



**IPC COMMENTS FOR ICANN
On
Defensive Applications for new gTLDs**

The Intellectual Property Constituency (“IPC”) is a constituency of the GNSO and represents the full range of trademark and other intellectual property interests relating to the DNS. IPC members are international, regional and national intellectual property organizations from around the world, corporate entities with intellectual property interests (often as owners of intellectual property), and individuals with an interest in intellectual property matters. The IPC appreciates this opportunity to provide its comments on the Defensive Applications for New gTLDs posted for comment on 6 February 2012 at <http://www.icann.org/en/public-comment/newgtlds-defensive-applications-06feb12-en.htm> (the “Request for Comments”).

Introduction

This public comment period concerns "defensive applications" and the threats to trademark interests at the top level of the Domain Name System (“DNS”) in the context of new gTLDs. While the IPC clearly recognizes this concern, we think it may unfortunately distract attention from the bigger problems that still exist at the second level. In this comment, we urge adoption of some significant measures that we believe will help alleviate the threats at the top level. In addition, we strongly urge ICANN to also take immediate steps to strengthen the existing rights protection mechanism in order to adequately address the bigger problem of abuse on the second level and we have provided some recommendations that we believe will assist in addressing these concerns. It is well documented that, despite continuous urging from brand owners, governments and businesses alike, ICANN simply failed to include adequate safeguards against threats to trademark and consumer interests at the second level. These threats at the second level must be addressed in order to increase confidence in the planned gTLD expansion. The IPC remains willing to lend its collective expertise to assist ICANN in achieving this goal.

Initially, the IPC believes it is important to note that the Final Report of the Implementation Recommendation Team (the “IRT”) specifically recommended the creation of a Globally Protected Marks List (“GPML”) to assist brand owners in dealing with the expected influx of problems on the second level. As noted in the IRT Report, this mechanism was developed in response to the numerous comments received by and on behalf of trademark owners for some type of reserved names list. *See, Final Report of the Implementation Recommendation Team at pp. 15 – 18 posted at <http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>.* Unfortunately, despite the overwhelming request for this type of mechanism, ICANN refused to adopt this recommendation. In addition, ICANN took the

“tapestry of rights protection mechanisms” recommended by the IRT and allowed other interests, many of whom have financial incentives to keep right protection mechanisms to a minimum, to dilute the remaining originally proposed mechanisms to such an extent that many of the mechanisms are now viewed as ineffectual by the stakeholders voicing the very real concerns that the IRT’s recommendations were designed to quell.

Not only did ICANN’s handling of the IRT recommendations fail to adequately address the concerns voiced by trademark owners surrounding the new gTLD process, but it also greatly eroded the tenuous credibility that ICANN had with trademark owners who battle an ever-increasing onslaught of trademark abuses in the current gTLD environment of 21 gTLDs. Accordingly, there is a perception that the only truly effective protection available for a brand owner is to apply for a top-level domain in the first round of applications that opened January 12, 2012. The IPC believes it is extremely unfortunate that ICANN’s failure to adequately address the well-documented concerns consistently voiced by trademark owners brings us to the current Request for Comments.

Comments

The IPC believes that the ICANN itself has created an environment wherein many trademark owners perceive that the most effective strategy for dealing with the unfettered proliferation of new gTLDs is to file for a .brand registry. On numerous occasions, ICANN Staff and Board Members have touted the proposed .brand registry as the “trademark owners answer” to the proliferation of cybrersquatting, typosquatting and fraud that occurs in the gTLD space. Additionally, ICANN’s refusal to adopt the tapestry of rights protection mechanisms carefully crafted by the IRT to assist in thwarting the abuses that occur in the DNS only further increases the need for brand owners to file a defensive application for a gTLD in order to maintain the already unsatisfactory *status quo*. Specifically, it is undeniable that cybersquatting, typosquatting and fraud are prolific within the current DNS. The UDRP is an effective tool but its cost will not scale to the projected growth of the DNS with the uncapped expansion of the namespace. And, unfortunately, the watered down RPMs incorporated into the Applicant Guidebook are weak, if not wholly unworkable, and untested. Given this reality, brand owners feel forced to file defensive applications in order to protect their trademarks, clearly one of the most valuable assets a company may own. In short, the need to file defensive applications is real and fostered by a DNS rife with abuse and the imperfect RPMs cobbled together by ICANN for dealing with this abuse in an ever-expanding universe of gTLDs.

Another pressure to apply defensively for a gTLD stems from uncertainty over how the String Similarity rules will play out. The String Similarity rules are amorphous at best and completely untested. This uncertainty over how broad String Similarity preclusion will be creates a strong incentive to file defensive gTLD applications in the first round. If an applicant’s string is found to have a probability of confusion with another applicant’s string within the first round, the two strings will be placed in a contention set, giving both applicants the opportunity to argue their positions or seek a settlement. On the other hand, any applicant waiting until the second or an

even later round, runs the risk of having its application fail completely, with no possibility of further review, if its proposed string is found to be too similar a previously-registered string. The issue of “permanent string preclusion” is a severe disadvantage to applying in later rounds. This fact, coupled with uncertainty over how broadly the Panel will apply the similarity rules, intensifies the pressure to make a defensive first-round application.

Given this reality, the IPC believes it is incumbent upon ICANN to take action to offer effective alternatives to brand owners to assist in thwarting abuse in an expanded DNS. The IPC believes that one very positive step that can be achieved is to design an application batching process that will allow the gTLDs that many feel are the most needed to proceed and enter into the root first while allowing those applications for strings with the most serious concerns to be batched later in the process, thereby allowing ICANN to test the RPMs before flooding the DNS with gTLDs that have the highest incidence for abuse. Specifically, the IPC believes that ICANN should utilize the batching concept that has been discussed in the Applicant Guidebook to ensure that the introduction of new gTLDs is conducted in manner that will offer the least amount of disruption to the implementation process as well as businesses, consumers and brand owners. Another benefit is that a thoughtful and controlled batching process provides more time to for applicants to withdraw or work out a deal with any other applicant a party may find threatening.

Moreover, the IPC recommends that ICANN implement a complete refund window into the application process. That is, the IPC recommends that ICANN allow a short window of opportunity after the publication of the applications for applicants to withdraw their application for a full \$180,000.00 refund. While this mechanism is not a perfect solution, it would allow a safety valve for those applicants that feel compelled by the current atmosphere of uncertainty to recoup a great deal of their investment once they are assured that the need for a defensive application is no longer necessary; before ICANN has expended any significant resources in evaluating the application. Finally, the IPC recommends that ICANN work diligently to correct the weaknesses in the current RPMs. For example, the IPC suggest that the application of the IP Claims service be expanded to domains that not only consist of a trademark in the Clearinghouse but also **contain** the trademark. The IPC also suggests tightening up the URS timelines and loser pay mechanism (*e.g.*, eliminate the 15 domain name threshold) so that the URS can function as originally designed by the IRT.¹

In conclusion, the IPC clearly considers that the current road map for an unfettered expansion of the gTLDs in the DNS fosters the need for brand owners to file defensive applications to ensure that invaluable assets receive the utmost protection. That said, the IPC believes that a

¹ The IPC notes that a full loser pay system was not set out in the IRT recommendation. However, at the time the IRT was working on its proposals it was repeatedly told that a full loser-pays model was unworkable. The IRT wrestled with the concept, pointing to its importance; but now seeing that all other objection procedures in the gTLD process are full loser pays, the IPC is convinced that a full loser-pays model should be applied broadly to where the problem persists most, at the second level.

controlled batching process, a refund mechanism and improved RPMs for the second level would go a long way to eliminating some of the anxiety spurring brand owners into feeling forced into filing defensive applications for gTLDs.