



PROPOSED RIGHTS PROTECTION MECHANISMS IN NEW GTLDS

AT&T COMMENTS

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The ICANN staff has drafted a set of implementation recommendations related to intellectual property protection for new gTLDs. These proposals must be considered holistically in the context of the ICANN Board's commitment to address the threshold issues that overarch gTLD expansion (trademark protection, malicious conduct, security and stability and adequate economic analysis), as well as the findings of the preliminary Root Scaling Study and ICANN's obligations related to new gTLDs under its new Affirmation of Commitments. While a helpful start, the staff's rights protection mechanism recommendations do not assure adequate protection and efficiencies for key stakeholders.

The staff recommendations incorporate some, but not all, of the Implementation Recommendation Team (IRT) Draft Final report. Specifically, the staff retained but diluted two parts of the Draft Final Report: the IRT's recommendations for an IP Clearinghouse (renamed the "Trademark Clearing House"), and aspects of the IRT recommendations for a Uniform Rapid Suspension System. The staff also rejected the Globally Protected Marks List (GPML) aspect of the IP Clearinghouse and appears to have rejected the use of a string similarity algorithm in the context of initial evaluation. AT&T believes that the original recommendations in the IRT Final Report were themselves consensus compromises and that staff's dilution of two mechanisms and outright rejection of two others is unacceptable in the overall context of the work that has been done to date, and the work that remains to be done, in connection with the planned introduction of new gTLDs. All four proposed protection mechanisms, as reported by the IRT, should be retained.

The establishment of the IRT as a way to develop solutions to address the risks to brand holders, and the problems of consumer confusion and potential fraudulent uses of brand names was an important step forward in developing consensus around the appropriate RPM in connection with the anticipated roll-out of new gTLDs. AT&T, not a member of the IRT but a global brand holder, a stake holder, and active participant in the IRT's process, filed comments to the IRT's Final Draft supporting both the IRT's work and further input regarding the IRT's proposals. The ICANN staff has, however, discarded two of the major recommendations of the IRT and, in doing so, diluted the effect of two others. While AT&T generally shares the concerns of the Business Constituency and the INTA with respect to the staff recommendations, which are filed separately in this proceeding, we focus, in these comments, on the staff's decision to disregard the IRT's recommendations with respect to the GPML.

Permitting the unfettered registration of new gTLDs that infringe on global brands is a recipe for protracted disputes, user confusion and increased business costs. AT&T



and many other enterprises, whatever their status and domiciliary, have long operated globally. Many other enterprises, and an increasing number in the developing world, are expanding their reach to global markets. In the case of established global brands, much money and time has been spent to register and maintain trademarks and service marks, as well as to secure, maintain, and protect other forms of intellectual property. At this point in the dialogue, it is beyond question that global companies also are being forced to pay for thousands of defensive registrations to protect their brands and are the largest target for those who want to confuse end users and engage in fraud and abuse. Companies with a global brand should not be forced to assume unnecessary burdens and expenses in connection with protecting against consumer exploitation through increased exploitation of registration of names new gTLDs, thus increasing both the cost of consumer protection and brand protection.

AT&T has long advocated the establishment of a reserve list of global brands top level names for all new gTLD registries based on clearly defined, objective criteria, together with contract terms in registry agreements that require all new string applicants to adopt and adhere to this list in order to minimize disputes between new registry applicants and global brand holders. To the extent a new registry applicant pursues registration of a name on the reserved list, a dispute procedure should be provided, with the cost borne by the registry applicant.

The IRT, in recognition of AT&T and others' similar proposals, proposed a GPML that, while not identical to AT&T's initial proposal, was nevertheless a good start. AT&T initially had concerns about the threshold eligibility criteria proposed by the IRT for the GPML, and expressed those concerns with the IRT in the course of its May 11, 2009 workshop in San Francisco. We reviewed both the IRT Final Report and the criticisms and feedback provided to ICANN on the IRT Final Report to date, and duly submitted our analysis of this to ICANN.

We showed that concerns that the GPML will somehow create a new species or form of intellectual property rights are simply unfounded. The list is nothing more than a "reserve" list of names that meet defined criteria, and serves the essential purpose of minimizing end user confusion and transactional costs regarding the names that meet the defined criteria. The names that are proposed to be on the GPML are limited to those who have a very high threshold of global recognition, and have been the target of exploitative actions. AT&T agrees with the concept that the registration threshold must be sufficient so that only globally recognized brands are placed on the list. We note that Final IRT proposal provided for a mechanism to appeal the 'reserved' status of any name. Indeed, GPML parallels, conceptually, the reserved list of ICANN names established in the Draft Applicant Guidebook. Holders of globally recognized brands are just as legitimately concerned as ICANN is that confusion would result if their respective names were allocated to unrelated third parties to operate as registries.

The ICANN staff states that, "on balance, the comments to this particular RPM suggests the GPML will burden Clearinghouse administration more than it will help it." Staff concludes that the comments suggest that "the inability to establish applicable criteria could have the effect of undermining trademark holder's faith in the gTLD



system and the RPMs,” and a misguided concern that the GPML “would lead to expanding trademark rights.” These statements are mere conclusions, and although staff purports to summarize both the public comments to the IRT Draft Final Report and the comments on the original IRT IP Clearinghouse proposal received in Sydney, New York and London, the analysis which follows provides no principled support for the Staff’s decision to rely on any particular comment.

There is simply no demonstration that the proposed GPML will in fact burden the IP Clearinghouse more than it will help. The staff did not conduct any kind of quantitative or management analysis, nor did give any consideration to the costs to the private sector specifically, and international commerce, generally, of not putting into place a GPML. Moreover, there is no basis to conclude that there is an “inability to establish applicable criteria” - at the most, more work and more resources could have been dedicated to establishing the appropriate criteria. Far from undermining trademark holder’s faith in the gTLD system and the RPMs, as the Staff hypothesizes, we support continued analysis and development of the GPML as a good faith indication that trademark infringement and consumer confusion issues are being appropriately prioritized and addressed as part of the development of new gTLDs. Finally, there has been no entity advocating for the expansion of trademark rights through ICANN as part of the RPM, and such fears, to the extent they have any basis, can easily be addressed in the implementation of the RPM.

In sum, by eliminating the GPML, the staff has eliminated the most effective, proactive, cost-efficient brand protections and has forced the business community into an unnecessarily expensive defensive posture.

The IRT described its various RPM as a “tapestry.” AT&T has repeatedly urged that new gTLD rollout be managed holistically. Trademark protection is but one of four overarching issues that ICANN has acknowledged must be resolved prior to any introduction of new gTLDs. Along with the appropriate trademark protections, malicious conduct and security and stability concerns remain threshold issues that have yet to be thoroughly analyzed, despite the release of DAG3. Moreover, the long-sought foundational economic study and analysis is yet to be completed. AT&T urges continued focus on all of the threshold issues and a careful approach that thoroughly addresses the concerns that have been raised about the introduction of the new gTLDs.