

Statement of ICANN's Non-Commercial Stakeholders Group (NCSG) on the Trademark Clearinghouse Talks and Staff Strawman Model

14 January 2013*

A. Background

At ICANN's 45th international meeting in Toronto in October 2012, ICANN's Intellectual Property and Business Constituencies sent a letter to ICANN to request that additional changes be made to the policies for new top-level domain names. Despite the fact that the current policy had been long finalized via a painstakingly arduous consensus process in which all stakeholders compromised and ultimately reached **unanimous agreement**, nonetheless the IPC and BC sent a letter to Fadi Chehade, the new CEO, and the ICANN Board of Directors with 8-points for consideration and policy modification. Many of these points were the same requests the intellectual property/ business community has made before. Unfortunately, the key aspects of most of the 8-points sought to re-open previously closed agreements. Further, most of the points proposed *policy* changes, rather than merely clarifying technical implementation details.

Below NCSG responds to the underlying substance of staff's proposed "strawman" model, then comments on the substantive concerns of the IPC-BC's blocking proposal; and finally, NCSG discusses the flawed process by which these proposals were developed at the end of this statement.

B. NCSG Response to Substance of Strawman Proposals

Through a series of meetings (discussed later in this submission), ICANN selected 4 specific and distinct proposals to include in the 'strawman model'. We analyze the substance of each proposal below, including the extent to which the proposal may be considered a technical "*implementation*" detail (and within the scope of ICANN staff and independent participants' ability to propose new solutions), or "*policy*" (and therefore driven by Community Consensus from the GNSO).

Staff Proposal 1. *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 launches.*

We submit that advance publication of a registry's sunrise policy is not a matter that is explicitly covered by the final Applicant Guidebook, so it is a change that will place additional requirements on registries than what was stated in the Guidebook. However, the 30-day advance publication requirement is arguably merely an implementation detail of the previously agreed sunrise policy and therefore not a tremendous burden nor new policy proposal.

* This NCSG Statement was unanimously approved by the NCSG Policy Committee in January 2013. As a part of ICANN's GNSO, NCSG represents more than 300 noncommercial organizations and individuals in ICANN policy matters.

Staff Proposal 2. 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.

The change from 60 to 90 days minimum requirement for a registry’s Trademark Claims (TC) period is a significant change from what is stated in Final Guidebook and what the community negotiated over the multi-year policy development process.

Importantly, the proposed change would require domain name registrants to acknowledge receipt of the claim for an extended period of time, thus creating greater opportunity for a finding of legal liability for infringement. The IPC-BC has tailored this proposal to match the legal standard for “knowledge of infringement” and “intent to infringe”, thus turning what would otherwise be innocent infringers into willful infringers for which greater penalties and criminal sanctions may be imposed against -- just for receiving one of these claims. Thus, under this proposal, users risk greater legal liability for an extended period of time during which trademark attorneys will try to rope as many people as possible into a net of “willful infringement” through sending out these notices.

No doubt many people do not read on-line click-through agreements nor understand what they have read when they click-on the acknowledgement of them. Nonetheless, anyone receiving one of these notices who continues with their registration risks greater legal liability as an intentional, willful infringer – even if they believe they are well within their rights to register the domain. ***This proposal creates a chilling effect on speech and domain name registration generally, and on behalf of those in the future subject to this extended liability and its chilling effects, we feel compelling to object (and reject) this proposal.***

Staff Proposal 3. 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.

This proposed Claims 2 policy also extends the risk of legal liability for Internet users who will be deemed to have received "notice of infringement" upon sending of such additional notice. While not as straightforward or direct as the “Claims 1” process, the Claims 2 process nonetheless creates a burden of extended legal responsibility – and we submit that the question of “willful infringement” is a shadow that will be created even by a broadly worded notice. We

further know that intellectual property attorneys will claim willful infringement from all who clicked past this notice – and thereby shift to domain name registrants the obligation, cost and difficulty of proving that she/he/it did not see or understand the notice – the burden of showing she/he/it is should not be considered a willful infringer.

Accordingly, any "educational" value of additional notices may not match the increased legal liability risked by innocent registrants – the danger of turning innocent infringers into knowingly and willful infringers.

These risks to Internet users are not trivial and warrant proper consideration. We note that “knowing and willful infringement” faces increased damages and serious legal penalties. We note that the concerns about phrasing, risks, costs, and concerns are the types of issues generally debated at length within the policy-development process by all stakeholders. Here too, we submit this proposal needs, and deserves, a full-blown development process by the entire community as part of a proper PDP.

***Staff Proposal 4.** Where there are domain labels that have been 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).*

This 4th proposal is the particularly troubling because it is a new policy that would vastly expands the rights of trademark holders (far in excess, we submit, of what is provided to them by law or existing policy). We commend ICANN staff for correctly noting, in their evaluation, that this issue is one of *policy*, not implementation.

We note as a starting point that this issue has been reviewed and rejected as part of a policy development process. Both the IRT and STI closely reviewed the issue of exact matches or variations of matches – and both chose exact matches. For those involved in the process, the debates were involved, but the decisions were not even close. A typo in one circumstance is a word in another circumstance – thus adding another “o” to the trademarked term Goggle (US Trademark Registration No. 3978690, International Class 20, for “Chairs; Desks; Furniture...”) becomes Google. Adding the single letter “v” to Enom creates the word “venom,” something completely different.

Unfortunately, the UDRP/Court tests do not serve us well here. The “match” of the term or its variation is only one of three parts of the test – and context *and use* are key. Accordingly, the UDRP requests:

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii) you have no rights or legitimate interests in respect of the domain name; and
- (iii) your domain name has been registered and is being used in bad faith.

To take a UDRP decision out of its context would be a misuse of these proceedings, and a massive over-expansion of trademark law. Further, it takes the TM Claims from a reasonable rights protection mechanism to one with enormous unintended consequences and unforeseen circumstances. We again note that what is a typo and cybersquatting in one circumstance is a completely legitimate word and use in another circumstance.

This fact is clear: it was debated again and again by the community and rejected for a range of intended and unintended consequences. *The vote was clear and “exact match” is what came out of the GNSO consensus process – unanimously.* We strongly recommend keeping to this important and valuable policy conclusion – and reevaluating as part of the normal policy review process.

We further note our concern that this proposal would dramatically inflate and accentuate deep concerns about the TM Claims process that we have already voiced (again and again) throughout the policy process. TM Claims chills speech, harms freedom of expression rights of domain name registrants and scares new businesses, entrepreneurs, budding organizations and community groups. Everyone uses the same dictionary words to name their goods, services, campaigns and causes. That one company has already used a dictionary term has never barred another from using it in a completely different context; that one organization has used a term has never barred another from a non-confusing/non-infringing use. TM+50 amplifies these risks, concerns and rights-infringement in an enormous and unpredictable way. We can’t possibly conceive of going down this road without a PDP – and we can’t see any possible way the community would want to stray from the “exact match” to which TM Claims has always been tied.

Furthermore, the strawman proposal 4 would change the UDRP legal standard for infringement that involves the conjunctive “and”¹ in favor of a lower standard of “or”², significantly expanding trademark holders’ rights with the simple change of a single word (and outside from a proper policy development process). Thus UDRP requires 3 separate elements must be met for infringement to be found, while ICANN’s strawman proposal uses a test of only a single element before treating the situation as infringement and privileging the trademark complainant. The proposal also ignores important trademark law principles such as *territoriality*, which limits the reach of a trademark holders’ rights to a particular geographic territory. ICANN proposals that turn trademark law principles such as these on their head must go through a proper policy process so the issues can be considered by all impacted stakeholders.

¹ UDRP legal test for infringement:

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii) you have no rights or legitimate interests in respect of the domain name; and
- (iii) your domain name has been registered **and** is being used in bad faith.

² Staff Proposal 4: “Where there are domain labels that have been previously determined to have been abusively registered or used ...”

C. NCSG Position on IPC-BC Blocking Proposal (“Limited Preventative Registrations”)

We strongly support the call of the assembled group in LA to not include any blocking mechanisms in the strawman. Call it “blocking” or “the limited preventive registration mechanism,” this proposal raises the spectre of the Globally Protected Marks Lists (GPML) – a type of “super trademark” beyond any known existing law or policy. It is clear that this proposal lacks any significant community support, and once again the IPC/BC has asked the community to devote time, resources and energy to reviewing it.

Specifically, the blocking proposal gives trademark owners a new and unprecedented right to prevent the second-level registration of domain names *in all gTLDs*. What’s completely unprecedented is the idea of using a trademark far outside the scope of its good or services. What’s further unprecedented (and frankly horrifying) is that all forms of noncommercial, generic and descriptive use of basic words is now forestalled because a trademark owner chooses to block it. Words such as “PONY,” “SUN,” “WINDOWS,” “APPLE” will be eliminated from second level domain name registration *in all gTLDs* because an athletic shoe company and three computer companies request it. That’s neither fair nor in accord with trademark law principles.

Contrary to well-settled protections of legal due process, the blocking proposal assumes that all uses of a trademark are presumed to be infringing uses and should be prevented. The law does not presume that all uses of a trademark are infringing, nor does it presume guilt on the part of a user of a trademark the way this policy does. Trademark law recognizes many legitimate uses of a trademarked word, such as for noncommercial speech, criticism, to describe unrelated goods and services, or in different geographical locations. Yet all of these lawful uses of a trademarked word would be prevented by this proposal’s over-reach in what it blocks. This proposal creates far-reaching concerns for freedom of expression rights and cannot be cobbled together at the last minute and imposed upon the Internet community in this way.

We agree that a) this Limited Preventative Registration proposal is pure *policy*, b) that it was strongly opposed by those at the LA meeting, and c) that no further consideration is merited at this time. As attendees of the LA meeting noted: this type of upfront shutting down of domain names, absent any proof of infringement or cybersquatting, is completely counter to the openness of the Internet and fundamental protections of due process of law.

D. NCSG Comment on Policy Development Process

NCSG is concerned about the way the Strawman was developed. We understand the exigencies of the deadlines for negotiating contracts with IBM and Deloitte to handle Trademark Clearinghouse services and structures, but we feel much time was spent on issues of policy and not just implementation.

Policy, as we all know and value, is a **bottom-up, community-driven process that involves the equal participation from all impacted stakeholders. It is difficult and painful, and often slow, but invariably it reflects concerns from a diverse community of contracted and non-contracted parties.**

Policy development belongs in the GNSO and should be bottom-up. We urge this strawman process to be the exception, not the rule, for developing policy at ICANN. We also look forward to the discussions ahead of “implementation” vs. “policy” so that the routing of future special requests can be easily managed.

We further express concern regarding the late timing of IPC-BC-Strawman proposals. Again, while we appreciate being included in the LA discussion, we are concerned about the precedent of last-minute development of policy proposals coming in long after matters had been closed and negotiated compromises had been approved at every level, included in the final Guidebook, and accepted applications from registries based upon the agreed policies. We welcome ICANN’s support of its own processes and rules and trust that the next round will build and learn from the concerns and heartache of this one.