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COMMENTS on "Trademark Clearinghouse Strawman Solution"

http://www.icann.org/en/news/public-comment/tmch-strawman-30nov12-en.htm

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The Coalition for Online Accountability (COA) appreciates this opportunity to support the proposals to modify the existing Rights Protection Mechanisms (RPMs) required for the new generic Top Level Domains (gTLDs), by including the minimal expansions to the Trademark Claims service spelled out in the "Strawman Solution." We also support inclusion of a Limited Preventative Registration (LPR) mechanism to streamline the process of defensive registrations in the new gTLDs.

COA consists of eight leading copyright industry companies, trade associations and member organizations of copyright owners (listed below). COA and its participants have engaged actively in many aspects of ICANN's work since the inception of the organization, including more than 17 formal submissions regarding the new gTLD program. For further information, see www.onlineaccountability.net.

COA participants, and the member companies of trade associations participating in COA, rely on trademarks to identify to consumers the goods and services they provide. The vulnerability of these trademarks to cybersquatting and other forms of abusive registration, with the accompanying consumer confusion they create, constitute significant risks for these associations, companies, and membership organizations. The fact that nearly 2000 new gTLD applications are being evaluated by ICANN — several times more than anticipated prior to the opening of the new gTLD application window last year — has dramatically increased both these risks, and the cost to trademark owners to manage them, including through defensive registration at the second level in new gTLDs. Both the Strawman Solution and the LPR represent reasonable improvements at the margins of the existing RPMs that will help trademark owners to manage those increased risks and costs more efficiently, and thereby reduce the potential detrimental impact on consumers.

The Strawman Solution builds on the Trademark Claims service that has long been an important feature of the obligations that new gTLD registries take on. It is important to stress that nothing in the Trademark Claims service – either in its current form, or as slightly enhanced

by the Strawman Solution – prevents anyone from registering any second level domain in any new gTLD. It simply makes it easier for well-intentioned putative registrants to be aware of existing trademark rights in the string they wish to register, and thus facilitates a more informed decision about whether or not to register. At the same time it vitiates spurious claims that could be made by cybersquatters that they were unaware that the domain name they wish to obtain affects the pre-existing rights of a trademark owner.

The Strawman Solution simply expands this informational function to cover up to 50 other strings, associated with a trademark, that have already previously been found to have been registered and used in bad faith, such as in a UDRP or court proceeding. (For example, in the case of a detergent using the mark BRANDX, combinations like BRANDXSOAP or typographical errors like BRAANDX would qualify, IF they had previously been reclaimed by the brand owner in a UDRP or court proceeding.) It also extends the minimum life of the claims service to 90 days (vice 60 days currently), and potentially for an additional 6-12 months upon payment of an additional fee by the trademark owner. It is unfortunate that the informational function of the service will be weaker during this additional "Claims 2" period than during the 90 days of "Claims 1"; registrants will receive only "generic" data under Claims 2, rather than the specific and verified claims information they receive during "Claims 1," and there will apparently be no record of their acknowledging receipt of this vaguer notice. But even in the diluted form proposed in the Strawman Solution, the enhanced Trademark Claims service will do a better and more comprehensive job of fulfilling its long-standing purpose: nothing more, nothing less.

Similarly, the LPR proposal builds on the long-standing ability of trademark owners to register defensively, during the mandatory sunrise period, second-level domains that match exactly their verified trademarks that have been entered into the Trademark Clearinghouse. While the LPR opportunity would occur after the end of sunrise, no second level domain that is ineligible to be registered under sunrise may be registered under LPR; indeed, a valid sunrise registration pre-empts any LPR application for the same string in that new TLD. Although LPR does not expand by one iota a trademark owner's ability to make a preemptive defensive registration of a second-level domain identical to its mark, it does enable such registrations to be made more efficiently – on a multi-TLD basis – and more purely for defensive purposes, by culminating in a registration that does not resolve.

Wholly apart from the merits of these proposals, some within the ICANN community assert that ICANN lacks the power to adopt them without having them undergo a Policy Development Process (PDP) within the GNSO. A related argument is that ICANN is barred from making changes to the Applicant Guidebook (AGB) upon which new gTLD applicants have relied, or at least that it cannot do so over the objections of these applicants. Neither argument has any validity, and COA urges those making them to engage instead on the merits of the two proposals at hand.

The basic fallacy in these arguments is a confusion about the difference between policy and implementation. The existing Rights Protection Mechanisms, which the Strawman Solution and the LPR proposal would marginally modify, are in no way statements of policy. The RPMs are simply measures adopted to implement policies calling for the new gTLD process to

incorporate respect for the rights (including the intellectual property rights) of others. None of the existing RPMs is the product of a PDP. They originated in an exercise entitled the *Implementation* Recommendation Team, formed at the direction of the ICANN Board to recommend how best to implement existing policies. It defies reason to assert that mechanisms instituted to implement policy cannot now be modified, even to the minimal extent provided in the current proposals, without invoking the entire PDP apparatus.

The same problem underlies the complaint that adopting the Strawman Solution and the LPR mechanism would require changes to the AGB. This complaint ignores the fact that the AGB is in no way a statement of policy; it is entirely an implementation document for previously-approved consensus policies. Neither one or more new gTLD applicants, nor any other participant in the process, is in a position to exercise a veto over implementation changes that ICANN decides, after reasonable consultation with the community, are required due to changed circumstances or other new developments since the guidebook was promulgated. In particular, it would be eminently reasonable for ICANN to conclude that Rights Protection Mechanisms that might have been effective to reduce the need for defensive registration in a 500-registry new gTLD environment are clearly inadequate to cope with nearly four times that many applications, and nearly three times as many unique new gTLD strings.

Indeed, ICANN already has made far more sweeping changes to the AGB based on changed conditions, and with far less community consultation than is being provided in the case of changes to the existing RPMs. The AGB explicitly rules out the use of any method under which the order in which applications would be evaluated would "be established based on a random selection method." AGB section 1.1.2.5. Nevertheless, when faced with the volume and shape of the applicant pool that actually materialized, ICANN proposed, in October 2012, to use a "random selection method" to establish prioritization in the evaluation process: exactly the method ruled out in the AGB. See http://www.icann.org/en/news/public-comment/drawing-prioritization-10oct12-en.htm. After a brief public comment period (with no opportunity for reply comments), ICANN held its "prioritization draw" on December 17. This was a far more drastic change, adopted with much less opportunity for community input, than the incremental adjustment of rights protection mechanisms called for in the straw man proposal and the LPR.

Finally, any argument that it is somehow "too late" for ICANN to make any changes to the AGB to which some new gTLD applicants object is completely undermined by a review of the very agreements and acknowledgements that applicants made under the terms of the AGB as it read at the time they applied. In Module 6, paragraph 14 of the Guidebook, http://newgtlds.icann.org/en/applicants/agb/terms-04jun12-en.pdf, ICANN explicitly "reserves the right to make reasonable updates and changes to this applicant guidebook," and applicants are required to "agree that [their] applications will be subject to any such updates and changes." While paragraph 14 notes that changes can occur as the result of the adoption of new policies, nothing in this provision limits reasonable changes to those required by new policies. When considered in its entirety, this provision provides no basis for any applicant or group of applicants, claiming reliance upon the provisions of the guidebook at the time they applied, to assert veto power over reasonable implementation changes that ICANN subsequently decides to make to respond to changed circumstances. Instead, it constitutes an explicit agreement by every applicant that ICANN may in fact make such changes, subject only to the possibility that an

individual applicant who can prove material hardship based on its specific circumstances may seek a reasonable accommodation. (COA agrees that such an exception procedure should remain open, even after approval of the strawman and LPR, to applicants who can meet this burden.)

The Change Review Process document that ICANN first published on September 19, 2011, and that has been annexed to each version of the guidebook published since that date, further put all applicants on notice that changes like the ones now under consideration might occur. See http://archive.icann.org/en/topics/new-gtlds/change-review-applicant-guidebook-19sep11-en.pdf. In this document, ICANN explicitly retained the authority, even after the closing of the application window, to make material changes to the AGB, even those that could have "have a substantial effect on potential new gTLD applicants."

Because the changes proposed in the strawman solution and the LPR proposal are indubitably matters of implementation, not of policy, they should be considered on their merits within the public comment process that ICANN has established. For the reasons stated above, COA strongly believes that, on their merits, these changes should be adopted by ICANN.

Respectfully submitted,

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