MarkMonitor®

Date: July 2, 2009
To: The ICANN Board, the Implementation Recommendation Team ("IRT") and
            ICANN Staff

Re: Final Report on Trademark Protections in New gTLDs

MarkMonitor appreciates the opportunity to comment on the Implementation Recommendation Team ("IRT")'s Final Report on Trademark Protections in New gTLDs ("IRT Final Report"). The comments herein represent MarkMonitor's concerns, as well as the concerns of many of our clients which include over 50 of the Fortune 100 companies. MarkMonitor wishes to thank: i) the Board of ICANN for forming and resourcing the IRT, ii) the individual volunteers on the IRT and, iii) ICANN staff for their contributions, personal sacrifices and commitment to the process of making a safer expanded namespace through more effective Rights Protection Mechanisms ("RPM"). At the outset, it should be noted that our comments to the First Draft of the IRT Report addressed important concerns, many of which still exist and are unaddressed in the IRT Final Report. To the extent any of the comments referenced in our letter dated May 6, 2009 are not addressed in this letter, such comments are hereby reiterated and incorporated herein by reference.

Introduction:

MarkMonitor is a strong advocate of RPMs in connection with the introduction of the new gTLDs. These RPMs, if well implemented and properly designed, will provide quick and cost efficient remedies for rights owners that are the subject of registration abuse and malicious conduct and consequently protecting Internet users who unwittingly fall victim to this abuse. Moreover, these RPMs must, at a minimum, provide speedy remediation at a low or zero cost to all rights owners – not just the "deep-pocketed" large brands. While we believe that the proposed RPMs could address the potential abuse issues in the new namespace, there are still many implementation details missing which could make these RPMs more workable. In this letter, we will highlight and discuss: i) our overall comments to the IRT Final Report and their effect on the protection of rights owners, as well as, ii) additional unresolved and specific comments relating to the Intellectual Property Clearinghouse (IPCH) and the Uniform Rapid Suspension System (URS).

Overall Comments to the IRT Final Report:

Effective and Complete Implementation of RPMs: One key to the successful application of RPMs lies in complete and successful implementation. It appears however that there is little time left for the successful implementation of the RPMs given the compressed proposed schedule for the launch of gTLDs. Given the unrealistic time constraints, we call for ICANN to halt the announcement of proposed dates for launching gTLDs until a detailed schedule for the implementation of critical RPMs is finalized and resourced. The gTLD implementation dates should coincide with the implementation of the required RPMs. Furthermore, we ask that ICANN create milestones by which to measure the progress of RPM implementations; any delay in the RPM schedule should create a concurrent slip in the launch of gTLDs. Without effective RPMs the risk for further consumer harm caused by rights owner abuse in the new gTLDs increases and therefore risks the safety and security of this new namespace and of the Internet.

Speedy Remediation: The proposed RPMs (including the URS) may not provide adequate relief in the time required to protect Internet users from harm caused by the abuse of bad actors. The proposed RPMs (including the URS) rely on legacy processes and procedures, do not specify automation or "Web 2.0" process efficiencies and therefore may not serve the goal of providing swift justice to prevailing parties. It is therefore critical that ICANN establish strong rules, robust systems and apply skilled staff to assist rights owners in enforcing their rights in order to restore flagging trust in the domain naming system. It is incumbent upon ICANN to streamline, automate and resource RPMs in order to make the gTLDs live up to their safety and security promise.

Low or No Cost of Participation: The proposed RPMs in the IRT Final Report have the potential to reduce the cost of fully protecting rights owners; however, it is hard to estimate by how much. Not knowing the specific rules and costs as might be detailed in the next Draft Applicant Guidebook (DAG) it is hard to estimate the exact costs of a protection program that includes these mechanisms.[1] One unknown variable that is critical to calculating the cost of enforcement is the cost of registrations. Both the cost of defensive registrations and domain name recovery through name-snapping (a consequence of URS) are dependent on this cost. As of now, there are no price caps or limitations on the cost of registrations and therefore the cost of a protection program for a rights holder could potentially be very high.

Comments on Specific Rights Protection Mechanisms:

The Intellectual Property Clearinghouse (IPCH) - MarkMonitor agrees with WIPO's comments that suggest competition should be introduced by dividing the specific functions of the IPCH (e.g. validation, data management and storage and provision of ancillary services) and allowing more than one participant to bid on these separate components. Multiple providers and division of the functions will ensure price and feature competition and will mitigate the risk associated by a single provider solution. ICANN should explore the possibility of dividing the core functions required of the IPCH and allowing separate companies to bid on, and provide those services. The majority of documented abuse occurs against registered and unregistered trademarks where there is also great risk of consumer harm. Therefore we recommend a phased implementation process beginning with the most abused marks and where the greatest likelihood of consumer harm might occur.

Uniform Rapid Suspension System ("URS"): The URS is the most important of the RPMs; without it there is little protection at the second level other than what exists as consensus policy. It is critical to execute implementation of the URS such that it reduces the propensity of second-level abuse, reduces the cost and complexity of enforcement and increases the safety and security of the Internet for its users. We suggest the following specific changes and research: i) complainants should be allowed to use the information already contained in the IPCH; ii) explicit coding of bad faith with clear examples; iii) automation support of the URS - as many human interactions as possible should be simplified or eliminated; iv) consideration of the ancillary costs that must be paid in addition to the direct costs of each of the URS. (These costs include, but are not limited to, the costs of monitoring suspended names in order to "snap-back" names once dropped, acquisition costs in a namespace without price controls, and/or costs associated with repeating URS procedures when names are serially abused).

Conclusion:

Much progress has been made and thanks are due to the Board, the IRT, ICANN Staff and the hundreds of people who have provided valuable input to the process of creating rights protection mechanisms. However, we believe there is still additional work that needs to be done in order to create an expanded namespace that is safe and secure for Internet users.

Sincerely yours,

Frederick Felman
Chief Marketing Officer
MarkMonitor

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[1] MarkMonitor encourages ICANN to study the cost implications of the RPMs as applied to a specific brand and publish its findings when the implementation plan exists in sufficient detail so as to create an accurate assessment of the real costs associated with protecting a brand.