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March 20, 2012

By E-mail

Board of Directors

Internet Corporation for Assigned Names and Numbers (ICANN)

4676 Admiralty Way, Suite 330

Marina del Rey, CA 90292-6601

**Re: Reply Period on “Defensive Applications for New gTLDs”**

Dear ICANN Board Members:

I am writing on behalf of the members of the Internet Commerce Association (ICA) in regard to ICANN’s Reply Period in regard to Defensive Applications for New gTLDs (<http://www.icann.org/en/news/public-comment/new-gtlds-defensive-applications-06feb12-en.htm> ). This Reply Period was opened on February 28th and closes today, March 20th.

ICA is a not-for-profit trade association representing the domain name industry, including domain registrants, domain marketplaces, and direct search providers. Its membership is composed of domain name registrants who invest in domain names (DNs) and develop the associated websites, as well as the companies that serve them. Professional domain name registrants are a major source of the fees that support registrars, registries, and ICANN itself. ICA members own and operate approximately ten percent of all existing Internet domains on behalf of their own domain portfolios as well as those of thousands of customers.

ICA did not file a comment during the initial comment period because the ICANN Notice in its entirety was quite clear that feedback was being solicited only in regard to the top level of new gTLDs; including this statement:

*ICANN is seeking public comment on the adoption of enhanced protections, to which some stakeholders recently indicated that there are concerns about the perceived need for "defensive" applications* ***at the top level****, and encouraged ICANN to ensure that the program was launched in a manner that protects intellectual property rights. (Emphasis added)*

Nonetheless, certain trademark interests abused the comment period to request substantive changes in and additions to new rights protection mechanisms (RPMs) at the second level, including alterations of Uniform Rapid Suspension (URS) that would render it a cut-rate alternative to the Uniform Dispute Resolution Policy (UDRP) at the expense of cheapening registrant rights. These commentators are seeking to have a fifth bite at the policy process apple in regard to second level protections.

Their first bite was within the GNSO’s initial policy process for the rules applicable to new gTLDs.

The second bite was when they convinced ICANN to authorize formation of the Implementation Review Team (IRT) dominated by complainant-oriented trademark attorneys, which commenced to operate in violation of ICANN Bylaws mandating transparency and produced a series of recommendations so unbalanced in their totality that they brought forth an outcry from multiple ICANN stakeholder groups and the overall community.

The third bite was during the deliberations of the Special Trademark Issues – Recommendation Team (STI-RT), which introduced some reasonable balance into the reshaping of the IRT’s recommendations while still establishing substantial new RPMs. The STI-RT reached consensus within a remarkably short time and its proposals were subsequently adopted unanimously by the ICANN Board.

The fourth bite was when trademark interests, dissatisfied by the balanced consensus recommendations of the STI-RT, vigorously lobbied members of ICANN’s Governmental Advisory Committee (GAC) who subsequently sought to reopen previously settled matters at the behest of these interests. ICANN’s Board, to its credit, defended the multi-stakeholder policymaking process and refused to alter substantive aspects of the URS, agreeing only to relatively minor implementation changes.

And their fifth (and hopefully final) bite, at least in regard to any second level protections applicable to the first new gTLD application round, was made in response to this ICANN Notice.

ICA will confine its reply comments to matters affecting second level domain registrations in new gTLDs.

ICA’s Response to Suggestions for Alterations of Second Level Rights Protections in New gTLDs

We have reviewed all comments filed in the initial round. While the majority properly confined their comments and recommendations to issues involving the top level, a minority proposed a variety of fundamental alterations of and additions to the second level protections contained in the current Applicant Guidebook - principally URS.

There is an initial group of suggestions that we oppose both on substantive grounds and because their addition now, after the first application round has commenced, would make material changes in the program and are not mere technical implementation details. Any such changes of this nature should be made only on the basis of experience with the first round – and then only through ICANN’s multi-stakeholder process with the requirement of Board approval.

Those unacceptable suggestions include:

* Reducing the burden of proof in a URS proceeding from “clear and convincing” to “preponderance” of the evidence, and providing a domain transfer option (rather than just domain suspension) to the rights holder. Both of these suggestions were advocated to the ICANN Board by the GAC and both have been rejected by the Board as not representing the consensus reached by the community at the end of a long, arduous and often divisive process. Taken in combination, these suggestions would make the URS indistinguishable from the UDRP – other than in pricing, and almost certainly at the expense of registrant rights. URS has been advocated consistently as a supplement to the UDRP, not a substitute for it, and adoption of these suggestions would change its essential nature and make it a cheapened substitute.
* Elimination of the URS expert examiner’s substantive determination of how the trademark owner is using its mark. The use of a trademark is highly relevant to its owner’s rights, and adoption of this suggestion could allow for the successful prosecution of URS claims by trademark owners who lack adequate rights deserving of protection.
* Instituting a URS “loser pays” regime for cases involving less than fifteen domains registered by a single registrant. Adoption of this suggestion would eliminate the balance established for the existing RPMs – that “loser pays” should only apply in instances of egregious serial cybersquatting – and would encourage additional complainant filings in the belief that registrants with inadequate financial resources would forfeit their domains rather than defend their rights, given the possibility that they might be responsible for paying the high hourly rates of attorneys employed by law firms catering to corporate interests..
* Maintaining the $300-500 price range of filing a URS complaint even if no qualified arbitrator can be found to perform it at that price – if necessary, through direct financial subsidization by ICANN, and without consideration of its impact on registrant rights. It was always evident to us that ICANN’s holding out of a $300-500 URS was not realistic, as that does not compensate a qualified trademark attorney for even one hour of her time - a bare minimum for deciding and writing an opinion even in a “slam dunk” case – much less cover the URS provider’s administrative cost. The analogous domain suspension mechanism recently established for .XXX and administered by the National Arbitration Forum (NAF) – the Rapid Evaluation Suspension (RES) – is priced at $1300, exactly the same as a UDRP filing. Trademark owners, not third parties, should bear the true cost of enforcing their rights – and subsidizing the cost of URS arbitrations will only encourage the filing of complaints that would not be brought if the full cost of the procedure was levied . However, if ICANN ever unwisely chooses to go down the road of subsidizing domain arbitrations below their true cost it should provide equivalent subsidies to registrants toward the cost of their legal defense.
* Expanding the Trademark Claims Warning Service (TCWS) beyond identical matches and/or establishing an expansive “do not sell” list. Trademark owners have a right to protection of their marks but they do not have a right to ward off registrations of domains that may incorporate their marks in perfectly legitimate ways – such as for domains registered by entities who are authorized to sell products and services covered by the mark, or by independent individuals and businesses who provide lawful services related to the mark, as well as for critical “gripe sites” protected by guarantees of free speech. Further, given that almost every dictionary word in every major language is a registered trademark for something, and that some trademark owners have adopted aggressively expansive views of what constitutes a “confusing similar” domain, adoption of this policy could result in trademark owners having broad preemptive warning rights over vast swaths of cyberspace to which they have no legitimate claim. This approach would also sever the relationship between registration and use, by warning potential registrants of possible infringement based solely upon a non-identical domain name without any inquiry into its intended use.
* “Burden shifting” for domain names involving “frequently cybersquatted marks”. This proposal would use the Trademark Clearinghouse to require potential registrants to provide “legal justification” to new gTLD registries for their registration and use of a proposed domain. We are unalterably opposed to such prior restraints on domain registrations. This would expand trademark owner rights in the domain name system (DNS) beyond their scope in law, and would also raise many of the prior restraint of legitimate domains issues that we identified above in regard to expansion of the TCWS beyond identical matches. Further, we question the practicality of this suggestion, as registrants do not deal directly with registries but with registrars – and what procedures would registrars establish to judge a registrant’s “legal justification”, and how much would this add to the pricing of domains in new gTLDs?

There is one implementation suggestion which we tend to favor. The Business Constituency (BC), of which ICA is a member, has proposed the URS initially be administered by a sole vendor, supervised by ICANN. Given the unprecedented nature of the URS, use of a single vendor at initiation would eliminate the type of forum-shopping we have witnessed even for the long-established UDRP.

However, whether the URS is be administered by a sole or multiple arbitration entities, it must be priced at the true cost of the proceeding in order to assure that only qualified entities participate, and to prevent any cross-subsidization of well-moneyed trademark interests by other ICANN constituencies. Further, as recommended by the STI-RT, ICANN should place the URS provider(s) under a standing binding contract that clearly delineates the limits of its/their powers and provides ICANN with a full and flexible range of enforcement mechanisms to ensure compliance.

Finally, the BC made two additional suggestions which we tend to favor but believe are substantive matters that should not be made through a comment process like this but through the standard multi-stakeholder process with broad community discussion and Board approval:

* The first is consideration of placing domains suspended as a result of a URS action on a “do not re-register” list. We empathize with the concerns of trademark owners that domains suspended in a URS may, following the end of that initial registration, be re-registered with ill intent – and the new gTLD program may force them to acquire large numbers of domains, and pay recurring annual fees, solely for involuntary defensive purposes. Certainly, “do not re-register” status may be appropriate for trademarks that are not dictionary words. We are less supportive of such a concept for generic domain names, much less for terms alleged to be confusingly similar, as permanent de-registration would sever registration from actual use and thereby go beyond the rights conferred by trademark law. Given that the first new gTLDs will not likely open until early 2013, and that any associated domains subject to a URS action would have a minimum registration/suspension period of at least one year, there is ample time for the ICANN community to discuss this matter after the initial application round closes.
* The second is implementation of a “notice and takedown” process by ICANN-accredited registrars. Several ICA members already have make such alternative administrative remedies available for domains under their management, and we would be happy to share our experience with the community as this option is considered. However, given the many details that would have to be dealt with to develop a readily implemented notice-and-takedown procedure, as well as the potential need for conforming changes in the Registrar Accreditation Agreement (RAA), consideration of this proposal should proceed through the normal policy development process.

Imposition of URS on .Com

At the final ICANN new gTLD kickoff event held by ICANN in Washington, DC in January, a former President of ICANN’s Intellectual Property Constituency (IPC) publicly suggested that ICANN should require VeriSign to implement URS for .Com domains as it negotiated a renewal of VeriSign’s registry operator contract this year. CEO Beckstrom replied that he would refer this suggestion to ICANN’s General Counsel for consideration.

**We are unalterably opposed to this suggestion for 2012 contractual imposition of URS on .Com , both on its own demerits as well as because it would usurp the policymaking role of the Generic Names Supporting Organization (GNSO) Council.**

More than 100 million domains are registered in .Com. It is by far the largest gTLD and constitutes almost half of all existing domains in both gTLDs and ccTLDs. Non-infringing domains registered at .Com tend to have substantial secondary market value – sometimes reaching the $millions. The reckless notion that a thoroughly untested RPM should be foisted on the most important gTLD absent any experience – indeed, absent any assurance that a qualified provider can even be located and retained – is absurd on its face.

Second, imposing URS on .Com through a contract negotiation would completely undermine the December 2011 policy decision made by the GNSO in regard to initiation of a policy development process (PDP) for UDRP reform.

Motion 20111215-1(see <http://gnso.icann.org/resolutions/#201112> ) states in relevant part:

*Whereas, a Final Issue Report was published on 3 October 2011 (*[*http://gnso.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf*](http://gnso.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf)*) in which* ***ICANN staff recommended the GNSO Council consider the "perspective of the majority of the ICANN community, and the advice of the Government Advisory Committee (GAC), and the At-Large Advisory Committee" and that "a PDP be delayed until after the New gTLD Uniform Rapid Suspension System (URS) has been in operation for at least eighteen months. . . to allow the policy process to be informed by data regarding the effectiveness of the URS, which was modeled on the UDRP, to address the problem of cybersquatting.”***

*… RESOLVED further, the GNSO Council requests a new Issue Report on the current state of all rights protection mechanisms implemented for both existing and new gTLDs, including but not limited to, the UDRP and URS, should be delivered to the GNSO Council by no later than eighteen (18) months following the delegation of the first new gTLD. (Emphasis added)*

ICA did not agree with that GNSO Council decision, which defers the initiation of UDRP reform until at least mid-2014 – 18 months after the likely launch of the new GTLD program. We believed and repeatedly stated, verbally and in writing, that after more than ten years of operation and in light of substantial grievances from both registrants and complainants, the UDRP was deserving of at least procedural policy reform.

But trademark interests vigorously resisted initiation of UDRP reform at this time, in large part to assure that any deferred reform process would consider the imposition of the URS and other new gTLD RPMs on incumbent gTLD registries. Having achieved their objective, it is rather astonishing for some to now suggest that ICANN should undermine the GNSO’s policymaking role by imposing URS through contract negotiations. ICANN should firmly reject that suggestion.

ICANN staff recommended that UDRP reform be delayed so that the policy process could be informed by data regarding the effectiveness of the URS. Their clear intent was to allow any consideration of imposing the URS on incumbent gTLDs to be informed by the URS experience with new gTLDs, and to subject that consideration to the rigors and multi-stakeholder review of the standard PDP[[1]](#footnote-1).

We agree that any consideration of URS for incumbent gTLDs, especially .Com, should only occur within the full PDP context. If trademark interests wish to have their concerns about the UDRP addressed then they should join with ICA in urging the GNSO to reconsider its decision to defer initiation of a UDRP reform PDP for more than two years.[[2]](#footnote-2)

The ICA's view is that the numerous procedural and structural flaws in the UDRP fail to provide adequate protection of the legitimate rights of domain registrants from abuses perpetrated by some overreaching trademark holders.  ICANN's priority should be reforming the flaws in the current UDRP to assure adequate balance to the UDRP process, chief among them the elimination of forum shopping and forbidding the empanelment of Complainant attorneys as 'neutrals' in third-party cases.  
  
Further undermining the rights of legitimate domain registrants, who constitute  99% of domain owners -- including small businesses, non-profit organizations, and myriad individuals -- by the premature adoption of an untested URS system for any incumbent gTLD would create an environment ripe for abuse by those who already abuse the UDRP.  This would be the wrong decision for ICANN and for the Internet community as a whole."

Conclusion

ICA appreciates this opportunity to comment in the Reply Period regarding Defensive Registrations for New gTLDs.

As stated above, we urge ICANN to reject the vast majority of second level suggestions that were outside the scope of the original request - and which would effect major substantive changes in the substance of the URS and related RPMs after the opening of the application process and outside the multi-stakeholder scrutiny of the standard policy process.

While we do find some merit in the BC’s suggestions for a “do not re-register” list of domains suspended in URS actions, and for a registrar-implemented “notice-and-takedown” system, both of these proposals raise a myriad of considerations that should be addressed through the normal policy process. There is ample time for that to occur if ICANN starts soon.

**Finally, we urge ICANN to concede that it is not realistic to price a credible URS procedure at $300-500 and to issue a Request for Proposal (RFP) as soon as possible which attracts one or more qualified provider applicants. ICANN also needs to form an Implementation Advisory Group (IAG) -- similar to the one established for the Trademark Clearinghouse (TCH) last fall, in which ICA has been participating – so that all of the implementation details raised by the URS can be considered and adequately addressed prior to its launch.**

**Registrants need to be assured that their legitimate due process rights will be respected by the URS as implemented. To that end, we again strongly urge that ICANN, pursuant to the recommendation of the STI-RT, place any selected URS provider(s) under a standard enforceable contract.**

Thank you for considering our views in this matter.

Sincerely,

Philip S. Corwin

Counsel, Internet Commerce Association

1. We note that under Section 5(d)(ii)(3) the RES Policy established by ICM Registry for .XXX domains “no information regarding decisions made under this RES will be publicly published by the Registry, the Provider or the Evaluator; only aggregate statistical information about the RES process itself, including decision percentages, may be published by the Registry and/or the Provider.” While we understand that this Policy was adopted due to the unique ‘adult content’ nature of .XX domains, such a policy would be unacceptable as a general rule for application of the URS at new gTLDs. The only way in which the community and all affected parties may judge the effectiveness and other aspects of the URS, including adequacy of registrant due process, is to mandate publication of all URS decisions. (<http://domain.adrforum.com/users/icann/resources/RES-Policy.pdf> ) [↑](#footnote-ref-1)
2. We strongly concur with the comments previously filed by the Non-Commercial Users Constituency (NCUC; available at <http://forum.icann.org/lists/newgtlds-defensive-applications/pdf36DS0wOVgy.pdf> ) to wit:

   “At the end of last year, the Generic Names Supporting Organization (GNSO) Council has been discussing and debating about a possible review of the Uniform Domain Name Dispute Resolution Policy (UDRP) – an issue that the majority of the ICANN community felt had to be addressed. Concerns were expressed over the potential impact of such a review upon the roll out of the new gTLDs. The decision of the GNSO Council to postpone the

   review of the UDRP has signaled the general understanding that interfering with any of the RPMs at

   this time is not advisable and, therefore, the ICANN community should wait and start evaluating them after the new gTLDs have rolled out. NCUC, therefore, finds it very disconcerting that this same justification is not used for these current discussions. This is a double standard... Given the fact that both the URS and the UDRP are meant to be reviewed at different times after the launch of the new gTLD programme, we strongly suggest that any reconsideration of additional RPMs should be postponed until after such reviews have been conducted and have established that there is a tangible need that warrants the re-evaluation of the existing RPMs and their substantive

   provisions.” [↑](#footnote-ref-2)