



January 15, 2013

Mr. Fadi Chehadé  
President and Chief Executive Officer  
Internet Corporation for Assigned Names and Numbers  
4676 Admiralty Way, Suite 330  
Marina del Rey, CA 90292-6601

Re: USTelecom Comments on Trademark Clearinghouse “Strawman Solution”

To Whom It May Concern:

The United States Telecom Association (USTelecom)<sup>1</sup> appreciates this opportunity to comment on the new generic top-level domain (gTLD) Trademark Clearinghouse “Strawman Solution” and the Proposal for Limited Preventative Registration Mechanism posted by the Internet Corporation for Assigned Names and Numbers (ICANN) for public comment on November 30, 2012.<sup>2</sup> In addition to providing the infrastructure and network services that make the Internet possible, many of USTelecom’s member companies are holders of substantial intellectual property rights, including trademarks and brand names that are recognized around the globe.

USTelecom supports ICANN’s Strawman Solution and the Limited Preventative Registration (LPR) solution proposed by the ICANN Intellectual Property Constituency (IPC) and Business Constituency (BC) (collectively the “IPC/BC”). Together with improvements to the Uniform Rapid Suspension (URS) system, these reasonable and balanced proposals will represent meaningful steps towards a more responsible implementation of ICANN’s new gTLD program. Specifically, ICANN should implement the LPR proposal so that fraudulent activity can be prevented before it occurs. In instances where abusive second level domain name registrations slip through the LPR framework, ICANN should also improve the proposed URS system to provide a means for brand owners to quickly and effectively address such instances.

ICANN should view the URS and LPR frameworks as complementary protections. While the LPR is proactive – designed to prevent problematic second level registrations from occurring – the URS is responsive, and should be implemented in a manner that effectively and efficiently addresses abusive registrations in the unfortunately inevitable event they occur. USTelecom believes that the collective impact of the Strawman Solution, the LPR and an

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<sup>1</sup> USTelecom is the premier trade association representing service providers and suppliers for the telecommunications industry. USTelecom members provide a full array of services, including broadband, voice, data and video over wireline and wireless networks.

<sup>2</sup> See, ICANN website, *Trademark Clearinghouse “Strawman Solution”*, (available at: <http://www.icann.org/en/news/public-comment/tmch-strawman-30nov12-en.htm>) (visited January 8, 2013).

improved URS will provide reasonable and balanced mechanisms to protect consumers and brand owners from the potential effects of abusive second level domain name registrations.

**A. Consumers and Rights Holders are Exposed to Significant Harm due to Instances of Trademark Abuse in the gTLD Environment.**

In previous ICANN public comment proceedings, USTelecom has expressed its concerns regarding the fertile ground for bad actors that will likely result from ICANN's rollout of new gTLDs. Absent appropriate rights protection mechanisms, the introduction of new gTLDs will impact rights holders and consumers alike by invigorating the activity of online scammers, which increases costs for rights holders, and ultimately confuses – and, in many instances, harms – consumers.

Instances of cybersquatting – which generally involve the practice of so-called “brandjacking” – have grown substantially in recent years. According to a recent announcement by the World Intellectual Property Organization (WIPO), in 2011, trademark holders filed a record 2,764 cybersquatting cases covering 4,781 domain names through its Uniform Domain Name Dispute Resolution Policy (UDRP) process.<sup>3</sup> By 2012, those numbers increased to 2,884 and 5,081, respectively.<sup>4</sup> According to WIPO, these UDRP filing trends illustrate that “even in today’s Domain Name System, brand owners already have to make difficult choices for their stretched online enforcement resources.”<sup>5</sup>

For brand holders, one recent analysis indicates that the defensive registration costs associated with ICANN's introduction of new gTLDs could be about \$500,000 for each brand.<sup>6</sup> The cost of these defensive registrations to businesses worldwide may exceed \$746 million.<sup>7</sup> Moreover, the \$500,000 cost per brand owner does not factor indirect costs associated with ensuring brand protection. Companies often incur additional costs that can include the formulation of proactive and constant Internet monitoring measures, legal consultations to determine the best course of action when instances of abuse are identified, and, in the most

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<sup>3</sup> See, WIPO Press Release, WIPO Prepares for Launch of New gTLDs while Cybersquatting Cases Continued to Rise, March 6, 2012 (available at: [http://www.wipo.int/pressroom/en/articles/2012/article\\_0002.html](http://www.wipo.int/pressroom/en/articles/2012/article_0002.html)) (visited January 10, 2013) (WIPO Press Release).

<sup>4</sup> See, WIPO website, WIPO Domain Name Dispute Resolution Statistics (available at: <http://www.wipo.int/amc/en/domains/statistics/>) (visited January 10, 2013).

<sup>5</sup> WIPO Press Release.

<sup>6</sup> The report, issued by CADNA, is based on a conservative estimate that the average brand owner will defensively register 3 domain names per gTLD, that the average price of domain name registrations in sunrise periods of new gTLD launches will be \$500, and that brands will not necessarily participate in each gTLD launch equally. CADNA Report (<http://www.cadna.org/en/issues/cadna-analysis/icanns-predictions-hard-costs-new-generic-tlds>) (visited January 10, 2013).

<sup>7</sup> *Id.*

egregious instances, notifications to inform customers of potential scams and/or breaches. And while the cost to rights holders will be substantial, the cost to consumers could be even greater.

Criminals often use cybersquatting websites to lure consumers to links that download malware that can monitor or control a computer's use. Such "cybersquatted" websites may be used to send consumers pop-up ads, redirect their computers to unwanted websites, monitor their Internet surfing, or record their keystrokes. This in turn can, and often does, lead to identity theft.<sup>8</sup>

In December of last year, the Federal Trade Commission submitted a letter to ICANN stating that the gTLD expansion presented a "dramatically increased opportunity for consumer fraud, distribution of malware, and proliferation of other malicious activity."<sup>9</sup> Indeed, in testimony before the Senate Committee on Commerce, Science, and Transportation addressing the gTLD expansion, Esther Dyson, the Founding Chairman of ICANN, testified that the increase in gTLDs is likely to make enforcement issues "more difficult," and reduce the government's ability to "effectively stop illegal activity because it will be easier to create and exploit new websites."<sup>10</sup> She also added that "consumers are likely to be even more confused than now when they try to figure out what's legitimate and what's not."<sup>11</sup>

#### **B. ICANN Should Implement a "Limited Preventative Registration" Framework.**

The LPR framework proposed by the IPC/BC is intended to provide a cost-effective and efficient mechanism that will prevent consumer harm before it occurs. The LPR framework allows 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 registries, upon payment of a reasonable fee, with appropriate safeguards for registrants with a legitimate right or interest.

Because the current Strawman Solution only allows brand owners to *monitor* the registration of second level domains on an individual basis as they happen, there is little that can be done to prevent the introduction of abusive second-level registrations from occurring in the first place if the domain is not an exact match of the brand owner's trademark and the brand owner has not allocated vast monetary resources toward defensive sunrise registrations. The expansion of gTLDs from 22 to over 1,400 will place an even greater strain on brand owners' already "stretched online enforcement resources."<sup>12</sup>

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<sup>8</sup> See, FTC website (available at: <http://www.ftc.gov/opa/reporter/idtheft/spymalware.shtml>) (visited January 10, 2013).

<sup>9</sup> See, Letter from Federal Trade Commission to ICANN, p. 6, December 16, 2011 (available at: <http://www.ftc.gov/os/closings/publicltrs/111216letter-to-icann.pdf>) (visited January 15, 2013).

<sup>10</sup> Senate Hearing 112-394 Transcript, *ICANN's Expansion Of Top Level Domains*, December 8, 2011 (available at: <http://www.gpo.gov/fdsys/pkg/CHRG-112shrg74251/html/CHRG-112shrg74251.htm>) (visited January 15, 2013).

<sup>11</sup> *Id.*

<sup>12</sup> See, *WIPO Press Release*.

Adoption of an efficient and cost-effective LPR framework, however, will mitigate these concerns by providing brand owners with the ability to protect their trademarks across the broad universe of new gTLDs. Because the proposed LRP framework allows brand owners to protect their trademarks prior to general registration, it will drastically reduce abusive second level registrations, which in turn will increase consumer protection. Additionally, since the LPR is only available after the conclusion of the Sunrise period, other applicants with the same or similar trademarks will not be prevented from registering during the Sunrise period. Furthermore, both the LPR and Sunrise period together will have little impact if any to the overall demand for second level registrations. ICANN should therefore implement the LPR framework proposed by the IPC/BC.

### **C. Improvements to the Proposed Uniform Rapid Suspension System**

As discussed above, defensive registrations represent a significant expenditure for brand owners whether obtained as sunrise registrations, LPR-type registrations, or standard registrations. The primary purpose of the URS is to provide a cost-effective and timely mechanism for brand owners to protect their trademarks and to promote consumer protection on the Internet and, if properly structured and implemented, the URS may lessen the enormous defensive registration costs that will be imposed upon brand owners in relation to ICANN's new gTLD program. The URS is aimed at solving the most clear-cut cases of trademark abuse, balancing against the potential for abuse of the URS process. In addition to expeditiously completing its review of the URS proposal, ICANN is encouraged to strengthen its framework prior to the launch of any new gTLDs.

Specifically, USTelecom is concerned that ICANN has not yet selected a URS provider, has not yet confirmed that a successful URS proceeding will result in an indefinite suspension of the domain name, and has not yet clarified that the URS will operate as a "loser pays" system. In addition, ICANN's current URS proposal establishes the burden of proof using a clear and convincing standard.<sup>13</sup> Consistent with the Uniform Dispute Resolution Process (UDRP), the standard should be changed to a "preponderance of the evidence" standard.

Given ICANN's acknowledgement that the purpose of the URS framework is to "supplement the existing [UDRP]," it makes sense for it to harmonize evidentiary burdens between the two. Adopting the more stringent clear and convincing standard will undermine the "primary purpose of the URS" as a "cost-effective and timely mechanism for brand owners to protect their trademarks."<sup>14</sup> Moreover, given that the remedy available through the URS is a suspension of the domain name registration, and not a transfer or cancellation as is available under the UDRP, the evidentiary standard for the URS should not be higher than that of the UDRP.

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<sup>13</sup> ICANN Uniform Rapid Suspension System, ¶8.2, June 4, 2012 (available at: <http://newgtlds.icann.org/en/applicants/agb/urs-04jun12-en.pdf>) (visited January 9, 2013).

<sup>14</sup> ICANN Request for Information, Uniform Rapid Suspension System, September 24, 2012, p. 3.

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USTelecom appreciates this opportunity to comment on the ICANN Strawman Solution and Proposal for Limited Preventative Registration Mechanism. USTelecom believes that the collective impact of the Strawman Solution, an LPR mechanism, and effective URS will lessen the significant economic impact on brand owners, while also protecting consumers in relation to ICANN's new gTLD program.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin G. Rupy", with a stylized flourish at the end.

Kevin G. Rupy  
Senior Director, Law & Policy