

NCUC COMMENTS
ON THE
UNIFORM RAPID SUSPENSION SYSTEM
AND
TRADEMARK CLEARINGHOUSE PROPOSALS
AS REVISED BY ICANN STAFF

1 APRIL 2010

The Non-Commercial Users Constituency (NCUC) welcomes the opportunity to submit our comments to the revised documents, produced by the ICANN Staff, relating to the creation of a Trademark Clearinghouse and a Uniform Rapid Suspension System, which will be included in version 4 of the Draft Applicant Guidebook. We also welcome the 12 March 2010 ICANN Board Resolutions supporting the substantive content of the Clearinghouse and of the Uniform Rapid Suspension System.

Generally speaking, both staff-prepared documents reflect the main deliberations and conclusions of the GNSO's Special Trademark Issues Team (STI). At the same time, however, there are specific issues in which the staff-revised proposals depart substantially from the GNSO-STI's recommendations and some mistakes appear to be simple typographical errors. Although we appreciate that some of these comments attempt to consolidate the various opinions of the community during the public comment period, some of these comments reflect staff additions to the policy that NCUC believes are arbitrary, unjustified and – in some cases – illegitimate.

The Uniform Rapid Suspension System (URS)

The original scope of the URS, reflected both in the Implementation Recommendation Team (IRT) report as well as in the recommendations produced by the GNSO Special Trademark Issues (STI) group, was to deal with the 'clear-cut' and undisputable cases of cybersquatting. It was also designed with the idea that URS Examiners would proceed to a substantive review of any case before making their determinations. At no point, was it considered that a domain name dispute that reached the URS level would automatically indicate cybersquatting. The revised Staff report, however, seems to suggest exactly this. In particular, section 2 of the URS document states: **“Given the nature of expected disputes in this venue, it is thought, more often than not, that no response to complaints will be submitted...”**. We strongly urge the ICANN Staff to **remove** this sentence as it operates under a presumption of guilt on behalf of the Respondent. This was not part of the GNSO-STI recommendation, which was adamant about the Examiner conducting a substantive review of the dispute, even if the domain name holder failed to respond. We believe that it is unfair and against the principles of due process as it is patently prejudiced in favor of trademark complainants. A fair and neutral URS procedure should not operate under the presumption that 'more often than not' there will be no response to the complaint.

Moreover, section 4.3 of the revised Staff report states: “... as well as the effects if the registrant fails to respond and defend **again** the Complaint”. This is a mistake – it should instead read: “... as well as the effects if the registrant fails to respond and defend **against** the Complainant”.

Furthermore and while we welcome the affordability of the URS to provide, upon request, some extra time to the Registrant if there is good faith for doing so, we do not accept that this time should be contingent on the fact that it “**does not harm the Complainant**”. This addition indirectly negates the affordability of ‘buying’ some extra time on the mere assertion of perceived harm of the complainant. From the perspective of trademark owners and considering that they are the ones to initiate the dispute, any extra time will harm them and they will always claim “harm” when more time is needed. Therefore, making the allowance of this extra time dependant on whether this causes harm to the Complainant, makes this provision redundant. At the same time, trademark owners can allege harm without submitting any proof or evidence for this harm and therefore disallow Registrants of the opportunity for additional time. **The very fact that the registrant has responded demonstrates good faith.** We strongly urge the ICANN staff to **remove** this added provision and we believe that the limitation of allowing this extra time based on good faith is sufficient and in line with the consensus of the GNSO.

More importantly, we would also like to draw attention to paragraph 6 “Default” of the new staff proposals. Section 6.1 states: “If at the expiration of the 20-day answer period (or extension period of granted), the Registrant does not submit an answer, the Complaint proceeds to default. **If the answer is determined not to be in compliance with the filing requirements, Default is also appropriate**”. It is the second sentence of this section that is highly problematic and illegitimate by expanding the meaning of the term “default” to include minor filing mistakes. Exactly the same view was reflected by the ICANN Staff in its report, following the IRT’s recommendation (<http://www.icann.org/en/topics/new-gtlds/draft-proposed-procedure-urs-04oct09-en.pdf>) and it was an interpretation the GNSO-STI consciously rejected. Under legal theory and practice default means one thing and one thing only: **failure to respond in a timely manner**. It does not extend to filling mistakes, which are bound to occur in many innocent instances. It is simply unfair to bump the dispute to default status simply for filing errors and omissions.

There are many reasons why this provision is illegitimate and should be removed from what will eventually be part of version 4 of the Applicants’ Guidebook. First of all, it only applies to the Registrant/domain name holder. This is unfair – both procedurally and substantively – as it does not provide room for human error. Secondly, if this document is supposed to reflect the recommendations made by the GNSO-STI as well as the comments of the public comment period, then this provision has been arbitrarily added by the ICANN staff. As said before, the GNSO-STI wilfully dismissed this expansive interpretation of default, whilst there is not one single comment made during the public comment period, which suggested that default should also be interpreted in such a broad manner. Moreover, by interpreting default so expansively, it is to be anticipated that many registrants will be placed in a disadvantageous position, since, in many cases, Registrants do not have at their disposal legal teams and represent themselves. Registrants are fighting against a ‘ticking clock’ with short deadlines and in many cases English is not their first language – therefore, mistakes are and will be inevitable. We strongly urge the **removal of the second sentence of section 6.1 – namely “If the answer is determined not to be in compliance with the filing requirements, Default is also appropriate”.**

NCUC also believes that the opening sentence of section 5.6 is too passive and suggests that the sentence “Such claims, if found by the Examiner to be proved based on its evaluation of all evidence, shall result in a finding in favor of the Registrant” that sits at the end of section 5.6 should be placed in the beginning and follow the opening sentence. The new, amended version should read: “**The Response can contain any facts refuting the claim of bad faith registration by setting out any of the following circumstances, which, if found by the**

Examiner to be proved based on its evaluation of all evidence, shall result in a finding in favor of the Registrant:”

Furthermore, NCUC strongly disagrees with the staff’s replacement of the GNSO’s negotiated language of “Safe Harbor” provisions with the word ‘Defenses’ and is not convinced that this is a product of “further independent legal analysis”. The GNSO-STI was comprised – amongst others – by legal experts in the area of trademarks and domain names and the GNSO-STI’s use of the “Safe Harbor” language was a product of extensive legal consideration and negotiation; this language also received GNSO-STI’s unanimous consensus. The word “Defenses” – is much weaker and especially in the context that it is used – does not create a binding legal obligation for the URS Examiner to accept that the Respondent has the right to demonstrate that the domain name registration is legitimate and in good faith. The GNSO-STI made use of the Nominet language in purpose and with the aim to identify the circumstances where the domain name holder is the *de jure* owner of the domain name. We, therefore, recommend that these staff-revised proposals **should either go back to the use of the phrase “Safe Harbor” or, alternatively, should use the Nominet language: “How a Respondent may demonstrate in its response that the Domain Name is not an Abusive Registration and is making a legitimate use of the domain name”**.

It is also necessary to clarify in the next DAG that the scope of the URS Safe Harbors that operate in tribute to or in criticism of a person or a business will not be limited to only those situations where there has been a previous legal determination of fair use before the criticism may be allowed. Therefore, we recommend a slight amendment to clarify the AGB model **“(d)omain Name sites operated solely in tribute to or in criticism of a person or business that is found by the panel or other adjudicator to be fair use.”**

There is also a mistake in the wording of section 5.8 – “other considerations of bad faith for the Examiner”. This should read “Other consideration of good faith for the Examiner” as it constitutes a continuation of section 5.7. Actually, there is no reason for the separation of the “Safe Harbor” provisions in two sections. We, therefore, suggest that 5.8 (a) and (b) be replaced by 5.7 (e) and (f).

In the context of “Abusive Complaints”, the revised ICANN staff report, in section 11, fails to distinguish between abuses on behalf of trademark owners and on behalf of URS examiners. At the same time, sections 11.1 and 11.2 should be merged into one section as they deal with the same subject matter. In particular, section 11.2 contains a lot of language mistakes and fails to make sense. The GNSO-STI’s section 9 entitled “Abuse of Process” was very clear in the distinction between the types of abuses and received unanimous consensus by the GNSO. In particular it stated:

9. Abuse of Process

9.1 “Abuse by trademark holders: The URS shall incorporate penalties for abuse of the process by trademark holders. In the event of two (2) abusive complaints, or one (1) finding of a “deliberate material falsehood,” the party should be barred for one (1) years from the URS. Two (2) finding of “deliberate material falsehood” should permanently bar the party from the URS. Multiple complaints must be against the same entity and should not include affiliates. Staff shall implement guidelines for what constitutes abuse, consistent with previous cases of reverse domain name hijacking, TM abuse and general principles of fairness. The examiner of the URS case should indicate in the decision whether an abusive complaint or a deliberate material falsehood has occurred, and the Service Providers should report any of such findings to ICANN”.

9.2 “Abuse by Examiners: The URS shall incorporate penalties for abuse of the process by examiners. Three (3) or more findings of abuse of process or discretion against an examiner shall cause the examiner to lose its certification to serve as a panellist. Staff to implement guidelines for what constitutes abuse and who makes the decision. ICANN to collect data related to such findings of abuse by examiners.”

NCUC urges ICANN to go back to the original GNSO-STI recommendation on “Abuse of Process” and use its negotiated and clear language. We also urge the staff to develop, in consultation with the community, clearer guidelines as to what is meant by "deliberate material falsehood" in this context.

Furthermore, it appears that the evaluation of appeal instructions as set by the GNSO-STI team is missing from the staff-revised texts. *We, therefore, suggest that the following, which has received unanimous consensus by the GNSO-STI, goes back to the document that will appear in version 4 of the Applicants’ Guidebook:*

8.4. “Evaluation of Appeal: The URS should not use an ombudsman for appeals of URS decisions. URS appeals shall be conducted by either: (i) a three (3) person panel selected from a preselected pool of panellists, or (ii) three (3) panellists, with one appointed by each of the parties and third panellist selected by the other two panellists or by the service provider. In the interest of time and efficiency, both options shall be provided to the Appellant by the URS Service Providers”.

Last but not least, the revised ICANN Staff Paper has omitted the important and unanimous decision of the GNSO-STI to subject the URS to a mandatory review. There has not been any suggestion during the public comment period to the contrary. Needless to say that there is no justification for this omission and in the name of securing the future, success and fairness of the URS process, section 10 of the GNSO-STI recommendation should be included in this revised version. Specifically and according to the GNSO-STI’s unanimous recommendation **“ICANN will conduct a review of the URS one year after the first date of operation. There is no requirement that the URS should automatically expire or terminate after any set period of time. ICANN will publish examination statistics for use in the review of the URS”**.

Trademark Clearinghouse (TMC)

NCUC considers that the revised proposal for the creation of a Trademark Clearinghouse (TMC) generally represents the ideas and vision of the GNSO Special Trademark Issues (STI) report. However, we feel that there are some specific issues that ICANN should clarify and address.

We would like to point to page 2 of the revised report, which states: **“As set forth more fully below, there had been some suggestions that the role of the Clearinghouse be expanded beyond trademark rights and that the data which can be submitted be expanded beyond trademarks and service marks. As described below, there is no prohibition against that Trademark Clearinghouse Service Provider providing ancillary services, if any, as long as those services and any data used for those services are kept separate from the Clearinghouse database”**. This part creates various problems and opens a Pandora’s Box in relation to the services provided by the TMC. In relation to ancillary services, the vision of the GNSO-STI was to allow TMC Provider(s) to provide ancillary services, **but only those directly related to trademark issues; not ancillary services pertaining to every single intellectual property right**. The GNSO-STI unanimously

approved ‘Trademark Clearinghouse’ as an official name for the Clearinghouse, replacing this way the IRT’s ‘IP Clearinghouse’ wording. This change in the name was not merely one of semantics; it reflected the explicit wish of the GNSO-STI to limit and restrict the role, scope and services of the Clearinghouse to only trademark-related issues specifically. The above-mentioned wording of the revised TMC proposal seems to be affording the TMC Provider(s) the discretion to include any type of ancillary services – trademark-related or not. We, therefore, urge the ICANN staff to rephrase this part of the report, adhering to the limited role of the Trademark Clearinghouse, and **replace the term “ancillary services” with “ancillary trademark services” in order to reflect the GNSO-STI’s vision.** (Section 6.1 language of GNSO-STI report)

NCUC would also like to comment on the issue that appears to have generated a great debate – namely, the inclusion and mandatory pre-launch use of those marks from jurisdictions that they do not conduct substantive review. NCUC does appreciate the reasons for the recommendations of the revised ICANN staff proposals to have these marks included in the Clearinghouse and make them part of the Mandatory Pre-Launch use of the Trademark Clearinghouse. However, we would also like to draw the attention of ICANN, GAC and the wider Internet community to the possibility of this provision creating ‘**trademark havens**’, where deceptive and frivolous mark owners may turn to register their marks ‘easier’ and avoid being subjected to rigorous and intense trademark tests applied by the majority of jurisdictions around the world. This possibility will cause significant problems to existing trademark owners, but more importantly, to non-commercial Registrants and individual users. We, therefore, request ICANN to ensure that the Trademark Clearinghouse is subjected to periodic reviews in order to ensure that the trademarks derived from these ‘**trademark havens**’ constitute legitimate use of a trademark right including undergoing substantive review.

Moreover, section 5 of the revised proposal on the Trademark Clearinghouse, entitled ‘Data Authentication Guidelines’, is incomplete. Another necessary and indispensable criterion for inclusion in the Clearinghouse should be added: the data needs to be also authenticated in relation to the classification of the trademark under a specific class of goods and/or services – an important restriction on trademark rights. Therefore, section 5 should be amended to also include **a list cataloguing the Classes of Goods and/or Services in line with the International Classification Scheme for Goods and/or Services as well as a description of these goods and services. Failing to include the specific class information for a trademark in the TMC will inevitably lead to confusion, conflation and an expansion in trademark rights.**

NCUC also believes that the staff-revised Trademark Clearinghouse makes an unnecessary and illegitimate distinction between valid trademark registrations. The new proposal prohibits trademarks with a gTLD extension to be listed in the Clearinghouse’s database. More specifically and according to the proposal ‘Registrations that include top level extensions such as ‘.com’ as part of the trademark or service mark will not be permitted in the Clearinghouse regardless of whether a registration has issued (i.e., if a trademark existed for example.com, example.com would not be permitted in the Clearinghouse). **This is arbitrary and unfair.** National Patent and Trademark Offices around the world (including that of the United States and the United Kingdom) have made room and have produced guidelines that allow for the registration of names with a gTLD extension as long as they meet the traditional trademarkability requirements. ICANN, and the wider community, has to bear in mind that there are small and medium-sized businesses – representing both commercial and not-commercial interests – that operate solely on the Internet. These businesses have acquired valid trademark rights and have gone through the

solid and traditional trademark assignment test. **There is no reason or justification for their exclusion from the database.**¹

Concluding Comments

Although NCUC believes that overall the ICANN staff-revised proposals adhere generally to the recommendations and vision of the GNSO-STI team, at the same time we feel that some additions have been made in the revised proposals, which jeopardize the bottom-up processes of ICANN, the work of the GNSO-STI and endanger the rights and legitimate interests of registrants and non-commercial users. Given the lack of justification for their insertion and the way they deflect the compromises achieved by the GNSO-STI, we urge their removal from the text included in version 4 of the Applicants' Guidebook. NCUC, and specifically its GNSO-STI members, stand ready and willing to consult with ICANN and the rest of the community to further refine the GNSO's new gTLD policy in a manner that reflects the consensus of the GNSO and promotes the global public interest. Thank you.

¹ This is not the same case as with common law trademarks. Unlike common law marks, trademarks with a gTLD extension have undergone a rigorous and extensive evaluation test.