

COMMENTS OF TIME WARNER INC.

July 6, 2009

Time Warner Inc. appreciates this opportunity to comment on the final report of the Implementation Recommendation Team (IRT), regarding trademark issues in the proposed launch of new generic Top Level Domains. See <http://www.icann.org/en/public-comment/#irt-report>.

Before turning to our comments on some of the specific provisions of the IRT Final Report, it is important to situate this report in the overall context of the proposed new gTLD launch and its impact on consumers.

1. General Comments on the Launch of New gTLDs

As reflected by the numerous comments to both versions of the Draft Applicant Guidebook, many major brand owners do not support ICANN's launch of a potentially unlimited number of new gTLDs. Such a launch unacceptably risks a detrimental impact, not only on brand owners, but also on consumers and on Internet users generally. Creation of so many new gTLDs is likely to lead to consumer confusion and provide increased opportunity for unlawful activity.

In this regard it is worth a brief snapshot of the current situation. It is significant that, cybersquatting, phishing and other unlawful activity has increased year over year, as reflected by the rising number of UDRP actions filed each year. (See MarkMonitor Brandjacking Index, at <http://www.markmonitor.com/pressreleases/pr090309.php>, reflecting an 18% increase in cybersquatting in 2008). Consumers are harmed in many ways by such misconduct in the existing gTLDs, including the receipt of false information, exposure to offensive content and being defrauded by anonymous, unscrupulous parties. A few examples that have harmed consumers of Time Warner products include: fake CNN pages reporting false anthrax attacks; exposure of children to pornographic website images featuring characters from Harry Potter; and the sale of low quality counterfeit VHS tapes of classic movies under the TCM brand. Many other examples of direct harm to consumers could be provided; indeed, there is a real potential for such harm to consumers whenever a brand is infringed or diluted through an abusive domain name registration. As spelled out in previous submissions, in order to protect consumers from these harms, Time Warner and many other brand owners have been forced to bear the burden and cost of acquiring and maintaining inflated domain name portfolios through defensive registrations, UDRP actions, and litigation.

In response to public comments received, the ICANN staff identified four "overarching issues" that must be resolved before the new gTLD launch can take place. In establishing the IRT, ICANN called for a group of subject matter experts to propose practical solutions to one of these overarching issues. The team that was established reflected not only the input of brand owners, but also the perspectives of gTLD registries, registrars, and academic and non-commercial interests. Working under severe time constraints, which necessarily limited the

comprehensiveness of the results, the IRT produced a valuable framework for some of the safeguards that are necessary in order to resolve the specific “overarching issue” that it was asked to address. While Time Warner has some significant concerns about some of the IRT recommendations, which we spell out below, we commend the ICANN board’s decision to convene the IRT, and we urge ICANN to treat the IRT report as providing an essential baseline for specific solutions that must be incorporated into the next version of the Draft Applicant Guidebook.

But, as ICANN has noted, trademark owners’ concerns are but one of many issues that must be addressed prior to this proposed launch. By the ICANN staff’s own estimation, there are three other “overarching issues” whose resolution is a gating condition to a successful new gTLD launch. Perhaps the most important of these is to substantiate the legitimate demand for new TLDs, and to assess how they can be launched in a way that is most likely to maximize competition and consumer benefit. See our comments on version 2 of the Draft Applicant Guidebook at <http://forum.icann.org/lists/2gtld-guide/msg00054.html>. This is in every sense a threshold issue for the entire new gTLD project; yet it is one on which ICANN has yet to seriously engage. Until it does so, the question of how to scope and prioritize any new gTLD launch to serve the public interest remains unanswered. The lack of popularity of so many of the gTLDs previously recognized by ICANN is further evidence that no overwhelming demand exists for exponentially more gTLDs.

Until the critical questions – including all four overarching issues identified by ICANN staff -- have been adequately addressed, the new gTLD launch should not occur. Time Warner was pleased to hear the ICANN board chair reaffirm at the Sydney meeting that, in the context of the new gTLD launch, “meeting legitimate community concerns is more important to both board and staff than meeting an announced deadline.” <http://syd.icann.org/files/meetings/sydney2009/transcript-public-forum-25jun09-en.txt>. In this regard, Time Warner once again strongly urges ICANN to consider a more limited gTLD rollout that will facilitate proper management of these critical issues. Such a rollout could be limited to those extensions for which demand can be demonstrated, such as certain TLDs using Internationalized Domain Names (IDNs), and a restricted set of sponsored TLDs for which registrants would have to meet specific, verified criteria.

2. Summary of Concerns Regarding the IRT Final Report

The convening of the IRT was a constructive response by ICANN to widespread public concerns about trademark issues in the new TLDs, and its final report provides an essential baseline for the solutions which must be found in this area. However, Time Warner believes that significant concerns remain. Notably, these include:

- While the proposed Uniform Rapid Suspension (URS) system could be a valuable tool for dealing with cybersquatting activity that occurs in the new gTLDs, the IRT recommendations lack an effective mechanism for preventing such abusive registrations from happening in the first place. Specifically, the recommendations will not prevent typosquatting, or the abusive registration of domain names combined with a descriptive/generic term. These extremely common forms of abuse are the target of the vast majority of Time Warner’s enforcement efforts,

including virtually all the UDRPs filed by Time Warner's companies since the inception of the UDRP.

- Where the recommendations do provide a preventive mechanism, for marks appearing on the Globally Protected Marks List (GPML), the criteria for inclusion should be re-examined to help ensure that all globally recognized marks that are popular targets of cybersquatters can qualify.
- ICANN's goal should be to discourage bad actors, including through the risk of financial penalties, from obtaining new gTLDs or making second level registrations in them. All aspects of the new gTLD launch should be evaluated against this standard.
- While we recognize that the IRT's mandate extended only to new gTLDs, recommendations such as the URS should be implemented in a way that tests their effectiveness for possible future application to existing gTLDs as well.

In the remainder of this comment, Time Warner offers perspectives on the IRT recommendations which can be summarized as follows:

- *The IRT framework requires further development before it can be successfully incorporated into the new gTLD launch*

The IRT worked under severe time constraints. While it made a valuable contribution, some parts of the framework proposed are still not fully defined, and others require further research and community input. For that reason, we urge ICANN to further develop and evaluate these recommendations in line with the concepts suggested in these comments, and to ensure that the next version of the Draft Applicant Guidebook is not released until there has been a complete analysis of this important issue. The trademark community has already amply demonstrated, through its active participation in the IRT process, that it is ready to roll up its sleeves to grapple with this task. It is essential that ICANN allow for enough time to get it right, building upon the IRT Final Report as a constructive first step.

- *The mechanisms for preventing abusive registrations should be strengthened*

The proposal for a Globally Protected Marks List should be re-examined, both in terms of the criteria for inclusion on the list, and in terms of the impact of GPML status on proposed second level registration that are not "identical matches" with the globally protected mark. Otherwise, some of the most persistent and pervasive cybersquatting risks will not be effectively addressed. Regarding criteria, it should be recognized that marks may achieve global recognition without registration in every geographical region; the criteria should make accommodation for pending registration applications for marks that have already been widely registered globally; and the treatment of globally established marks that have not been widely registered by the brand owner at the second level should be re-examined. GPML status should also provide some protections against typosquatting and against registrations combining the globally protected mark with descriptive terms.

- *The requirements for pre-launch Rights Protection Mechanisms need clarification*

As with the GPML, the impact of RPMs outside of “identical matches” should be reconsidered, and rights owners should be accorded a pre-launch dispute resolution mechanism. Registrations conflicting with verified marks in the IP clearinghouse should be made more transparent through the disallowance of proxy or private registration treatment.

- *The IP clearinghouse, and the Uniform Rapid Suspension system, have the potential to be valuable tools*

This potential can be maximized by clarifying that participation in the clearinghouse is mandatory for all RPMs that depend on verified claims of trademark or similar rights, and by considering URS improvements, including heightened scrutiny of “good faith” assertions by registrants engaged in other misconduct.

- *“Thick Whois” should be the rule in the new gTLDs*

This recommendation, already embraced by ICANN staff, would restore the status quo prevailing in virtually all the new gTLDs ICANN has recognized up to now, and would provide needed transparency and accountability.

- *Remedies should be upgraded in several areas*

For example, a full “loser pays” system for the URS should be considered, and specious “good faith” assertions by domain name registrants should attract added penalties, as part of a strategy to make the new gTLDs inhospitable to abusive registrations.

3. Comments Regarding the IP Clearinghouse

If implemented correctly, this can be one of the most constructive features of the IRT recommendations. We have noted in our previous comments the disproportionate expenditures of time and resources that Time Warner was required to incur in order to prevent or to rectify consumer confusion because of brand abuse in the previously recognized new gTLDs. These outlays would be dwarfed by what would be required in the much broader new gTLD launch now being contemplated. Creating a common database where brand owners can document their trademark claims, and that would be employed by all new gTLDs in implementing their pre-launch rights protection mechanisms, has the potential to help ameliorate this problem.

It is essential that ICANN spell out what is implicit in the IRT Report: use of the clearinghouse is mandatory for all new gTLD registries, to the extent that their pre-launch rights protection mechanisms rely upon verification of trademark or other rights in character strings. A brand owner who submits its claims to the clearinghouse should automatically be registered with the rights protection mechanisms of any new gTLD in which it wishes to participate. Otherwise, the efficiencies promised by the clearinghouse mechanism could prove illusory.

Since an effective clearinghouse would be an indispensable feature of any successful new gTLD launch, its costs should largely be borne by ICANN, or indirectly by the new gTLD registries, as a cost of doing business. Furthermore, since much of the work previously

undertaken by registries in carrying out sunrise periods or claims notifications at the pre-launch phase would be offloaded to the clearinghouse, the cost-recovery fees previously imposed on brand holders for participation in these programs must be reduced accordingly.

4. Comments Regarding the Globally Protected Marks List

GPML criteria need further definition

In its initial comments on the Draft Applicant Guidebook, see <http://forum.icann.org/lists/gtld-guide/msg00152.html>, Time Warner called for the expansion of reserved names lists, at both the top and second levels, “to include the strongest global marks, those as to which there can be no reasonable dispute about who should be able to exploit the character string.” While we are disappointed that this recommendation is not adopted in the IRT Report, its GPML proposal could be of help. Globally established marks that meet certain objective criteria (as claimed and verified in the IP clearinghouse) would be effectively barred from registration by others at both the top and second level, although with a possibility of easing this restriction through a reconsideration process. We applaud the IRT for recognizing this valuable protection in principle. However, because the specific criteria to be applied are not spelled out in detail, it is difficult to evaluate whether GPM status would be available broadly enough to provide meaningful protection to strong global marks “as to which there can be no reasonable dispute.” In particular, the number of national trademark registrations required (including of logos whose text elements are identical to the applicable word mark) remains unspecified. We understand that in great part this is due to the unavailability of global registration data which the ICANN staff undertook to compile. We assume there will be some further process for arriving at the GPM criteria, and look forward to participating in it. Our preliminary position is that protection in no more than a total of 40 countries in at least three global regions would be an appropriate baseline for GPML status. Further analysis and study is needed before determining whether it is appropriate to require a certain number of registrations in each region.

GPML criteria should not exclude well known brands that are popular targets of cybersquatters

The criteria as currently set out in the IRT recommendations should be reconsidered in at least three respects: First, requiring at least some trademark registrations in all five ICANN Regions will exclude many globally recognized marks. Many brands are well-known on a worldwide basis, but are not registered in all five regions for a variety of reasons. We urge inclusion of brands that are widely registered and well-known in three ICANN Regions, such as Asia/Pacific, Europe, and Latin America, for protection as a GPM.

Second, the blanket exclusion of marks which have not matured to full registration should be reconsidered. This requirement ignores the fact that in many territories it takes several years to obtain a trademark registration, and IP owners often obtain registration certificates long after the brand has become well-established. For example, Cartoon Network’s BEN 10 trademark is the top boys’ toy brand worldwide, according to the Licensing Industry Merchandising Association. However, many of the trademark applications filed more than 3 years ago have not yet matured into registration. Therefore, this well-known children’s brand would not qualify for

the GPML, yet it is a popular target for cybersquatters. Time Warner recommends that pending applications for registration should be allowed to substitute for a defined percentage of the threshold number of required registrations for GPML eligibility, so long as the applications were filed prior to the launch of the gTLD application period (for applying the GPML at the top level) or prior to the sunrise period of the new gTLD (for second level). We also note that the IRT is silent as to how and when marks may qualify for GPML protection on a rolling basis for future launches of gTLDs, and we urge ICANN to include procedures to add marks to the GPML on a rolling basis.

Third, the IRT proposed that the second level domain name for the GPM's principal online presence must be identical to the GPM. We recommend that this requirement be re-examined and discarded. A brand owner's online presence is dictated by a number of factors, which should not determine whether a mark qualifies for the GPML. In the media industry, the common practice is to direct all internet traffic to the primary network website, as opposed to a dedicated website for a popular TV show or other property. For example, the primary online presence for Warner Brothers' beloved cartoon SCOOBY DOO is not SCOOBYDOO.com, but SCOOBYDOO.WBKIDS.com. We note that outside of the media industry, this practice is also used. For example, under this criteria Apple's popular IPOD device and ITUNES service would not qualify for the GPML since Apple also chooses to direct all traffic for its products and services to APPLE.com.

Further pre-registration protections against typosquatters and cybersquatters should be considered

In many instances, the value afforded to a GPM would be limited if, as proposed by the IRT Report, it could be used only to block "identical matches." For example, assuming HBO was on the GPML, HBO.movie would be blocked, but HBOFILM.movie would not. Likewise, while PEOPLE.mag would be blocked, POEPLM.mag would not. The vast majority of Time Warner's enforcement efforts are aimed, not at identical matches, but at instances where a typo of one of our brands is used, or where a domain combines one of our brands with a descriptive or generic term in order to confuse consumers. We recognize that not every domain name that falls within these criteria is intended to infringe upon brand owners' rights; but such an intent is so often present that we recommend that more consideration be given to this issue. For example, new registries could be required to give brand owners notice of proposed registrations extending to a defined range of typographical variations (e.g. two or fewer character variations) of a GPM, or where a GPM is combined with any of a defined set of generic/descriptive terms. Brand owners receiving such notices would have the opportunity to challenge the proposed registration, subject to the registrant's right to request reconsideration. Alternatively, if the preventive value of the GPML cannot be enhanced in this way, a complementary strengthening of the criteria for acceptable pre-launch rights protection mechanisms must be considered.

Even within the proposed narrow scope of the GPML, some refinements are required. The IRT recommendations indicate that a TLD applicant (or second level domain name registrant) would have the opportunity to request reconsideration in the event that a GPM blocks either a top level domain or a second level registration. However, the GPM owner is not given an opportunity to respond to the applicant's or registrant's request for reconsideration. We recommend that the GPM owner be a party to any reconsideration process. Likewise, a

mechanism is needed to allow the owner of a GPM to consent to another's legitimate use that would otherwise be barred. In other words, it should be spelled out that GPML status could be overcome by a statement of non-objection from the mark owner in a prescribed form.

5. Comments regarding Pre-Launch Rights Protection Mechanisms (RPMs)

We recognize that the IRT recommendations regarding the RPMs are intended to be the minimum protections afforded brand owners. (See IRT Final Report, page 20.) Time Warner urges that the minimum standard that all new gTLD registries must meet be clarified. Additionally:

- As discussed above with respect to the GPML, registries should be encouraged to extend their pre-launch RPMs beyond exact matches, to address typographical variations, and combinations of marks with certain descriptive terms.
- RPMs such as the pre-launch IP claims service should include an option for the brand owner to invoke a low-cost and efficient dispute resolution process pre-launch to prevent registration of a second level domain that would injure its trademark, such as the challenge procedure suggested above for registration of certain typographical variations of GPMs.
- The RPM requires that a registrant make a good faith assertion when attempting to register domain names matching marks in the IP Clearinghouse. We recommend that the registry be obligated to reject such assertions when accompanied by suspicious behaviors such as obviously false whois information, bulk registrations incorporating numerous trademarks, or when the assertion comes from a registrant that has been repeatedly adjudicated to be in bad faith. Moreover, in the event a successful enforcement action is brought against a registrant who has made a good faith assertion in the IP claims service process, we recommend imposition of a penalty for the registrant's failure to live up to its assertion.
- It is unclear from the report whether all marks in the IP Clearinghouse will automatically be entitled to registration during any sunrise periods provided by new gTLDs. We recommend that all such marks qualify for sunrise registration.
- Because one purpose of the IP claims service is to notify qualified rights holders of impending second level registrations that threaten their marks, proxy or private registrations should not be allowed during the pre-launch phase.
- In general, the new gTLD application evaluation process should incorporate strong incentives for the new registries to spell out their RPM mechanisms in detail; to go beyond the minimum standards as clarified; and to include provisions that impose upon registrars enforceable obligations in this area.

6. Comments regarding Uniform Rapid Suspension System

Time Warner commends the IRT's proposal for a Uniform Rapid Suspension system ("URS"). This would fill a yawning gap in the mechanisms currently available to deal with unprecedented levels of domain name abuse and misconduct, which negatively impact the stability and security of the Internet and the level of public confidence in e-commerce. The URS is in no way a substitute for the long-standing Uniform Dispute Resolution Procedure, but a valuable supplement to it, designed for "the most clear-cut cases of trademark abuses, while balancing against the potential for an abuse of process." (IRT Final Report at 26) We note, however, that further explanation is needed to define what constitutes "the most clear-cut cases of trademark abuses." We understand that the standard to be used in the URS to determine a trademark abuse is the same as that found today in the UDRP, so that similar abuses, including patterns of bad faith registrations, can be dealt with accordingly through the URS. If that is not the case, further explanation is needed

The URS would be especially useful in cases of high-volume typosquatting and other infringements. Since in the UDRP context the registrant in these cases typically does not respond, and the case is decided on a default basis, the argument for a faster, cheaper and more light-weight process to remove the offending website or other Internet resource is irrefutable, in our view.

The URS as proposed provides a limited remedy: merely freezing the domain name for the remainder of the current registration period, which may be quite short. Thus, a brand owner wishing to protect itself and its consumers for a longer period must either defensively register the domain name after the freeze period, or undertake more costly enforcement actions to obtain control of the name. While we recognize that there may be technical and registrar/registry cost issues involved, we believe the availability of a longer freeze period (e.g., five years) should be explored.

We also support the proposal for a modified loser-pay system in the URS, including imposition of an "answer fee" in high-volume cases (see IRT Final Report, pages 30-31). Time Warner encourages further study and adjustment of the fee structure, since there is a risk that an abusive registrant could game the system by breaking up its answers into groups of fewer than 25. A full loser-pays model would be more effective in achieving the URS's goals, and with further study should be implementable in this sphere. Because collecting from an unresponsive "loser" in such a scenario may prove difficult, ICANN should be prepared to assume the burden of funding such payments, presumably through the fees it will collect from new gTLD registrations.

Finally, we are sensitive to the argument that if the URS will be valuable in the new gTLDs, it would be even more useful in the existing gTLDs. We agree, and believe that adoption of the URS in the new gTLD space should be viewed as a chance to test the concept for future expansion throughout the gTLD environment. This should also have the salutary effect of increasing uniformity of enforcement measures across gTLDs.

7. Comments Regarding Whois

As a further crucial ingredient in addressing abusive registrations in the new gTLDs, Time Warner strongly supports the IRT recommendations regarding Whois, including both the

requirement that new gTLD registries make a full set of Whois data available to the public (“thick Whois”), and the call for ICANN to return to its initial goal of a single, centralized Whois database across all gTLDs (and, to the extent possible, ccTLDs as well). We are pleased to see that the first of these recommendations has already been taken on board by the ICANN staff, and urge that it be incorporated into the standard new gTLD registry agreement. See <http://www.icann.org/en/topics/new-gtlds/thick-thin-whois-30may09-en.pdf>. In addition, new gTLD registry applicants should be required to disclose their policies for ensuring the accuracy and currency of Whois data, and the steps they will take to enforce this requirement with registrars and resellers of domain names in the new TLDs. These policies should be embodied in the registry agreement and ICANN should devote the resources necessary to ensure that the new registries live up to them.

8. Comments regarding Post-delegation Dispute Resolution

Time Warner supports in principle the recommendations of the IRT in this area. Of course the primary responsibility for enforcement of registry contracts must rest with ICANN, but a backstop procedure could make a valuable contribution. It is especially important that ICANN take action against post-delegation business model changes that implicate the intellectual property rights of others. Furthermore, if right holders are to rely upon representations by registry applicants regarding pre-launch rights protection mechanisms that will be employed, they must also have the capability to take action –such as through a reliable mechanism to force ICANN to investigate -- if such RPMs are systematically neglected, ignored, or circumvented. We look forward to participating in the discussion of further refinements to this proposal.

Conclusion

We appreciate this opportunity to comment and are encouraged that ICANN is employing constructive processes to understand the concerns of the Internet community, including brand owners. We encourage ICANN to continue its work in refining the IRT recommendations and to employ appropriate processes to address the additional overarching concerns identified by staff so as to minimize the harm to security and stability of the Internet and to consumers that would result from an improperly scoped launch of new gTLDs. Thank you for considering our views, and if there are questions about this submission, please do not hesitate to contact the undersigned..

Respectfully submitted,

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