internet; and (3) addressing the problems of phishing, malware and other online frauds that will inevitably occur in the new TLD spaces.

With respect to the fourth threshold issue -- trademark protection -- we urge that a special trademark study be conducted prior to the launch of any new TLDs. This study should examine whether the IRT recommendations will substantially raise enforcement and monitoring costs for businesses worldwide. If businesses face substantial cost increases from the rollout despite the IRT recommendations, such an outcome would dictate that further time is necessary to ensure that these solutions will in fact protect consumers and the trademark community from online confusion and abuse.

We note that as the nation's leading advertiser last year (\$2.2 billion in measured U.S. media spending), the Verizon brand is both a household name, and a target for cybersquatters. Verizon spends and has spent many millions of dollars each year since 2000 to advertise and promote the VERIZON brand (including costs associated with registering thousands of domain names) and millions more in enforcement costs. Verizon recognizes the importance of global protection for intellectual property rights and expends substantial effort and expense in protecting its valuable

intellectual property rights.

We focus our comments on the following areas for improvement in the IRT report:

1. Uniform Rapid Suspension System (URS)

The availability of an effective URS continues to be the most important solution for many trademark owners, including Verizon. We believe that the IRT remedy as currently drafted will not provide a complete remedy for trademark owners. Instead, it will require trademark owners to engage in continual monitoring and will raise costs for businesses and their customers who will inevitably be targets of cybersquatting across potentially thousands of new gTLDs.

Placing a domain name in a “frozen state” for the life of the registration does not adequately address the enforcement needs of trademark owners. We again stress that one of our most significant concerns is that the URS does not permit a domain name to be transferred back to the trademark owner. It is important that domain names should be permitted to be transferred back to avoid consumer confusion and permanently place such domain names with their rightful owner. Without the transfer option, the trademark owner would be left having to incur costs to file lawsuits or Uniform Dispute Resolution Policy (“UDRP”) actions.

Since a domain name could be on hold for only a relatively short period of time, trademark owners would be placed in a perpetual monitoring situation after having spent the time, effort and money to go through all the proper steps in using the URS process. An entire industry may spring up to watch which names are in a “frozen state” and will be dropped by the registry after the domain name registration in the URS process expires. New domainers may pick up the more valuable domain names that are dropped and the URS process will need to be repeated again and again. Once a domain name has been subject to a URS proceeding, it should be marked as such and warning notices should be sent to all future purchasers of that domain name. We note that the World Intellectual Property Organization noted in its June 18 comments that locking a domain name only for the “duration of the registration period” is a remedy of “limited effectiveness, lasting in most cases no more than a few months.” A remedy that allows the domain name to be put on hold indefinitely along with the inclusion of a transfer option will help close this loophole.

While we believe the URS process must be broader, it would also benefit from more balance. Verizon originally proposed that a rapid suspension and transfer mechanism allow for the registrant to raise a challenge to a rapid suspension request based on a loser pays mechanism. We still believe that a loser pays system will prevent abuse both by trademark owners and registrants. We also believe further consideration should be given to providing more balance in the notice provisions. In particular, many good ideas were proffered about strengthening the accuracy of the notice provisions to allow for notification by fax for those who opt-in. Solutions which encourage registrants to list their physical address in the WHOIS database rather than an email address will also encourage more accurate notice. A more balanced URS process should also allow the IRT to

revisit the recommended timing. Unfortunately, as now proposed, the URS cannot be considered “rapid.”

The Final Report provides for a substantive examination by a neutral panelist in all cases, including in cases of default. Instead, the IRT should provide for an automatic default procedure to ensure the URS is in fact rapid. The idea of examination by a neutral panelist only makes sense if there is a loser pays system. The URS should also aim to work well with the UDRP and consider applying a “bad faith registration or use” standard to address all forms of cybersquatting.

We are concerned that the URS proposal as drafted permits ICANN to select a single third party dispute provider without any further elaboration on the provider or its qualifications. We request that the IRT recommend some additional qualifications for this sole source provider, including requiring that the provider have no financial connection or affiliation with ICANN, considerable past experience handling international domain name disputes and the financial resources, databases and staff to handle the large number of domain name actions that will inevitably flow from the introduction of new TLDs.

The Coalition against Domain Name Abuse conservatively estimates that brand owners worldwide could suffer from over \$1 billion in losses as a result of diverted traffic and the loss of consumer trust and goodwill. In these uncertain economic times, companies cannot afford to expend unnecessary additional costs to register trademarks defensively across hundreds of new TLDs nor should they be forced to expend resources attempting to monitor and enforce their trademark rights across these new spaces. Verizon is concerned that U.S. companies will face significant jurisdictional barriers to future enforcement when ICANN approves registries and registrars located outside the United States. Many countries have no laws specifically prohibiting cybersquatting and offer no remedies, like the Anticybersquatting Consumer Protection Act (“ACPA”), to deter cybersquatting. In cases where jurisdictional barriers arise, trademark owners can often file UDRP complaints with dispute resolution providers, such as WIPO, but they will need to spend thousands of dollars per infringement in order to win back a single domain name. However, in some cases where the TLD registry is located in a foreign country that does not have laws prohibiting cybersquatting, there may be no remedy available to the trademark owner.

As discussed above, we believe an independent empirical study should be conducted to determine how costly it would be for trademark owners to enforce their trademark rights using RPMs, including the URS. We are concerned that the IRT’s recommendations will still impose additional costs on trademark owners even if all of the IRT’s recommendations are implemented.

2. The IP Clearinghouse

We again support the idea of the IP Clearinghouse but caution the IRT to focus on the RPMs rather than proposing a structure that essentially creates a particular business model. We question what kind of independent and qualified third parties not affiliated with ICANN can competitively bid to become the “single provider” to perform all the sophisticated functions of the Clearinghouse and

still keep costs low for trademark owners. There should be safeguards in place with the Clearinghouse to ensure that any information provided to it by trademark owners, per the Final Report, is used solely for the purpose clearly defined in the Final Report and in accordance with the terms and conditions of the agreement between ICANN and the Clearinghouse.

We believe that the Clearinghouse should be run on a not-for-profit basis. The Final Report recommends that the Clearinghouse costs be reasonable for trademark owners, but that its services be provided free-of-charge to registries and registrars. This unequal treatment only adds to the increasing enforcement costs faced by trademark owners. Clearinghouse costs should be shared by all parties who benefit from its services.

In connection with the Pre-Launch IP Claims Service, we also believe that the technical expertise to run a watching service might be beyond the capabilities of a company who has no history providing this specialized function for trademark owners. Historically, we have been concerned by the high costs for domain name watching services as well as their ability to provide accurate and comprehensive information. We trust the IRT will reexamine this issue and allow existing watch service vendors to provide this service to encourage competition and choice for trademark owners.

The services to be provided by the Clearinghouse may call for a differentiation of roles, such as data collection and validation. Further clarification regarding the role of the Clearinghouse in Pre-Launch IP Claims and the URS, other than providing data, would be needed.

3. The Globally Protected Marks List (“GPML”)

Verizon recognizes that the GPML may play an important part in the overall set of rights protection mechanisms for trademark owners. Currently, this proposal only allows the registration of one’s exact brand (*e.g.*, Verizon) but would not permit the inclusion of the other common extensions of that brand (*e.g.*, Verizon Communications, Verizon Wireless and Verizon Business). While we appreciate that footnote 19 of its Final Report acknowledges this issue, we believe further consideration should be given to expanding the GPML list. The list should not include typographical variations of a GPM but should include generic terms that are used co-extensively with the GPM as in the examples above. Trademark owners could show both through trademark registrations and trade name certificates that they do business under these common extensions. If the GPML is narrowly construed only to one’s exact mark, trademark owners will be forced to register the many variations of their trademarks preemptively (for pure defensive reasons) in the riskier new TLDs or spend extensive sums afterward on enforcement efforts.

We believe it would be prudent to lower the number of registrations required to qualify for the GPML but we cannot provide any specific comment because the IRT final report omits any hard numbers, which are of critical importance to the trademark community. In addition, we express concern that the GPML is not a long term solution since it may only provide protection for trademarks that exist or qualify on or before November 1, 2008. It was our understanding that the

IRT Final Report would clarify that issue, but the Final Report merely acknowledges that this date “may require readjustment after the first round of new gTLD applications.” See IRT Final Report, Footnote 12. Given how difficult it may be to readjust any of the IRT recommendations after they become implemented, we would urge the IRT make room now for future registrations. Without such an improvement, trademark owners who adopt new global brands for any number of reasons, including corporate rebranding decisions, mergers or acquisitions will be shut out from the GPML process.

4. Standard Sunrise Registration Process

We continue to support the use of the IP Clearinghouse in connection with the sunrise registration process, however, we express concern that the IRT permits its process to be offered “in lieu of” this IP Claims Service. We are concerned about the high costs often charged by registries during this process. In the past, Verizon has paid as much as \$600 per domain name during a sunrise registration process offered by a new TLD registry. Given that some registries will inevitably use the sunrise process as an opportunity to extract excessive defensive registration fees from trademark owners, the standard sunrise should be in addition to and not in lieu of other RPMs. We urge that ICANN to restrict registries from engaging in anticompetitive pricing practices during the sunrise period. Registries should not be able to charge much more during a sunrise period than the cost of a registration after the sunrise expires.

5. Post Delegation Dispute Mechanism

As indicated in our comments to ICANN, Verizon supports the inclusion of a post-delegation dispute procedure as proposed by WIPO. We believe this proposal should apply to both registries and registrars. We express concern that ICANN may not in all instances satisfactorily address the concerns of trademark owners, especially given ICANN’s failure to enforce existing compliance abuses, including the “compliance with laws” section of the RAA (which in the U.S. would include compliance with ACPA). Verizon has spent millions of dollars over the past several years to protect consumers from confusion, including suing many ICANN accredited registrars under the ACPA and filing proceedings under the UDRP. Our ACPA complaints typically contain an exhibit showing examples of the defendants’ infringing domain names, which are usually an alphabet soup of infringements containing domain names of famous global brands from A-Z. We note the proposal appears to hinge on whether a particular registry is in breach of its agreement. Proving a contractual “breach” is a steep hurdle, especially for a third party to establish. We recommend the third party be able to allege trademark abuse or registry and registrar misconduct.

6. Thick WHOIS

Verizon continues to strongly endorse the IRT proposal requiring “thick” WHOIS availability in the new TLDs and were pleased to see that ICANN has supported the same in its postings of excerpts of the third version of the Draft Applicant Guidebook.

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We believe we speak for many in the business community, including trademark owners, who have broader concerns about the future of the Internet and support ICANN's continued role in that regard.

We reiterate our strong preference for the delay of this TLD plan until all threshold issues are fully addressed, and even assuming all threshold issues are eventually addressed and resolved, ICANN should proceed slowly and cautiously in expanding the domain name space to protect the Internet and its users.

Thank you once again for this opportunity to submit these comments and we trust that they will be carefully considered.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sarah B. Deutsch". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Sarah B. Deutsch