



February 27, 2012

VIA EMAIL

Dr. Stephen D. Crocker
Chairman of the Board of Directors
Mr. Rod Beckstrom
President and CEO
ICANN
4676 Admiralty Way, Suite 330
Marina del Ray, CA 90292

Re: Comments of Microsoft Corporation on Defensive
Applications for New gTLDs

Dear Dr. Crocker and Mr. Beckstrom:

Microsoft Corporation (“Microsoft”) welcomes this opportunity to provide its comments to ICANN on Defensive Applications for New gTLDs.

Microsoft is a worldwide leader in the IT industry, with a mission to enable people and businesses throughout the world to realize their full potential. Since the company was founded in 1975, it has worked to achieve this mission by creating technology that transforms the way people work, play, and communicate. Microsoft is also an owner and champion of intellectual property rights. It maintains sizable trademark and domain name portfolios and takes pride in the worldwide recognition of its trademarks. Further, Microsoft’s businesses rely heavily on the Internet and the current system of top level domains, and Microsoft is an ICANN-accredited registrar.

Microsoft has provided extensive and meaningful comments to ICANN on all four versions of the new gTLD Draft Applicant Guidebook (“DAG1”, “DAG2”, “DAG3”, and “DAG 4”), the Proposed Final gTLD Applicant Guidebook (“PAG”), the Discussion Draft of the New gTLD Applicant Guidebook (“DDAG”), all three proposals for trademark rights protection mechanisms, and both documents relating to the ill-fated Expression of Interest proposal.¹

¹

* * *

We are aware that some companies perceive a need to file a “defensive” gTLD application to prevent a third-party from securing a gTLD that corresponds to their trademark. The Legal Rights Objection (“LRO”), the \$185,000 new gTLD application filing fee (along with at least another \$25,000 in application-related costs and fees), and the background check should decrease meaningfully the risk of third-party “cybersquatting” gTLD applications. Accordingly, we hope that a “defensive” gTLD application to counter an anticipated risk of a cybersquatting gTLD application would be unnecessary. “Defensive” gTLD applications filed for business or competitive reasons – to secure a brand gTLD to prevent a third party with a legitimate, competing claim to it or to avoid the expanded scope of string similarity in a second gTLD round – should not be considered “defensive” specifically for purposes of combatting cybersquatting.

Microsoft appreciates the contribution and participation of those stakeholders who propose a “Do Not Sell” list as a mechanism for addressing business/competitive “defensive” gTLD applications. The primary problem that trademark owners face in new gTLDs, however, is the continued need for defensive *second*-level registrations to preempt cybersquatting. To address the business/competitive “defensive” gTLD application concern, ICANN should add an additional refund window into the application process. After publication of the applications, gTLD applicants should be provided with a short window (not more than 7 days) to withdraw their application for a \$162,000² refund. This short, targeted refund window would allow those gTLD applicants whose applications were filed solely for

¹ See December 15, 2008 Comments on the New gTLD Draft Applicant Guidebook, accessible at <http://forum.icann.org/lists/gtld-guide/pdfMvfg7LTxa8.pdf>; December 15, 2008 Comments Regarding Technical and Operational Issues, accessible at <http://forum.icann.org/lists/gtld-guide/pdf5Ldl1Crw9E.pdf>; April 13, 2009 Comments on Draft Applicant Guidebook 2 (“DAG 2”), accessible at <http://forum.icann.org/lists/2gtld-guide/pdf05RfROrkND.pdf>; April 13, 2009 Technical Comments on DAG 2, accessible at <http://forum.icann.org/lists/2gtld-guide/pdfk6UvWqLcLy.pdf>; July 2, 2009 Comments on Final Report of the Implementation Recommendation Team, accessible at <http://forum.icann.org/lists/irt-final-report/pdfCZIN3Aa1Ni.pdf>; November 22, 2009 Comments on Draft Application Guidebook 3, accessible at <http://forum.icann.org/lists/3gtld-guide/pdfeHyfFPW2Jf.pdf>; December 11, 2009 Comments on Expression of Interest in New gTLDs Process, accessible at <http://forum.icann.org/lists/eoi-new-gtlds/pdfIJ84r0zbgc.pdf>; January 26, 2010 Comments on “Special Trademark Issues Review Team Recommendations”, accessible at <http://forum.icann.org/lists/sti-report-2009/pdfdTmcspztsL.pdf>; January 27, 2010 Comments on “Aspects of an Expression of Interest Pre-Registration Model” (“EOI Model”), accessible at <http://forum.icann.org/lists/draft-eoi-model/pdfK4Q2pETRNU.pdf>; March 31, 2010 Comments on “Proposal for Trademark Clearinghouse” and Draft Uniform Rapid Suspension System, accessible at <http://forum.icann.org/lists/tm-clear-15feb10/pdfKjjShbN3RT.pdf>; July 21, 2010 Comments on Version 4 of the New gTLD Draft Applicant Guidebook (“DAG 4”), accessible at <http://forum.icann.org/lists/4gtld-guide/pdfIel3VOIshV.pdf>; December 8, 2010 Comments on the Proposed Final gTLD Applicant Guidebook (“PAG”), accessible at <http://forum.icann.org/lists/5gtld-guide/pdfVfn5MZpVUL.pdf>; and May 15, 2011 Comments on the Discussion Draft of the New gTLD Applicant Guidebook (“DDAG”), accessible at <http://forum.icann.org/lists/6gtld-guide/msg00025.html>.

² This amount is equal to 90% of the \$180,000 potentially refundable portion of the \$185,000 application filing fee.

business/competitive “defensive” reasons to recover almost all of the filing fee once they know that their “defensive” gTLD application is not necessary. At that point, ICANN will have expended minimal resources in processing any application withdrawn during this short window.

Since its December 2008 comments on DAG1, Microsoft has repeatedly called on ICANN to provide scalable, cost-effective, and efficient rights protection mechanisms to minimize the ICANN-imposed burden on rights owners of having to secure defensive registrations and combat cybersquatting in what now appears likely to be as many as 1500 new gTLDs. Given ICANN’s stated concern about defensive registrations in this Public Comment Announcement, we encourage ICANN to adopt the implementation measures below to minimize the burden of defensive second-level registrations inherent in the new gTLD program.

1. Make URS the “rapid, inexpensive”³ mechanism that the IRT designed it to be and that ICANN has portrayed it to be. The IRT designed the URS to be faster and cheaper than the UDRP with an intended filing fee of \$300-500. Since the IRT developed the URS, the URS has been “lengthened and burdened”⁴ with procedures that will make the filing fee about \$1500. If the URS is not faster and cheaper than the UDRP (and with a \$1500 filing fee it will not be), trademark owners will not use it. ICANN must take the steps necessary to reduce the filing fee to \$300-\$500 – regardless of whether those steps are to modify the “lengthen[ing] and burden[ing]” procedures that have been added to the URS or to subsidize the filing fee with a portion of the “risk management” fund built into the gTLD application fee (estimated to be at least \$55 million if 1000 new gTLD applications are filed). If ICANN is not willing to take the necessary steps, ICANN must stop characterizing the URS as rapid and inexpensive, and issue notices of correction to those institutions and media outlets to which ICANN has made such a characterization.

2. Require Burden-Shifting of Second-level Domain Names Incorporating “Frequently Cybersquatted Marks. When potential registrants seek to register second-level domain names that incorporate those marks that are frequent targets of cybersquatting, ICANN should require all new gTLD registries to, via the Trademark Clearinghouse, shift the burden to those potential registrants to provide legal justification for their registration and use of the domain in question. It is indisputable that those marks that are frequent targets of cybersquatting in existing gTLDs will be targets of cybersquatting in new gTLDs. The universe of marks “targeted for cybersquatting” should encompass those marks (a) that have been the subject of at least five administrative or legal proceedings in which intellectual property infringement relating to

³ See, e.g., Letter from Kurt J. Pritz, ICANN Senior Vice President, Stakeholder Relations to Senators Boxer, Cantwell, McCaskill, Snowe, and Warner at 28 (Jan. 25, 2012) *accessible at* <http://www.icann.org/en/correspondence/pritz-to-boxer-cantwell-et-al-25jan12-en.pdf>. But see

⁴ Statement of Kurt Pritz, GNSO Working Session on New gTLDs and Joint Applicant Support at 32 (Oct. 23, 2011), *accessible from* <http://dakar42.icann.org/node/26785>.

registration or use of a domain name have been found or (b) for which the trademark owner has recovered ten or more infringing domain names through at least one administrative or legal proceeding. A potential registrant of a second-level domain name incorporating a “frequently cybersquatted mark” should be permitted to ultimately register the domain name if it can demonstrate, using the criteria in Paragraph 4(c) of the UDRP, that it has a right or legitimate interest to register and use the initially blocked domain name. This proposed second-level burden shifting for domain names incorporating marks that are demonstrated to be frequent targets of cybersquatting accomplishes many goals – it minimizes the defensive registration burden for those marks are most likely to be targeted by cybersquatters, it is narrowly tailored, and it allows a potential registrant to overcome the burden.

3. Extend “Loser Pays” to All URS Proceedings. ICANN should extend “loser pays” for the filing fee to all URS proceedings, not just those involving at least 15 allegedly infringing domain names. (To clarify, all URS Respondents would be required to pay a response fee and the prevailing party would receive a refund of its filing or response fee, as appropriate.) Such an extension creates a disincentive for cyberquatters who otherwise have nothing to lose other than a domain registration fee and rectifies the imbalance for mark owners that must pay at a minimum a filing fee and legal fees. The 15-name cutoff can be easily circumvented by cybersquatters; they can simply register 14 infringing domain names under each alias. The proposed extension avoids this circumvention. Moreover, precedent with ICANN exists: ICANN does not limit the “loser pays” remedy in both the Trademark Post-Delegation Dispute Resolution Procedure and the Registry Restrictions Dispute Resolution Procedure. Loser pays should fully apply at the second level, which is where it will have the greatest impact.

* * *

Thank you for your consideration. If you have questions or wish to discuss any of the points raised herein, please contact Russell Pangborn (russpang@microsoft.com)

Respectfully submitted,

Microsoft Corporation

/Russell C. Pangborn/

Russell Pangborn
Associate General Counsel – Trademarks