



BBC / BBC Worldwide Limited

Litigation and Intellectual Property

Submission to ICANN on proposals re Trade Mark Clearing House

31 March 2010

Introduction

The British Broadcasting Corporation (BBC) is the United Kingdom's Public Service television and radio broadcaster established by Royal Charter and publicly funded by a licence fee. BBC Worldwide Limited is a wholly owned company within the BBC group, responsible for the commercial exploitation of the BBC's output in order to generate revenue for the BBC.

Overall, the BBC reaches 93% of the UK public each week with information, education and entertainment provided via TV, radio and online platforms. It is also a global broadcaster, as Europe's largest exporter of TV programmes and the provider of trusted, independent and impartial international news to a weekly audience of around 250 million households, with over 17 million unique users online.¹ The BBC has been at the forefront of the digital revolution. Ever since its launch in the 1990s as a text-and news-led service, bbc.co.uk has been confirmed as an important reason given by people in the UK for connecting to the internet in the first place.² The BBC has also pioneered online audio and video services: BBC iPlayer, allowing audiences to catch up with the last seven days of BBC TV and radio, launched on Christmas Day 2007 and total views by UK audiences have now passed 500 million.³ Innovation continues. The latest independent forecasts suggest that the BBC-proposed consortium, Project Canvas, will have internet-connected TV devices offering iPlayer and other on-demand services to 3.4m UK homes by 2014.⁴

The BBC and BBC Worldwide appreciate the opportunity to submit these comments in connection with the URS proposals.

General comments

As we have previously stated, we remain unconvinced about the extent of demand for new gTLDs and feel the case for their introduction remains unclear and lacking in evidence.

In particular, we believe ICANN must provide additional data and explanation as to how the gTLD proposals will create economic value for all on the internet by expanding the domain name aggregate resource. It does not seem clear at all that the proposals will necessarily create new value and indeed they may contribute to the inefficiency of the system. Prima facie, it seems that the value of internet domain names and brands resides in their visibility and reputation. There is no obvious way to

¹ BBC Annual Report 2008/09

² For example, One survey revealed that 9% of internet users agree that "the existence of the BBC's website www.bbc.co.uk was one of the main reasons why I first accessed the Internet" (TNS, December 2007)

³ BBC Server Data, 2009

⁴ Enders Analysis, 2009; Project Canvas is subject to an ongoing regulatory approvals process (a "non-service approval") by the BBC Trust.

legitimately tap into the value of a domain name unless it is already visible and reputable. If it is, there appears to be a substantial incentive for its owner to protect it, and little incentive to create a different one, even if new opportunities became available. (NB The concept of incumbency is not transferable to this instance, as owners of reputable and well-known internet brands are only incumbent on their own brand, not on market segments that could be "liberalised" in any way.) It could be assumed that as a rule, very few new categories of operators can benefit from a gTLD extension in terms of visibility and reputation. Exceptions to this rule may concern non industrial entities, such as geographical, cultural or urban communities. It is therefore very hard to see how the increase in domain names will per se increase competition unless it is accompanied by effective anti-hoarding and abuse remedies. These may be beyond ICANN's competence and power.

In summary, we remain deeply concerned at the threat to brand integrity and attendant financial implications for brand owners, and the significant risk of consumer detriment. We outline some specific concerns below but will of course continue to respond to any further data and arguments ICANN provides. The BBC will continue to engage in the wider issues around ICANN's gTLD implementation and seek to provide constructive input into the possible opportunities and threats they create. However, we cannot imagine that ICANN would wish to take further steps towards its implementation of an expansion in gTLDs until the crucial brand holder protection issues are resolved.

Background to the development of TMCH

The IRT Report originally proposed establishing an IP Clearinghouse (now the Trademark Clearinghouse) "in order to reduce the cost and administrative burden of protecting trademarks in the new gTLDs for all trademark owners – with a very few "trademark supernovas" which suffer extraordinarily high levels of infringement finding relief through the Globally Protected Marks List."

The IP Clearinghouse was designed "to function as a central entity with which all new gTLD registries and possibly registrars interact in relation to the Globally Protected Marks List and the Pre-Launch IP Claims Service also recommended by the IRT".

Although we welcome the Trademark Clearinghouse as part of a suite of measures intended to offer rights protection mechanisms, the proposal as currently framed, has been watered down from the original proposal (coupled with the deletion of other rights protection mechanisms such as the GPML) so that in its current form it no longer offers an effective rights protection solution. We urge ICANN to redress this as a precondition to the launch of new gTLDs.

Detailed comments:

(page references are to page numbers from the ICANN proposal to which this is a response)

1. Potential exclusion from the TMCH of trade marks registered in jurisdictions which do not perform a 'substantive review' (ie relative grounds examination)
 - This proposal would exclude all European Community trade marks as OHIM does not conduct relative grounds examination.

- It would also exclude all UK marks registered after October 2007 as the UK IPO abolished relative grounds examination at that time. Query what would happen to UK marks registered before that date? Potential complications in determining which UK marks qualify for the TMCH and which do not, as relevant date ought to be the date at which examination process was completed rather than when the mark was registered.
- We understand that trade marks registered in a number of other European jurisdictions would also be excluded.
- In any event, it is flawed to exclude marks simply because they are registered in jurisdictions which do not conduct a substantive review since many jurisdictions provide perfectly acceptable alternatives. In the UK and through OHIM, for example, marks are examined on absolute grounds (to confirm they accord with the requirements set out under the relevant trade mark legislation) and, if accepted for registration, the owners of potentially conflicting marks are notified of the application and are given the opportunity to oppose. Such oppositions, if commenced, are conducted in a rigorous and adversarial manner with both parties afforded the opportunity to submit and respond to evidence, be heard and make submissions. Both systems also provide for appeals to the relevant courts.
- ICANN appears to suggest that domain registries will have a discretion whether or not to recognise trade marks from countries which do not perform a substantive review during Sunrise or Trade Mark Claims. This proposal leads to the invidious result that owners of such marks may be obliged to record their marks in the TMCH, with all of the effort and expense this involves, without knowing whether or not such records will be taken into account and with the prospect that their marks will be subject to different treatment depending on the registry concerned. This is not only quite unfair but also potentially chaotic.
- ICANN's proposed compromise is that marks which have not undergone 'substantive review' go through an additional validation, namely validation that they have been used in relation to the goods or services for which they have been registered. Providing such proof of use is an extremely onerous additional burden on a trade mark owner and is completely inconsistent with national legislation around the world; the UK for example and many other jurisdictions provide a grace period (of between 3 and 5 years) between registration of a mark and the obligation to use it. However, the ICANN proposed compromise still appears to suggest that there will be a registry choice whether to recognize (i) all trade marks regardless of country and whether there is a substantive review, or (ii) trade marks which have been registered and validated. There is therefore the prospect of the significant additional burden on the brand owner to submit evidence to "validate" their marks, regardless of whether the individual registries will choose to take this into account.
- If evidence of use were submitted in order to "validate" the mark, we would have grave concerns should that evidence be made available to any third parties as this could potentially be highly confidential and commercially sensitive information. Whilst, in specific trade mark

litigation, it might be necessary to provide proof of use, one would not routinely publicise exactly how, where, when and in respect of which products the mark has been used. If there is evidence of use to “validate” the mark then the TMCH should reflect this fact but the underlying evidence should not be published in any way or to any person.

- It is not clear what is meant by “inclusion in the CH is not proof of any right” (p2). If so, what is the purpose of inclusion in the CH?

2. Criteria for inclusion in the TMCH

- The criteria that a TM owner must submit a declaration (affidavit or other sworn statement) is costly and burdensome. Why would a certified copy of a valid trade mark registration certificate not suffice?
- The fact that only ‘text marks’ may be included in the CH potentially excludes many TM owners who have combined text + device marks. For example, some of the BBC’s registrations are word marks in stylized text. Are these to be excluded? This would be of significant concern to us and we assume to many other brand owners.
- The “marks at issue to be limited to the ones that are in use” (p5): see comments above re criteria for registration in many jurisdictions does not require that the mark is currently in use. ICANN appears to be proposing to impose a significantly higher threshold test for ‘validity’ than is imposed by national TM law in many jurisdictions.
- No trade mark registrations which include top level extensions such as “.com” will be included in the TMCH – why not? There are some such trade marks which have become very well known, for example “lastminute.com”, what is the reasoning behind excluding them?

3. Mandatory pre-launch use of TMCH

- The proposal is that registries should use the information in the TMCH either for a Sunrise or a pre-launch Trademark Claims Service. A Sunrise is not a rights protection mechanism as such, merely a means of facilitating defensive registrations by the trade mark owner. It does nothing to prevent abusive registrations by others. As such, we would prefer to see a pre-launch Trademark Claims Service being mandatory.
- Warranty (iii) from the Registrant is a statement that to the best of the Registrant’s knowledge their registration and use of the domain name will not infringe the TM rights of which they have been notified (p6). What procedures does ICANN propose to put in place to confirm the truth of such a warranty, eg sworn statement? (especially given that TM owners are required to provide such evidence of their rights under the current proposal)?
- We have no objection to the registrant being able to access the TMCH to see details of the recorded trade mark rights. As referred to above, however, we strongly object to the

provision of any underlying evidence of use, should there be an obligation on a trade mark owner to submit this.

- Under ICANN's proposal, TM owners are not to be notified of such applications for domain names until such application has been effected so that TM owners do not inappropriately block legitimate registrants from registering a name to which they have legitimate rights. There is a lack of balance between the treatment of the domain registrant and the TM owner. Based on a mere declaration from the registrant, they are assumed to be legitimate. A TM owner, who has submitted details of their legitimate registered rights, is expected to regularly update these details and is subject to penalties should that information not be current, is assumed to be liable to act inappropriately. This treats TM owners with suspicion and is quite unfair – why should TM owners, who may well have perfectly legitimate rights, not be afforded the opportunity to object prior to registration of a domain name? If such rights are not proven, clearly the registration of the domain name will not be prevented. Substantial time and money could be saved by both parties if there is a pre-grant objection process, rather than forcing the parties into post-grant URS.

4. Sunrise Process

- The proposed eligibility requirements include that the trade mark relied upon was applied for "on or before ICANN publishes new gTLD application list that is identical...to the applied for domain name". The publication of lists of new gTLDs is surely irrelevant. The trade mark will be identical to the part of the domain name "before the dot", eg "BBC" whereas the list of new gTLDs published by ICANN will be the element "after the dot", eg ".media" – they are not going to be identical.

5. Identical matches only

- Only identical matches are to be reported by the CH to registries (p7). This leaves wide scope for rogue registrants to apply unlawfully to register third party trade marks coupled with descriptive terms for which TM owners may have no registrations. For example, a brand owner may register as a trade mark their house brand, but not register house brand + extensions, where the extensions are descriptive terms, for example "[Brand name] + America", because the additional elements, being entirely descriptive, are likely to be unprotectable without the distinctive house brand element. Yet under ICANN's proposal, the TMCH would be totally ineffective to support an application by such brand owner to secure for itself the registration of its house brand with such additional element as a domain name under a Sunrise, or to warn off a third party applicant for these terms under a pre-launch TM Claim. This is notwithstanding that the distinctive part of their mark is incorporated in the third party domain and an attempt to register such a by a third party domain would almost certainly be in bad faith. An application for such a term as a trade mark by a third party would almost certainly be bound to fail, either under substantive review or on opposition, because it

would be considered to be confusingly similar to the brand owner's protected rights: why should ICANN be entitled to disregard the well-developed body of trade mark jurisprudence to come up with its own tests for relevance in relation to domain registrations?

6. Fees

- The proposal is that the users of the TMCH should pay. ICANN seems to assume that the 'user' in this instance is the trade mark owner. However, insofar as the TMCH will provide benefits to registries, and that registries (and not TM owners) will be the beneficiaries of the new gTLDs overall, we consider that registries should also contribute to the cost of the TMCH.
- It is unfair in principle that brand owners who have already borne the costs of obtaining national TM registrations should also bear (any or all of) the cost of providing data to the TMCH, particularly in circumstances where it is not clear whether, and which, registries will actually take such data into account.
- We would also suggest that ICANN should bear some of this cost, even if only initially where there is an up-front investment which would be recovered back through use. ICANN stands to generate substantial revenues through this gTLD process and should bear some of the responsibility for ensuring it does not thereby facilitate the widespread infringement of brand owner rights and the widespread confusion and deception of the public.