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VIA EMAIL ONLY (sti-report-2009@icann.org)

Mr. Rod Beckstrom, President and CEO and  
Mr. Peter Dengate Thrush, Chairman of the Board of Directors  
Internet Corporation for Assigned Names and Numbers (ICANN)  
4676 Admiralty Way, Suite 330  
Marina del Ray, California 90292

**Re: Request for Comments on the Special Trademark  
Issues Review Team Recommendations Report**

Dear Messrs. Beckstrom and Dengate Thrush:

Verizon appreciates this opportunity to comment on the December 11, 2009 Special Trademark Issues Review Team Recommendations Report ("STI Report") and commend the various members of the Special Trademark Issues Review Team ("STI Team") for all their hard work.

We wish to reiterate the fact that significant concerns remain with respect to the four overarching issues raised by ICANN with regard to the introduction of new gTLDs and additional work remains to be conducted before ICANN can move forward. In particular, ICANN previously committed to performing and publishing an independent economic analysis on the effects of adding such new gTLDs, addressing, including the necessity for new gTLDs in the first instance, the effect on the stability and security of the Internet and the costs to trademark owners and consumers. Despite repeated calls by ICANN stakeholders, no independent economic analysis has been performed.

In addition to the comments previously filed by Verizon with ICANN and the Implementation Recommendation Team (IRT), we are submitting the following brief comments for consideration:

**Trademark Protection Comments**

The global protection of trademarks remains of critical importance to businesses, large and small. This issue remains a key concern for Verizon with our global portfolio of thousands of trademarks and domain names. Since 2000, Verizon has expended billions of dollars advertising and promoting the VERIZON brand around the world (including the millions associated with registering and maintaining thousands of trademarks and domain names, and millions more in enforcement costs). In 2008 alone, Verizon was listed as one of the nation's leading advertisers (\$2.2 billion in measured U.S. media spending). As with all household names, the VERIZON

brand is a primary target for cybersquatters and remains so today.

We were hopeful and expected that ICANN would, at a minimum, adopt all of the rights protection mechanisms (“RPMs”) identified by the IRT. We were disappointed to learn that ICANN only selected two variations of the RPMs recommended by the IRT for review by the STI Team, i.e. the Uniform Rapid Suspension (“URS”) and Trademark Clearinghouse (“TC”)(formerly known as the IP Clearinghouse). As discussed below, we believe that the current versions of the URS and TC provide very little protection for trademark owners, thus rendering such RPMs largely ineffective for the purpose for which they were originally intended. As discussed below, the remedies will wind up costing trademark owners millions of dollars, if not more, each year in new enforcement costs should the rollout of new gTLDs proceed as planned.

### **URS Comments**

The availability of an effective URS continues to be one of the most important trademark protection mechanisms for trademark owners, including Verizon. Its purpose should be to provide the quickest and cheapest solution possible, as opposed to the relatively lengthy and costly Uniform Dispute Resolution Policy (“UDRP”) proceeding. We believe that this remedy, as currently proposed, will not provide a complete remedy for trademark owners. Instead, the URS will require trademark owners who will inevitably be targets of cybersquatting across potentially thousands of new gTLDs to engage in continual monitoring and will raise costs for businesses and their customers.

By now it should be obvious to ICANN that “freezing” a domain name for the life of its registration does not adequately address the enforcement needs of trademark owners. We again stress that one of our most significant concerns is that the URS does not permit a domain name to be transferred back to the trademark owner. It is important that domain names should be permitted to be transferred back to the trademark owner to avoid consumer confusion and permanently place such domain names with their rightful owner. Without the transfer option, the trademark owner is left having to incur costs to file lawsuits or UDRP proceedings.

Since a domain name can only be temporarily “frozen,” trademark owners will be placed in a perpetual monitoring situation after having spent the time, effort and money to go through the URS process. An entire industry may spring up to game the system by watching which domain names are in a “frozen state” and will be dropped by the registry after the domain name registration in the URS process expires. New domainers may pick up the more valuable domain names that are dropped and trademark owners will have to continuously file complaints using the URS process. Once a domain name has been subject to a URS proceeding, it should be marked as such and warning notices should be sent to all future purchasers of that domain name. A remedy that allows the domain name to be put on hold indefinitely along with the inclusion of a transfer option will also help eliminate this loophole. Without the transfer or indefinite hold options, the costs and gaming associated with the URS will simply drive trademark owners back to using UDRP proceedings or filing lawsuits, where it is possible to do so.

An automatic default procedure to ensure the URS is in fact rapid is important. In regards to Section 5.3 of the URS, in default cases, registrants should not be allowed a de novo review at any time after failing to file an answer as this creates uncertainty for TM owners, and encourages rather than discourages default filings. Instead, the URS process should provide for a grace period for a de novo review of a default judgment of perhaps 3 months or upon expiration of the domain name registration period, whichever occurs first.

In short, new gTLDs will result in more UDRPs, more lawsuits, more monitoring and more enforcement costs for trademark owners. As we stated in the past, the Coalition against Domain Name Abuse (CADNA) conservatively estimates that brand owners worldwide could suffer from over \$1 billion in losses as a result of diverted traffic and the loss of consumer trust and goodwill. In these uncertain economic times, companies cannot afford to expend unnecessary additional costs to register trademarks defensively across hundreds of new gTLDs and nor should they be forced to expend resources attempting to monitor and enforce their trademark rights across such new gTLDs.

### **TC Comments**

Verizon does not necessarily oppose the TC, however, as with many of the comments filed to date, we too have come to the disappointing conclusion that it can only be commended as something, which is better than nothing. The removal of common law trademark rights from the TC is a concern for trademark owners and should be included as part of the validation process for new gTLDs registrations. Any use of the TC database should not focus alone on the exact trademark as listed but also consider confusingly similar variations since the vast majority of infringements may involve the trademark combined with other words or with misspellings (typosquatting) of the trademark. Unfortunately, by limiting the application of the TC to sunrise domain name registration periods, the TC provides very limited protection for trademark owners. Its application should be expanded to cover the post-sunrise period. Expanding the TC to address the foregoing concerns will eliminate the need for defensive registrations of new gTLDs.

We believe that the TC should be run on a not-for-profit basis and costs associated with using the TC should be shared by all parties, including ICANN, who benefit from its services. These protections will help keep the TC registration fees reasonable for all stakeholders.

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### **Summary**

In sum, we remain concerned that the STI Team's recommendations, as currently proposed, will unfortunately still impose additional costs on trademark owners in protecting their trademark rights and are not the low cost and effective trademark remedies promised to the trademark community at the start of this process.

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We expect the introduction of new gTLDs to result in millions of new infringements for brand holders around the world. Until all of the foregoing concerns are adequately addressed, ICANN should not move forward, and especially, should refrain from taking any further action on trademark related issues at the upcoming Nairobi meeting, when so few stakeholders, including those from the IP and business communities, will be in attendance due to safety and security concerns.

We again thank you for this opportunity to submit comments and urge ICANN to more carefully consider all the effects of new gTLDs before their proposed roll out.

Very truly yours,

A handwritten signature in blue ink that reads "Sarah B. Deutsch". The signature is fluid and cursive, with the first name "Sarah" and last name "Deutsch" clearly legible.

Sarah B. Deutsch