

February 27, 2012

Dear Mr. Pritz:

These comments are submitted in response to ICANN's request for public comments on the "perceived need" for defensive registrations and on what "steps that could be considered to help alleviate this concern."

Before proceeding, it's worth stressing the obvious point that intellectual property rights deserve strong protection as ICANN expands the Internet to include new gTLDs. Top global brands are worth billions of dollars and represent the investment of much capital and many years of effort. Unanticipated harms to IP interests from the New gTLD Program should be mitigated and, where possible, eliminated. That much should be common ground.

1. Why There Is A Perceived Need for Defensive Registrations

A. What Is A "Defensive Registration"?

Before identifying why some stakeholders perceive the need to register a new gTLD defensively, it is worth defining exactly what we mean by a "defensive registration."

As commonly used, the phrase refers to a gTLD application submitted to protect the applicant's rights in a name rather than to operate a TLD registry for profit or as part of a larger marketing strategy.¹ Understood in these terms, a defensive registration might be considered an expensive and time-consuming form of brand protection. If that is the only purpose for applying, no wonder many brand holders are opposing the New gTLD Program as overly burdensome at \$185,000 for the application fee alone.

B. Why Is There a Perceived Need for Defensive Registrations?

ICANN rightly points out that the gTLD application process includes multiple procedures to protect trademark owners from infringement. Legal Rights challenges are one of only four enumerated grounds to formally dispute a gTLD application. Numerous post-delegation procedures are available, including the Trademark Clearinghouse, Sunrise Service, Uniform Rapid Suspension System, Trademark Post-Delegation Dispute Resolution Procedure, and Registry Restrictions Dispute Resolution Procedure. At many points these procedures offer greater protection than trademark holders enjoy today.

Yet the NTIA reports that "many stakeholders" feel the need to file gTLD applications defensively. Why is that?

¹ Because a defensive registration is defined in terms of an application for a new gTLD, the risks of infringement or dilution of a trademark resulting from the registration of a domain at the second level are immaterial to the questions discussed here. No brand holder will decide to apply defensively for a new gTLD out of fear that its brand will be infringed at the second or subsequent level of another TLD.

Widespread ignorance of the protections available to trademark owners explains some of the perceived need. ICANN could do a better job of highlighting such protections, rather than concentrating so much attention on the virtues of the New gTLD Program. That message that brands are protected needs to be broadcast time after time in the newspapers, magazines, and websites where business leaders and legal counsel for concerned trademark owners tend to look for credible news and information.

But improving ICANN's outreach will not eliminate the perceived need for gTLDs. Even well-informed organizations may rationally conclude that submitting a defensive registration is a sensible measure for risk management. One could question whether cybersquatting presents a substantial risk, given the high cost of applying. It would seem to be small given the expense of submitting a gTLD application. But the truth is that no one knows how great the risk is. The novelty of the gTLD expansion creates a separate category of risks. Disputes over applied-for gTLDs will be decided using often untested standards applied by untested tribunals relying on untested procedures. This presents multiple risks that are perhaps underappreciated. And not all risk in domain names is financial. Some organizations would suffer irreparable damage to their public image and perhaps to their capacity to carry out their core missions if they ceded control of the names with which they are most closely identified at the Internet's top level. For them, it might be reasonable to apply defensively to reduce or eliminate the risk of a low-probability but potentially catastrophic loss.

In the end, the reasons for submitting a defensive registration depend on individual circumstances. Coalitions have brought forward the concern with defensive registration, but identifying the reasons behind that concern will require ICANN to determine why the time and expense of a gTLD application was reasonable for individual organizations, even if the reasons for submitting one were ultimately defensive. Such reasons might run the gamut from marketing strategy to competition to ignorance of available protections. But the question cannot be fairly answered by turning to the PR positions of groups.

2. Additional Trademark Protection Measures

ICANN has also asked stakeholders to consider what measures "could be considered to help alleviate this concern" with defensive registrations.

The question itself is procedurally irregular and untimely.

ICANN's bylaws specifically provide that the Generic Names Supporting Organization ("GNSO") is "responsible for developing and recommending to the ICANN Board substantive policies relating to generic top-level domains."² By soliciting policy recommendations regarding new gTLDs from the public directly, rather than deferring to the GNSO, this provision may have been violated.

Adding new protective measures now, when stakeholders have applied and are applying in reliance on the rules as currently established, would reward what Assistant Secretary Strickling called an effort "to collaterally attack the outcome ... of a six-year multistakeholder process that engaged folks from all over the world."³ And by rewarding that effort, ICANN will have encouraged others to undermine the multi-stakeholder process in future policy contests. Adopting new protections now would upset a balance, however

² Bylaws for Internet Corporation for Assigned Names and Numbers, art. X, § 1 (Dec. 8, 2011).

³ Remarks by Lawrence E. Strickling, Assistant Secretary of Commerce for Communications and Information PLI/FCBA Telecommunications Policy & Regulation Institute (Dec. 8, 2011) (as prepared for delivery).

imperfect, that reflects the full and active participation by every sector of ICANN's stakeholder community.

Reconciling the legitimate and pressing concerns of trademark holders with the desire to avoid rewarding collateral attacks on the multi-stakeholder process depends on timing and correct procedure. When and how ICANN adopts any new procedural protections matters to the integrity of the New gTLD Program as a whole. ICANN really should evaluate whether additional protections would mitigate the perceived need for defensive registrations—but only after the application window closes in April. Its obligations under the *Affirmation of Commitments* require ICANN to evaluate the Program after new gTLDs have been in operation for a year.⁴ Only experience can show whether the existing menu of trademark protections will suffice. And deliberate consideration of that question by the GNSO Council or by the community review team organized pursuant to the *Affirmation* are the procedurally correct means for ICANN to augment the menu of trademark protections, if justified by experience.

For now, the gTLD process can be improved in ways that mitigate anxieties over defensive registrations while leaving in place the delicate balance of interests that years of bottom-up policy making have achieved.

- ◆ ICANN should improve its education and outreach through articles, interviews, and advertisements aimed at better informing stakeholders of the multiple procedural protections for brand holders.
- ◆ ICANN should work with the World Intellectual Property Organization to develop detailed guidance about how Legal Rights disputes will be resolved. Such guidance should be made available quickly—while stakeholders still have an opportunity to evaluate their individual risks in light of that guidance before ICANN's application deadlines arrive.
- ◆ ICANN staff should engage the stakeholder community more fully through the New gTLD Customer Service. Not all answers to questions for a new gTLD applicant are found in the Applicant Guidebook, however meticulously parsed. Rote citations to the Guidebook should be replaced by meaningful and direct answers aimed at fully resolving stakeholder questions. The pattern of such answers will reduce the burden of applying and better inform stakeholders considering whether to apply of the true costs and burdens of submitting an application.

In short, ICANN should set aside the question of additional trademark protections until the bottom-up processes contemplated by ICANN's bylaws and the *Affirmation of Commitments* can take up the question in due course.

⁴ *Affirmation of Commitments by the United States Dep't of Commerce and the Internet Corp. for Assigned Names and Numbers* ¶ 9.3 (“If and when new gTLDs ... have been in operation for one year, ICANN will organize a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, as well as effectiveness of (a) the application and evaluation process, and (b) **safeguards put in place to mitigate issues involved in the introduction or expansion.**”) (emphasis added).

Please contact me with any question or concerns, or if you wish to discuss these matters further.

Sincerely,

/s/ R. Shawn Gunnarson