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By E-Mail

Internet Corporation for Assigned Names and Numbers

12025 Waterfront Drive, Suite 300

Los Angeles, CA 90094-2536

Re: Trademark Clearinghouse "Strawman Solution"

Dear ICANN:

I am writing on behalf of the members of the Internet Commerce Association (ICA). ICA is a not-for-profit trade association representing the domain name industry, including domain registrants, domain marketplaces, and direct search providers. Its membership is composed of domain name registrants who invest in domain names (DNs) and develop the associated websites, as well as the companies that serve them. Professional domain name registrants are a major source of the fees that support registrars, registries, and ICANN itself. ICA members own and operate approximately ten percent of all existing Internet domains on behalf of their own domain portfolios as well as those of thousands of customers.

These comments reflect our views on the Trademark Clearinghouse (TMCH) "Strawman Solution" posted for public comment on November 30, 2012 at <http://www.icann.org/en/news/public-comment/tmch-strawman-30nov12-en.htm> . The ICANN community and the global public have been asked to react to the "Summary of TMCH Strawman Solution" (<http://newgtlds.icann.org/en/about/trademark->

clearinghouse/strawman-solution-03dec12-en.pdf) and the “Description of the IPC/BC Proposal for Limited Preventative Registrations” (<http://newgtlds.icann.org/en/about/trademark-clearinghouse/ipc-bc-proposal-lpr-30nov12-en.pdf>).

Executive Summary

- ICA’s starting point for its review of the Model are the “Domain Rights Dozen” RPM evaluation principles we publicly articulated in October 2012.
- We are very concerned by the selective participation and opaque manner that characterized the process through which the Model was developed. In particular, we believe that ICANN must adopt clear guidelines to assure that the community is not again asked to evaluate policy proposals that have not been developed through a standard, inclusive, and transparent policy process – as that is clearly the case for certain elements of this Model.
- We have no objection to 30 day advance publication of sunrise period dates and requirements
- We have no strong objection to a 30 day extension of the “Claims 1” period but cannot support its adoption unless and until ICANN explains why it now believes it has the power to extend this period when it advised the US Congress just four months ago that it lacked such authority.
- We oppose any adoption of the proposed “Claims 2” service until much greater consideration is given to all the issues it raises – including its impact on registrant rights.
- We oppose any expansion of the TMCH database for the purpose of generating warnings to potential registrants as a significant deviation from the intended scope of the TMCH that raises substantial policy issues -- as well as one which could place ICANN in the position of creating new rights and determining their scope rather than its proper, limited function of enforcing existing rights.
- We believe the Limited Preventative Registration Mechanism (LPRM) raises profound policy issues – including an expansion of trademark rights from providing reactive enforcement powers to conferring unprecedented preemptive domain registration blocking authority -- and therefore must be subjected to a full PDP.
- New or enhanced RPMs that extend across all gTLDs should only be considered in the context of comprehensive review and reform of the UDRP.
- We are concerned that the BC/IPC consensus position that the URS must include substantive evaluation even in default cases was not included in the Model, and we will continue to monitor and speak out on URS implementation to best assure that essential registrant rights are protected and that ICANN enters into binding and enforceable contracts with selected URS arbitration providers.

Discussion

ICA's starting point for evaluation of the elements of the Strawman Model is the "Domain Rights Dozen" principles for review of any proposals for new or enhanced rights protection mechanisms (RPMs) that we published on October 10, 2012 ([http://internetcommerce.org/Domain Rights Dozen](http://internetcommerce.org/Domain_Rights_Dozen)). The most relevant of those principles for purposes of this comment letter are:

- ***The number of new gTLD applications received by ICANN in the first round of the program (1900, of which 1400 are unique) is in and of itself insufficient justification for material alterations of the RPMs.***
- ***ICANN's bottom-up, consensus-driven, multi-stakeholder policy development process must be respected; and, further, there must be some finality to ICANN policy decisions.***
- ***The RPMs should enforce and protect existing trademark rights, but not create new rights.***
- ***Any alteration of one RPM must be reviewed for its potential spillover effect on registrant rights in the other.***
- ***RPM implementation must not further delay the introduction of new gTLDs.***

Procedural Concerns/Policy versus Implementation

ICANN's December 3, 2012 Summary of the TMCH Strawman Solution states that it was developed through a series of meetings with a group of stakeholder representatives with participation by members of multiple GNSO constituencies. While this is technically true it presents a nonetheless misleading impression that the process for developing the Strawman Model was open to participation by all interested parties, transparent in operation, and overall constituted a fairly standard process for implementing the TMCH and associated rights protection mechanisms (RPMs).

In reality the process was anything but standard. The Brussels and Los Angeles meetings that developed the Model were by invitation-only and were not publicly noticed, nor was any remote participation provided for. Even though ICA is a member of the Business Constituency (BC), and therefore gained some insider knowledge of what was transpiring, we were not invited to nor could we have gained admittance to either meeting as they were closed-door and by invitation only.

As we previously stated on this matter:

However, this was not an official GNSO meeting. Attendance was by invitation-only, with no remote participation available to interested parties liable to be affected by the deliberations notwithstanding ICANN's professed commitment to transparency – in fact, attendees were reportedly told that they could not Tweet or otherwise communicate about the discussions as they took place. While discussion of the BC/IPC recommendations was officially slated for just a few hours on Thursday morning that dialogue reportedly stretched well into Thursday

night as well as Friday, with some participants reportedly forced to leave despite having more to say because of prior travel arrangements made in reliance of the official schedule. In short, if traditional GNSO meetings and the policy development process (PDP) are considered regular order, then this ad hoc meeting was very much irregular order. (http://internetcommerce.org/LA_Straw%28Man%29).

Notwithstanding CEO Chehade's statement that the meetings "*focused strictly on finding common ground and to advance the discussion on implementation solutions; **they were not policy-making meetings***" (emphasis added) the reality is that the majority of the comments being filed in regard to the Model are raising the question of whether or not its various components constitute policy or implementation. Predictably, proponents of the Model characterize it as mere implementation of existing policy while opponents maintain that it includes major new policy initiatives. Even ICANN's own Summary of the Model concedes that some elements constitute policy deserving of GNSO review.

In that same commentary referenced above we expressed our view that any part of the Model that implicated policy rather than implementation should not be released for public comment:

Any part of the Model that even hints of policy content should be shunted into the normal PDP process presided over the GNSO for consideration in regular order through fully transparent and accountable processes. Deviating from that path would set loose some extremely dangerous straws in the wind for the continued legitimacy of ICANN's multi-stakeholder process.

We note that on January 8, 2013 the GNSO Council posted "POLICY VERSUS IMPLEMENTATION – DRAFT FRAMEWORK FOR DISCUSSION" at <http://gnso.icann.org/en/correspondence/policy-implementation-framework-08jan13-en.pdf> . This document aims to foster a discussion that will lead, to the greatest extent possible, to a bright-line rule delineating what is to be considered policy versus implementation, and to development of a clear processes and identification of clear roles and responsibilities for ICANN stakeholders to make it easier to deal with these issues going forward, and best assure broad participation and involvement by members of the ICANN community and the global public.

The basic framework suggested by the document is that proposed actions that are not a result of a policy discussion, do not materially change proposed approaches adopted by the community, and are in line with existing policy recommendations should be considered to fall within the realm of implementation.

On the other hand, proposed actions that create new obligations on contracted parties, materially alter policy recommendations already endorsed by a supporting organization (SO) or advisory committee (AC), or significantly affect multiple parties or constituencies should be regarded as constituting policy. These policy proposals would be further dealt

with through the policy development process (PDP) mechanism if they created new obligations on contracted parties, addressed a new issue, would have long-lasting impact on multiple parties, or would materially alter the intent of existing policy recommendations. However, a more expedited process utilizing a policy guidance working group (PGWG) would suffice where the policy being considered would only affect limited parties for a limited period, if new information had become available or the approach originally adopted was not workable, or there was no material change to the intent of an existing policy.

While we are not expressing any overall judgment or making detailed comments in this letter in regard to this proposed Draft Framework, we do believe that it has considerable merit as a starting point for community discussion. More importantly, we believe that delineating the boundary between policy and implementation is a matter of utmost importance for the ICANN community and urge that the Board, ICANN executives, and all SOs, ACs, and constituency groups address this matter expeditiously so that the community is not again placed in the position of commenting upon proposed policy changes that have not been developed in a fully transparent, inclusive, and predictable manner. Finally, under this Draft Framework, key elements of the Strawman Model, in particular the LPRM, would never be put out for public comment in their present state of incomplete development and absence of broad consensus.

The problem is not just that the community has been asked to comment on a Model that is constituted of elements that arguably may or may not constitute policy, diverting commentary from their merits (or lack thereof) to which category they should be properly assigned. It is also that, for those Model elements for which there develops a community consensus that they constitute policy rather than implementation, there will be an ensuing secondary debate over whether they should be addressed through a full-blown PDP or some alternative “fast track” process – and that the starting point for any subsequent discussion will be a proposal that was formulated behind closed doors by a limited group of participants. Identifying a new proposal as policy from the onset would, alternatively, provide a far higher probability of developing a consensus recommendation satisfying the concerns and objectives of all the diverse elements of the ICANN community.

In sum, the manner in which the Model was developed is not in accord with ICANN aspirations and principles and should not be repeated. This is not the way to fashion sound policy that can garner consensus community support.

Sunrise Period

The first element of the Model is:

All new gTLD operators will publish the dates and requirements of their sunrise periods at least 30 days in advance. When combined with the

existing (30-day) sunrise period, this supports the goal of enabling rights holders to anticipate and prepare for upcoming launches.

We view this as a modest implementation adjustment of the existing RPM and have no objection to it.

Extension of 'Claims 1' Period

This second element is:

A Trademark Claims period, as described in the Applicant Guidebook, will take place for 90 days. During this "Claims 1" period, anyone attempting to register a domain name matching a Clearinghouse record will be displayed a Claims notice (as included in the Applicant Guidebook) showing the relevant mark information, and must acknowledge the notice to proceed. If the domain name is registered, the relevant rights holders in the Clearinghouse will receive notice of the registration.

While we do not have particular concerns about this implementation alteration, and do not believe it necessarily raises policy issues, we are disturbed that it is at sharp variance with a statement made by CEO Chehade in a letter sent to US Congressional leaders on September 19, 2012. That letter stated:

"For the first round of new gTLDs, ICANN is not in a position to unilaterally require today an extension of the 60-day minimum length of the new trademark claims service. The 60-day period was reached through a multi-year, extensive process with the ICANN community."
<http://www.icann.org/en/news/correspondence/chehade--to--leahy--et--al--19sep12--en>

We find it quite disturbing that ICANN has requested community comment on a proposal which it stated, just four months ago, that it was not in a position to implement. Therefore we cannot support this proposed modification until ICANN more fully explains why it now believes that it in fact has the power to extend the Claims 1 period by an additional thirty days.

"Claims 2" Service

The third element of the Model is:

Rights holders will have the option to pay an additional fee for inclusion of a Clearinghouse record in a "Claims 2" service where, for an additional 6-12 months, anyone attempting to register a domain name matching the Clearinghouse record would be shown a Claims notice indicating that the name matches a record in the Clearinghouse (but not necessarily displaying the actual Claims data). This notice will also provide a

description of the rights and responsibilities of the registrant and will incorporate a form of educational add-on to help propagate information on the role of trademarks and develop more informed consumers in the registration process.

We oppose adoption of this element. The proposed Claims 2 service would be in effect for a substantially longer period than the existing Claims 1 service, and would not likely provide the same degree of information to a potential registrant as the Claims 1 service. This would leave the registrant in a far less informed position regarding the degree to which proceeding with their registration might infringe claimed trademark rights. It is also unclear what evidentiary weight would be given to receipt of such a cursory notice in a later brought UDRP or URS action in regard to the required element of whether the domain registration was made in “bad faith”.

Additionally, if ICANN believed that it lacked authority to extend the existing Claims 1 period by a mere thirty days because it deviated from a community consensus position, then it almost surely lacks authority to impose an entirely new Claims 2 notice for another six months to one year. While we are not ready at this time to declare that the proposed Claims 2 represents an entirely new RPM requiring full policy review, we do agree with the New TLD Applicant Group’s (NTAG) observation that the proposal raises “registrant impact, technical system configuration, risk assumption, payment and compensation methods, cost recovery, and registry and registrar technical commands” that have not received adequate consideration by the broad ICANN community.

Expansion of the TMCH Database that will Generate Claims Warnings

The fourth and final element of the Model is:

Where there are domain labels that have previously determined to have been abusively registered or used (e.g., as a result of a UDRP or court proceeding), a limited number (up to 50) of these may be added to a Clearinghouse record (i.e., these names may be mapped to an existing record for which the trademark has already been verified by the Clearinghouse). Attempts to register these as domain names will generate the Claims notices as well as the notices to the relevant rights holders (for both Claims 1 and 2).

We strongly oppose adoption of this element. The TMCH was created solely as a verified database of existing trademarks meeting certain high standards. Adoption of this proposal would severely dilute the quality of the TMCH database and turn it into something else entirely. Such an alteration is clearly a substantial policy departure that deserves full vetting under standard ICANN processes.

The proposal also carries the danger of creating rights rather than protecting them. The fact that a particular domain name was previously found to have been registered and used in bad faith at an incumbent gTLD in no way indicates that a potential registrant

intends to use it for cybersquatting at a new gTLD, particularly if the intended “string” is for a vertical category of goods and services that bears no relationship to the rights holder’s activities covered by its trademark.

In his September 19, 2012 letter to Congress, CEO Chehade clearly stated why the TMCH should not be a repository of anything other than verified trademarks:

*“It is important to note that the Trademark Clearinghouse is intended to be a repository for existing legal rights, and not an adjudicator of such rights or creator of new rights. **Extending the protections offered through the Trademark Clearinghouse to any form of name would potentially expand rights beyond those granted under trademark law and put the Clearinghouse in the role of making determination as to the scope of particular rights.** The principle that rights protections ‘should protect the existing rights of trademark owners, but neither expand those rights nor create additional rights by trademark law’ was key to work of the Implementation Recommendation Team...” (Emphasis added)*

We fully concur with the views expressed just four months ago in that letter. Adding variations of trademarks to the TMCH database for the purpose of generating claims notices to potential registrants would assert trademark rights where they may not exist, putting ICANN in the untenable position of both expanding rights and determining their scope. We must oppose any proposal that would put ICANN in the position of creating new rights rather than protecting existing rights established by national legislatures and international treaty.

We also note that ICANN’s own summary of the Strawman Model clearly states that this proposed expansion of the scope of trademark claims involves policy and not mere implementation:

***The inclusion of strings previously found to be abusively registered in the Clearinghouse for purposes of Trademark Claims can be considered a policy matter.** This proposal provides a path for associating a limited number of additional domain names with a trademark record, on the basis of a decision rendered under the UDRP or a court proceeding. **Given the previous intensive discussions on the scope of protections associated with a Clearinghouse record, involving the IRT/STI, we believe this needs guidance from the GNSO Council.** (Emphasis added)*

We concur that this is a policy matter that has not in any way been adequately vetted through an acceptable policy process and we therefore must also oppose it on those grounds.

Limited Preventative Registration Mechanism (LPRM)

While not a formal element of the Model, ICANN has also requested comment on the BC/IPC proposal for a new RPM labeled the LPRM. This is how it is described in the Model summary:

During the stakeholder meetings on Clearinghouse implementation, there was discussion of a possible preventative mechanism that would be available for rights holders in new gTLDs. This mechanism was not included in the strawman, but remains a high priority item for the IPC/BC. There was not support among non-IPC/BC participants for solutions to the issue of second level defensive registrations. After hearing concerns on this issue, members of the IPC/BC have provided a description of a preventative mechanism, the “Limited Preventative Registration,” which is being published for public comment.

The Limited Preventative Registration would be a mechanism for trademark owners to prevent second- level registration of their marks (exact matches, plus character strings previously determined to have been abusively registered or used) across all gTLD registries, upon payment of a reasonable fee, with appropriate safeguards for registrants with a legitimate right or interest.

We oppose any further consideration of such a “preventative mechanisms” until it has been subjected to broad community review through a full PDP. The LPRM is clearly a significant new policy initiative and an entirely new RPM. Further, it presumes implementation of an expanded TMCH database, which we also oppose.

The LPRM also may well expand trademark rights far beyond their status in current law – from a reactive right that can be enforced when infringed by a domain registrant to a preemptive one that can be exercised to block a domain registration. Both the UDRP and the URS require a complainant to show both bad faith registration and use on the part of a registrant, but the LPRM would presume bad faith registration and future bad faith use by a new registrant based upon the past action of an entirely different registrant at a different TLD. The “crystal ball”, pre-infringement approach embodied in this proposed RPM is simply unacceptable.

Overall, the issues raised by the LPRM are so broad and profound that any proposal along these lines must be subjected to ICANN’s full PDP treatment.

Application of the Model to Existing gTLDs

CEO Chehade’s blog post discussion of the Strawman Model states: *“In addition, we acknowledged the need to address separately how elements of these solutions might apply to legacy gTLDs, but did not make this a pre-requisite for developing the strawman solution.”* (<http://blog.icann.org/2012/11/trademark-clearinghouse-update/>)

ICA find it highly disturbing that the potential application of new gTLD “solutions” to incumbent gTLDs like .com was even raised in the highly irregular proceedings that developed the Model. In addition, while we concur with elements of the comments filed on the Model by other parties such as the NTAG, we firmly disagree with the latter part of their statement that *“New and “enhanced” RPMs should have GNSO Council support to be considered at this stage **and should apply to all TLDs.**”* (Emphasis added -- <http://forum.icann.org/lists/tmch-strawman/pdf7OB7v1fQzV.pdf>)

The Uniform Dispute Resolution Policy (UDRP) is the principal RPM for incumbent gTLDs, and will perform the same role for new gTLDs. ICA has been advocating initiation of a UDRP reform PDP for several years. We have taken that position not only because domain registrants feel that UDRP improvements are needed to assure uniformity of decision-making, reduce forum-shopping, establish effective sanctions for attempted reverse domain name hijacking, and address other abuses -- but because it is the only ICANN consensus policy that has not been comprehensively reviewed since ICANN's launch. Trademark interests, while regularly seeking to broaden their own ICANN-sanctioned rights protections, have consistently argued and worked for delay on any comprehensive UDRP review that might provide procedural or substantive benefits to registrants. The GNSO Council, for its part, is clearly on record (as of December 2011) that a PDP for UDRP reform should be initiated eighteen months after the first delegation of new gTLDs, and that the performance of the RPMs at new gTLDs should be considered within that context. Considering additional across-the-board RPMs before comprehensive UDRP reform that includes evaluation of the TMCH and URS puts the cart before two horses.

ICA believes that any consideration of RPMs across both incumbent and new gTLDs must proceed in regular order through a standard PDP. Further, any such PDP must, for the sake of balance, also encompass consideration of UDRP reforms addressing current registrant concerns. Any process that seeks only to add to existing RPMs without including comprehensive review of the most important foundational RPM, the UDRP, is one that will inevitably subordinate registrant rights and concerns and produce an imbalanced, incomplete, and unfair result.

URS Implementation

While ICA was not invited to participate in the meetings that created the Model, we did participate in the BC/IPC working group on the URS, and were particularly pleased with this final consensus position:

“Agreement that even with a default judgment, there must be at least some substantive review of the elements that make up a successful complaint. Simple failure to respond to a URS claim would not result in automatic judgment in favor of complainant without a showing that the complainant established a prima facie case (e.g., valid trademark, identical or confusingly similar domain name, no legitimate registrant rights, bad faith registration and use).”

CEO Chehade's blog post states: "We are now firmly focused on moving forward with Trademark Clearinghouse implementation to ensure that the New gTLD Program is launched in accordance with our targets. Next, I will focus on URS and RAA."

ICA finds it rather disconcerting that this registrant-protective element of the BC/IPC recommendations was omitted from the Strawman Model, as substantive review of a URS complaint is the key and most effective due process shield for domain registrants. We are also concerned about the lack of clarity (aside from the CEO's pledge of personal focus) as to how the URS will proceed toward final implementation.

It is our understanding that ICANN will shortly be releasing the results of responses to its September 24, 2012 Request for Information (RFI) to identify potential Uniform Rapid Suspension (URS) Service Providers (<http://www.icann.org/en/news/announcements/announcement-8-24sep12-en.htm>). It is our belief that one or more of the entities responding to that RFI will meet the \$300-500 price target for provision of URS arbitration, as well as meet other qualification standards, and that therefore the contention that the URS Model must be substantially modified to meet the target will therefore no longer be operative.

In regard to any cost-justified URS modifications, the relevant principles previously articulated by ICA are:

- ***Any proposed alteration of the URS premised on cost considerations must await actual market testing of the implementation costs of the present model – doing otherwise would put the cart before the horse. (Note: The September 2012 RFI constitutes such market testing.)***
- ***Cost considerations cannot justify a degradation of registrant rights in URS proceedings below acceptable levels, and any cost-premised alteration must actually have the potential to reduce costs both in the URS and in totality.***

As ICANN proceeds with URS implementation, ICA will continue to evaluate that progress in accord with the relevant elements of our RPM review principles, including:

- ***Our starting point is the fundamental principle that domains constitute a bundle of valuable intangible rights similar to trademarks and other forms of intellectual property, and that a reasonable balance must be struck between the respective and legitimate rights of domain registrants and trademark owners.***
- ***While RPMs must be effective against bad actors, their design and implementation must recognize that the vast majority of domain registrants are good actors and deserve adequate substantive and procedural due process – and that some complainants can and will attempt to abuse any dispute resolution process.***

- *The URS implementation process must be open to participation by all interested members of the ICANN community, and must be transparent in its operation.*
- *URS providers must be placed under a binding standard contract.*

ICA reminds ICANN that the existing URS model represents a unanimous community consensus achieved after long and contentious discussions and should not be altered in any material way absent overwhelming justification backed by broad community consensus. ICA will closely monitor the continued implementation of the URS with an eye toward assuring that it continues to fulfill its intended role as a narrow supplement to the UDRP reserved solely for instances of incontrovertible cybersquatting. We will also be on guard against any suggested URS alterations that would substantially alter the carefully constructed balance between registrants and rights holders – in particular, we would oppose any suggestion that a general “loser pays” regime be imposed on all new gTLD registrants regardless of past cybersquatting history or the number of domains at issue in a URS filing.

Conclusion

We hope that ICANN finds our views useful in its further evaluation of the Strawman Model. To the extent that any of the proposed elements are subjected to further review through policy development mechanisms we stand ready to make a meaningful and positive contribution to their resolution.

Thank you for considering our views in this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Philip S. Corwin". The signature is written in a cursive, flowing style.

Philip S. Corwin

Counsel, Internet Commerce Association