



January 15, 2013

VIA EMAIL

Mr. Fadi Chehadé
President and CEO
ICANN
12025 Waterfront Drive
Suite 300
Los Angeles, CA 90094-2536

Re: Comments of Microsoft Corporation on Trademark Clearinghouse
"Strawman Solution" and Limited Preventative Registration Proposal

Dear Mr. Chehadé:

Microsoft Corporation ("Microsoft") welcomes this opportunity to provide its comments to ICANN on the Trademark Clearinghouse "Strawman Solution" and the Limited Preventative Registration ("LPR") Proposal put forth by the Intellectual Property Constituency and the Business Constituency.

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 multiple 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. Most recently, Microsoft is an applicant for 11 new gTLDs.

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

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Trademark Clearinghouse “Strawman Solution”. Microsoft generally supports the Trademark Clearinghouse “Strawman Solution.” However, portions of it need further changes or clarity.

Sunrise Notice Requirement. This 30-day required notice period for Sunrise has the potential to be very helpful to trademark owners in preparing for over 1400 Sunrise periods. Accordingly, Microsoft supports it. Published notices must be easy to locate, unambiguous, and understandable. If not, the potential benefits may be lost.

Extending Trademark Claims (“Claims 1”) Period. Microsoft supports the proposed extended 90-day duration of the Trademark Claims (now referred to as “Claims 1”) period. The additional 30 days protects consumers who may unintentionally try to register and use domain names matching trademarks that are the subject of validated Trademark Clearinghouse records. The extra time also protects trademark owners that may be able to allocate fewer of their limited enforcement resources against inadvertent infringers who learn of the potential infringement from the Claims notice. Finally, extending the Trademark Claims (“Claims 1”) period as proposed may have the additional effect of improving registrar participation in Trademark Claims.

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/pdfHyfFPW2Jf.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/pdfIel3VOlshV.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>.

Statements made in your September 2012 letter to Congress that would purport to reject extending the Claims 1 period should not bar extending Claims 1 to 90 days. The ICANN Board decided the 60-day period on the advice of the GAC. It was not “reached through a multi-year, extensive process with the ICANN community.” Similarly, there are no existing IP watch services that notify a potential domain name registrant that the name he seeks to register is a match to an existing trademark registration. It is a unique feature of the Claims service and why it so important.

Claims 2 Service. Microsoft supports the concept of a Claims 2 service. However, changes are needed to the current proposal to make it useful to potential registrants, trademark owners, and registrars. Microsoft is willing to pay an additional, reasonable fee for having its validated Trademark Clearinghouse records included in a Claims 2 service that will last for 6-12 months (starting 90 days after launch) if Claims 2 is changed as suggested below.

The Claims 2 proposal’s elimination of the full claims notice seems likely to create more problems than it solves. Potential registrants need the full Claims notice to determine if their proposed domain name registration is likely to infringe the trademark owner’s trademark rights. Informing them only that their proposed domain name matches a trademark in the Clearinghouse – but not which mark, where it’s registered and what goods/services are covered by the registration – is far more likely to create a chilling effect. Trademark owners, registrars, and ICANN are likely to receive inquiries from puzzled potential registrants who need more information to make an informed decision.

The Claims 2 proposal’s elimination of the required acknowledgement also seems likely to create more problems than it solves. An acknowledgement makes it easier for registrants to later demonstrate that they received and read the Claims notice. An acknowledgement makes it easier for registrars to demonstrate that they did, in fact, send the Claims notice. Without an acknowledgement, if the registrant’s knowledge later becomes an issue, trademark owners may find it necessary to file ICANN Compliance complaints against registrars. Registrars will then need to prove that they sent the Claims notice, which will be more difficult without an acknowledgement requirement. Trademark owners must be able to rely in enforcement proceedings on the registrant’s receipt of the mark information and its representation that it won’t use the domain name in bad faith. Without an acknowledgement (and without the full Claims notice), the benefit of Claims 2 is lost.

The answer is not to eliminate a Claims 2 period. Microsoft supports a Claims 2 period and will pay to participate in one if potential registrants receive a “full” Claims notice, acknowledge its receipt, and make the same representations and warranties found in the Claims 1 notice. Moreover, keeping the Claims 1 requirements means that new systems or major modifications to systems won’t be necessary to implement Claims 2, which would be the case

with the current proposal. Finally, using the Claims 1 requirements avoids the issue of whether “Claims 2 is a new RPM, not implementation of an agreed-to RPM.”

The “unanswered questions” raised by critics of Claims 2² are easily answered:

- *Are potential registrants, legitimately entitled to non-infringing registrations, unfairly disenfranchised?* Potential registrants are not “unfairly disenfranchised” because Claims 2 is a notice system – it does not prevent potential registrants from registering domain names.
- *How would payments be made and allocated?* Developing a system for submitting and allocating payments by Claims 2 subscribers is an implementation detail – one that doesn’t require resolution at this point, but could be resolved through a public comment period.
- *How do registries and registrars adapt their technical systems to accept the many more commands received over nine to ten additional months?* Using the financial assumptions reflected in their applications, all new gTLD applicants should be able to easily estimate the number of commands likely to be triggered by Claims 2. Registrars that will serve such registries have also made projections.
- *Is the burden as currently proposed (registries and registrars assume the cost and risk to build these systems with no predictable method of cost recovery) fair to all parties?* The expenditures trademark owners incur for defensive registrations and enforcement actions against cybersquatters far exceed the potential costs and risks alleged by registries and registrars.
- *What should the claims notice say?* The Claims 2 notice should be identical to the Claims 1 notice.

Enhanced Trademark Claims Service. Microsoft supports the “enhanced” Trademark Claims Service (“ETCS”), which would allow a trademark owner to associate with an existing Trademark Clearinghouse record up to 50 related domain labels that have previously been determined (though a UDRP or court proceeding) to have been abusively registered or used. ETCS is a logical response to the fact that cybersquatters do not limit themselves to identical matches of trademarks. Equally importantly, trademark law does not limit protection from infringement to identical marks.

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See GNSO Council draft letter to Fadi Chehadé, posted on GNSO Council mailing list (Dec. 14, 2012), accessible at <http://gns0.icann.org/mailling-lists/archives/council/msg13982.html>.

ETCS is narrowly tailored. It does not bar a potential registrant from proceeding with a domain name registration; it is a notice. Even if a trademark owner has obtained qualifying determinations against hundreds of domains reflecting unique variations on a single registered trademark, only 50 labels can be associated with each Trademark Clearinghouse record. Limiting eligible labels to those previously determined through UDRP proceedings or court proceedings to have been abusively registered or used means that ETCS applies only to labels that (a) are more likely to be targeted by cybersquatters in new gTLDs given their past targeting in existing TLDs and (b) have already been deemed to be identical or confusingly similar to a registered trademark. Evidence of the third-party determinations is required for validation.

In response to citation to your September 19, 2012 letter to the US Congress, please note that the Trademark Clearinghouse's role in ETCS is limited to validating documentation of the relevant proceeding(s) and associating the labels with the relevant, previously validated trademark record. That is neither legal rights adjudication nor creation. Similarly, ETCS does not "expand rights beyond those granted under trademark law." Trademark law protects against a likelihood of confusion, which occurs through use of a mark that is identical or sufficiently similar so as to create a likelihood of confusion. For example, both the US AntiCybersquatting Consumer Protection Act and UDRP apply only to domain names that are "identical or confusingly similar" to the asserted mark – a standard well within the bounds of US trademark law. ETCS-eligible labels have already been determined to be within the scope of trademark law. We subscribe to the IRT's principle that "rights protections should protect the existing rights of trademark owners, but neither expand those rights nor create additional rights." The ETCS is consistent with that principle.

Limited Preventative Registration ("LPR"). Microsoft supports the LPR proposal. No other RPM fully addresses the problem of defensive registrations.

The LPR is narrowly tailored to apply only to identical matches of marks that are Clearinghouse-eligible and Sunrise-eligible; in other words, only the domain names a brand owner could have registered in Sunrise anyway. A brand owner cannot use the LPR to deprive an existing registrant of a domain name. Regular (e.g., as set out in current Guidebook) Sunrise registration applicants take priority over LPR registration applicants. This makes it more likely that a domain name will be actively used. Regular Sunrise registrations are not subject to the important registrant safeguard embodied in the proposed Reverse Domain Name Hijacking exclusion.

References to LPR as a "block" are simply inaccurate. An LPR is a non-resolving registration subject to the very same eligibility requirements as a Sunrise registration that the trademark owner designates through a cost-effective and streamlined process that leverages the Trademark Clearinghouse. ICM Registry successfully showed that it is entirely possible to operate LPR as a second phase of Sunrise or even simultaneously with "regular" Sunrise registrations being processed before LPRs.

Registrar and registry fears that owners of trademark registrations for marks that are “dictionary words” will use LPR to register “the most valuable domains”, thus rendering them unavailable for premium pricing, are illogical. There is no economic incentive (other than brand protection) to register an LPR. LPR registrations are non-resolving for 5 years and the original registrant must renew the LPR on the same terms as the original LPR. The already low risk of economic exploitation of LPRs could be further reduced by prohibiting transfer and cancelling/drop-catching of LPRs. The same harm registries and registrars fear in the LPR is more likely to occur in the current Sunrise process, which does not have the “non-resolving” disincentive. It simply doesn’t make sense to reject LPR based on an alleged harm that is unlikely to occur while an existing mechanism is actually more likely to facilitate the alleged harm.

Policy vs. Implementation. Discussion of whether the Trademark Clearinghouse Strawman Solution and the LPR proposal are policy or implementation has unfortunately distracted the community from substantive consideration of the Strawman Solution and the LPR Proposal.

The Trademark Clearinghouse Strawman Solution and the LPR Proposal are clearly implementation. They both implicate only *one* PDP-developed consensus policy recommendation: “Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.” All other work done on rights protection mechanisms since the ICANN Board approved this policy recommendation has been implementation of this policy recommendation.

This is consistent with past precedent at ICANN; key features of the rights protection mechanisms in the current version of the Guidebook originated with the ICANN Board of Directors (often after GAC Advice), not the community – for instance, the requirement that new gTLD registries offer both a Sunrise period and a Trademark Claims process, the duration of Sunrise period and the Trademark Claims process, and requiring proof of use for Sunrise eligibility, all originated with the Board.

Another example, ICANN’s recent Prioritization Draw – “a random selection method” specifically excluded under the current Applicant Guidebook – was created and performed as implementation of the decision to process applications in batches, itself an implementation decision. There was no PDP, no policy working group, and, ironically, no protest from those community members who now contend that the Strawman and the LPR are “policy.”

Finally, the current Application Guidebook specifically and explicitly anticipates the possibility of substantive changes not the result of “new policies.” (See paragraph 14 of the “Top-Level Domain Application Terms and Conditions” and the “Change Review Process”, which have been part of the Applicant Guidebook since May 2011 and September 2011, respectively). ICANN grants applicants no “veto” over such changes and requires no PDP or

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policy working group; only a public comment period is required – and then only for material changes.

Finally, Microsoft, which is an NTAG member, does not support the [NTAG Public Comments on ICANN Staff Trademark Clearinghouse "Strawman Solution" Proposal](#). In fact, Microsoft had contacted NTAG's Chair, stated its objection to the NTAG comments, and had understood that its objection would be so identified.

Thank you for your consideration. If you have any questions or wish to discuss any of the points raised herein, please feel free to contact me at russpang@microsoft.com.

Respectfully submitted,

Microsoft Corporation

A handwritten signature in black ink, appearing to read "Russell Pangborn", written in a cursive style.

Russell Pangborn
Associate General Counsel – Trademarks