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January 11, 2013

VIA ELECTRONIC MAIL

Mr. Fadi Chehadé
President and CEO
ICANN
12025 Waterfront Drive
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Re: Comments of General Electric Company on Trademark
Clearinghouse “Strawman Solution” and Limited Preventative
Registration Proposal

Dear Mr. Chehadé:

General Electric Company (“GE”) appreciates this opportunity to provide its comments to ICANN on the Trademark Clearinghouse “Strawman Solution” and the Limited Preventative Registration proposal developed and supported by the ICANN Intellectual Property and Business Constituencies.

Since its founding in 1892, GE has become one of the world’s leading multinational technology, media, energy, industrial and financial services companies. GE operates in more than 100 countries, has more than 300,000 employees, and provides goods and services to tens of millions of consumers globally. GE is consistently ranked as one of the world’s leading corporations and our core brand – GE – is widely recognized as among the most famous and valuable in the world, ranking sixth in Interbrand’s 2012 Top Global Brands.

GE wants to provide the best online user experience for the tens of millions of GE customers and potential customers worldwide. Yet, the unpleasant truth is that most companies find it necessary to devote significant resources to combating Internet-based fraud and abuse to protect their customers and potential customers. This is particularly true for companies like GE that own valuable and famous brands, operate globally, and provide high-value products and services. We devote significant financial and personnel resources to protecting our customers

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and potential customers by combating the abusive registration and use of domain names, malicious conduct, and online fraud. Even now, in a world of fewer than two dozen current gTLDs, GE's portfolio of defensively registered domain names is approximately 13,000, which requires extensive resources that could otherwise be dedicated to innovation or to making a positive contribution to the economy. The number of defensive registrations GE will have to obtain and maintain will increase exponentially in the new world of over 1400 gTLDs. It is from this context that GE supports the "Strawman Solution," but believes that the Limited Preventative Registration Proposal absolutely must be implemented before any new gTLDs are launched.

Limited Preventative Registration ("LPR"). GE strongly supports the LPR proposal as the only currently proposed mechanism to address the problem of defensive registrations. As noted above, GE's portfolio of defensively registered domain names is approximately 13,000, and we expect that number to increase exponentially.¹ In fact, an explosion in defensive registrations is a widely anticipated side effect of the new gTLD program. Even GoDaddy executives predict that business owners will become frustrated with the need for defensive registrations in new gTLDs. Paul Nicks and Rich Merdinger 2013 Predictions, accessible at <http://www.elliotsblog.com/paul-nicks-and-rich-merdinger-2013-predictions-8018>. Yet, no RPM addresses this problem. We believe the proposal speaks for itself:

The LPR mechanism enhances consumer protection by providing a cost-efficient and streamlined method to register second-level domain names that are exact matches to (not variations on) Trademark Clearinghouse-included, Sunrise-eligible trademarks across multiple new gTLD registries. It does not broaden brand owner rights because no brand owner will be able to participate in the LPR system unless it could have registered the domain name in question during Sunrise anyway. This system, facilitated by the Trademark Clearinghouse, will provide a purely defensive alternative to standard Sunrise domain name registrations for brand owners that do not affirmatively want active/resolving domain names.

The LPR is narrowly tailored and limited to cover only identical matches of marks that are Clearinghouse-eligible and Sunrise-eligible – only the domain names a brand owner could

¹ GE has applied for the .gecompany gTLD (in English and Chinese) to act defensively to protect the GE brands and also to strengthen those brands as a trusted and intuitive namespace provided by GE, for our customers, partners, affiliates, employees and others seeking information about GE, its companies, and its goods and services. However, we expect that it will take some time before consumers recognize .brand gTLDs such as .gecompany as trusted namespaces. In the meantime, we anticipate that defensive second-level domains will remain necessary.

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have registered in Sunrise anyway. LPRs are prospective, not retroactive, so a brand owner could not use the LPR to take a domain name away from an existing registrant. Applicants for a Sunrise registration take priority over applicants for an LPR registration, which maximizes the likelihood that the domain name will be actively but legitimately used. The proposed Reverse Domain Name Hijacking exclusion provides an important registrant safeguard that does not currently apply to Sunrise registrations.

Committees of brand owners and non-brand owners painstakingly worked to come up with the LPR, and constructed it so as to have the best chance of succeeding within the ICANN system. As such, it is paid for by brand owners, does not cost the registries and registrars a dime, and would not expand brand owners' rights whatsoever. It actually gives brand owners fewer benefits than they already have in ICANN's "Sunrise" Launch Period since the domain names subject to the LPR do not actually resolve to any website, and so the "LPR-registered name cannot be used by brand owners like a typical registration or a Sunrise registration can.

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Without a universal protection mechanism such as LPR, it is a fact that each brand owner will face costs of hundreds of thousands of dollars, if not millions, *per mark*, to try to protect their brands and consumers at large. Even large brand owners cannot afford millions of dollars to protect and defensively register domain names for each of their brands. Smaller companies will likely have to forego protection of their marks in this space almost altogether. All brand owners are looking for is a cost-effective way to further consumer and brand protection—and minimize abuse and fraud—without having to separately register and pay for every domain name in Sunrise. Furthermore, LPR is based on similar, successful systems adopted in the past, such as the system for the recent launch of .xxx.

While the Strawman is better than nothing, it is not close to enough to what is necessary for consumer protection. Cybersquatting and trademark abuse that ultimately harm and defraud consumers require some form of preventative mechanism. In GE's experience, is that most domains registered for the purpose of nefarious conduct become active almost immediately upon registration. This means that the window to track suspicious domain registrations in order to detect potential fraud is very small, making it highly unlikely that a business can challenge a registration before consumer fraud occurs. Once that domain is registered, the damage begins immediately, which is why additional notice will likely create a costly, resource-intensive monitoring environment for companies without offering consumers any real protection.

There is no rational reason for rejection of the LPR. The registries' and registrars' sole objection appears to be their belief that they should not have to offer any protections, no matter how necessary to prevent consumer fraud and trademark abuse, if it will cut into their profit model of charging brand owners anything they want to in Sunrise on a domain by domain basis. The weakness of the arguments against LPR shows their true motives—and, in fact, if their arguments had any basis at all, every single one of their arguments would be at least as, and likely more, relevant to the Sunrise system already in place.

LPR is not a “block.” It is a non-resolving registration subject to the same eligibility requirements as a Sunrise registration that the brand owner designates through a cost-effective and streamlined process that leverages the Trademark Clearinghouse. In fact, as ICM Registry successfully demonstrated, it is entirely possible to operate LPR as a second phase of Sunrise or even simultaneously with “regular” Sunrise registrations to be processed before LPRs.

Some have expressed fears that owners of trademark registrations for marks that are “dictionary words” will use LPR to register “the most valuable domains” or that bad actors will start filing trademark registrations for generic words. These fears are misplaced. Because LPR registrations are non-resolving and the original registrant must renew the LPR on the same terms as the original LPR after five years, there is no economic incentive (other than consumer and brand protection) to register an LPR. Prohibitions on transfer and/or on cancelling and drop-catching LPRs could further reduce the already low risk of economic exploitation of LPRs. Moreover, it is important to note that if the harm registrars and registries fear were to happen, it would be far more likely in the current Sunrise process, because, unlike LPR, a Sunrise registration resolves to a website and the registrant has full control over its use. It defies logic to reject LPR because of an alleged harm that is unlikely to occur while an existing mechanism is actually more likely to facilitate the alleged harm.

Brand owners are not out to restrict free speech. However, there must be a strong focus on consumer protection. Trademarks are an external validator, a proxy for consumer trust. A systemic breakdown in trademarks online could lead to consumer fraud en masse. In addition, many TLDs operate in highly regulated spaces such as insurance, telecommunications – and importantly to GE - financial services and healthcare. The need for consumer protection is even greater in these areas that many governments have recognized as ripe for abuse.

LPR operates no differently than registration during the sunrise period and then the open registration periods. Therefore, it does not impinge free speech. Both of these services are offered on a first, come first-served basis and there are plenty of people who register these domain names that never resolve. We fail to see how is this differs from a more explicit non-resolving registration. The LPR mechanism is in fact protective of free speech interests because it comes *after* Sunrise, so it does not get in the way of any legitimate rights holders who want to register domain names in the Sunrise process. In addition, even brand owners who pass all the eligibility requirements for LPR can only use LPR for strings corresponding to exact marks. Trademark variants cannot be stopped by LPR so there are ample opportunities for legitimate commentary or fair use.

Furthermore, since brand owners have to pay for the LPR system in varying levels depending on how many TLDs for which the protections are requested, it would be against the interests of brand owners to use LPR for TLDs completely irrelevant to their business or industry, so even the entity that holds a trademark for what would otherwise be a generic word would only want to use LPRs on a limited basis.

This brings up a related point. The LPR proposal is revenue neutral for registries and registrars. It will not cost them anything and they may even be able to generate a small profit. They are not being asked to foot the bill for LPR. That being said, ICANN isn't required to guarantee registries and registrars a *profit*. ICANN and the stakeholders are mandated under the Affirmation of Commitments to promote consumer trust and act in the public interest.²

Uniform Rapid Suspension. After the LPR, the most important Rights Protection Mechanism change needed before the gTLDs can be launched is the strengthening of the Uniform Rapid Suspension (“URS”) system.

We are aware that the URS is supposedly being addressed by ICANN on a separate track than the Strawman proposal, but we feel it is appropriate to mention here in brief. It is important to GE that – however the URS is implemented – it is effective in terms of cost and speed as well as in terms of addressing cybersquatting. This includes structuring the URS so that brand owners do have to constantly monitor the same marks and variants, and changing the standard of proof from the currently proposed and excessively onerous “clear and convincing” requirement to a preponderance of the evidence standard as is in the UDRP. Also, if the brand owner prevails in the URS, there needs to be an option to either transfer the domain name back into the brand owner’s portfolio or the ability to obtain a permanent suspension. Without either of these remedies, brand owners will be placed in a perpetual monitoring situation. GE also believes that the URS should operate on a “loser pays model.” Otherwise, many brand owners will not be able to use the URS, making the system ineffective as a rights protection mechanism. While our comments on URS here are limited due to the nature of ICANN’s request for comments, GE will elaborate if and when ICANN opens up a broader request for comments, including the URS.

Trademark Clearinghouse “Strawman Solution”. GE is generally supportive of the Trademark Clearinghouse “Strawman Solution,” but believes that it is too limited to prevent fraud and abuse in the new gTLD system and must be strengthened.³ This is why the LPR is

² See, e.g., Section 9.3: “ICANN will ensure that as it contemplates expanding the top-level domain space, the various issues that are involved (including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection) will be adequately addressed prior to implementation.” <http://www.icann.org/en/about/agreements/aoc/affirmation-of-commitments-30sep09-en.htm>

³ ICANN’s request for comments states that the Strawman was the “result of collaboration among the participants of the post-Toronto TMCH implementation meeting.” That is not truly accurate. Many of the meetings to discuss the implementation of any potential protections are private, out of view of both the public and the press. The broad Community is enormous, as there are many small, medium, and large entities that offer goods and services that are identified by brands. Relatively few of the entities were allowed to participate in the discussions or within the ICANN on the protections needed before this Program can be implemented—and when any have, they have been shouted down by registries, registrars, and other ICANN stakeholders. As ICANN is well aware, the process is (continued...)

absolutely necessary. Furthermore, certain Strawman components require modification or clarification. Each component is addressed below.

Sunrise Notice Requirement. GE supports this 30-day required notice period for Sunrise because it has the potential to be helpful to brand owners in preparing for the onslaught of new gTLDs. It will be essential, however, that the published notices are clear, unambiguous, and easy to locate; otherwise, the potential benefits are unlikely to be realized.⁴

Extending Trademark Claims (“Claims 1”) Period. GE also supports extending the duration of the Trademark Claims Period (now referred to as “Claims 1”) to 90 days from 60 days. The additional 30-day period provides greater protection to brand owners that will (hopefully) spend fewer scarce enforcement resources against inadvertent infringers who are deterred by the Claims notice. Similarly, it helps those who may inadvertently seek to register and use domain names that match trademarks that are the subject of validated Trademark Clearinghouse records. Finally, it seems likely that extending the Trademark Claims (“Claims 1”) period to 90 days will have the additional effect of encouraging registrars to participate in Trademark Claims, since it will be difficult for them to otherwise not offer registrations in a TLD for 90 days.

The above being said, GE sees no reason why Claims 1 should stop at 90 days. 60 days or 90 days are both arbitrary when compared to the problem Claims 1 is designed to stop, and that is cybersquatting and consumer fraud. There is no evidence whatsoever to suggest that those

dominated by those who seek to profit off of the new gTLD Program and do not wish to implement any consumer or trademark protection that might cut into their profit model. For example, comments recently submitted by NTAG, the New TLD Applicant Group suggest that there is “. . . a strong consensus of our membership does not support last-minute material changes to the RPMs.” NTAG defines its membership requirements as (a) being a new gTLD applicant; and (b) being an Observer member of the Registries Stakeholder Group. NTAG’s members list does not identify GE as an applicant entity. However, NTAG also identifies its “primary role” as being “to represent the interests of entities that applied for a new gTLD(s) in ICANN’s 2012 gTLD round.” GE does not support the NTAG position on the Strawman Solution and the Limited Preventative Registration Proposal and questions whether NTAG’s “strong consensus” characterization applies to any of the hundreds of .brand gTLD applications.”

⁴ It is equally important that the Trademark Clearinghouse be able to accept large volumes of submissions within each 30-day window. Under the contract with ICANN, the Trademark Clearinghouse provider can now charge brand owners a high annual maintenance fee of \$150 per record (e.g., registration) per year. It seems likely that trademark owners may find it necessary to defer submitting registrations for as long as possible. After all, under the fee schedule approved by ICANN, the Clearinghouse fees for the owner of one U.S. trademark registration for the duration of that registration’s 10-year term are *almost 5 times* the fee charged by the US Patent and Trademark Office to examine and issue the registration in the first instance.

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who seek to piggyback on the goodwill of brands to defraud the public somehow stop their malicious activities 60 or 90 days after a gTLD launches.

It is not appropriate to rely on statements made in ICANN's September 2012 letter to Congress as the reason why Claims 1 should not be extended to 90 days. It is simply incorrect that "the 60-day period was reached through a multi-year, extensive process with the ICANN community." The 60-day period was decided by the ICANN Board on the advice of the GAC. It is also incorrect that "there are existing IP Watch services that address this needs [sic]." As the trademark community has repeatedly advised, 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. That is a unique feature of the Claims service.

Claims 2 Service. Although GE supports extending the duration of the Trademark Claims service, the current proposal requires modification in order to provide any meaningful benefit to potential registrants, brand owners, and registrars. As a threshold issue, GE is not opposed in principle to paying an additional, reasonable fee to have its validated Trademark Clearinghouse records included in a Claims 2 service that will last for 6-12 months or longer (starting 90 days after launch). However, the benefit of the Claims 2 service must be meaningful to justify the cost.

Currently, the Claims 2 proposal excludes the full claim notice (e.g., the specific Clearinghouse data that triggered the notice), but that seems likely to create more issues for potential registrants, brand owners, and registrars. Without the full Claims notice, potential registrants will not have any meaningful ability to assess whether their proposed domain name registration is likely to infringe the brand owner's trademark rights and may contact their registrar, the brand owner, and/or ICANN to obtain more information; and brand owners, registrars, and ICANN are likely to receive inquiries from puzzled potential registrants who want more information about the mark that triggered the notice. Providing the full Claims notice affords greater certainty to potential registrants and decreases the likelihood of disruption to the businesses of brand owners and registrars, and the operations of ICANN.

Similarly, excluding the required acknowledgement also seems likely to create more issues for potential registrants, brand owners, and registrars. If there is no acknowledgement, potential registrants may be unable to demonstrate that they received and read the Claims notice or they may falsely claim that their registrars never provided the Claims notice. In that event, brand owners may find it necessary to file complaints with ICANN Compliance against registrars – that will then be required to prove that they did, in fact, send the Claims notice – a task made more difficult without an acknowledgement requirement. From a brand owner's perspective, a key purpose of the acknowledgement is the ability 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), this key benefit is lost.

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GE does not believe that the answer is to forego a Claims 2 period. To the contrary, GE supports a Claims 2 period and is willing to pay reasonably for it – provided that potential registrants receive a “full” Claims notice and are required to acknowledge receipt of it (and, by extension, required to make the representations and warranties found in the “Full” Claims notice). As a practical matter, continuing the Claims 1 requirements means that entities administering the Claims 2 notice won’t have to create new systems or modify those designed to implement the Claims 1 service. Going forward with Claims 2, as proposed, would require new or re-designed systems. Moreover, retaining the Claims 1 requirements also neatly counters the argument that “Claims 2 is a new RPM, not implementation of an agreed-to RPM.”

We also take this opportunity to address several “unanswered questions” posed by critics of Claims 2 that are, in fact, red herrings: (i) “Are potential registrants, legitimately entitled to non-infringing registrations, unfairly disenfranchised?” We believe that disenfranchisement is not a relevant issue here as Claims 2 is a notice system. It does not prevent potential registrants from registering domain names. (ii) “How would payments be made and allocated?” The submission and distribution of payments made by Claims 2 subscribers is an implementation detail that does not require resolution before deciding to proceed with Claims 2. This issue is best resolved through a public comment period. Moreover, it is disingenuous for contracted parties to raise payment-related issues in light of the fact that the fee-based nature of Claims 2 originated with their representatives. (iii) “How do registries and registrars adapt their technical systems to accept the many more commands received over nine to ten additional months?” All gTLD applicants provided detailed financial projections that included registration volume estimates so the number of commands likely to be triggered by Claims 2 should be easily estimated and the registrars that intend to serve such registries have made similar projections. (iv) “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 potential costs and risks alleged by registries and registrars pales in comparison to the expenditures brand owners incur for defensive registrations and enforcement actions against cybersquatters. (v) “What should the claims notice say?” The Claims 2 notice should be identical to the Claims 1 notice.

Enhanced Trademark Claims Service. GE fully supports the “enhanced” Trademark Claims Service (“ETCS”), under which a brand owner can associate with an existing Trademark Clearinghouse record up to 50 domain labels⁵ that have previously been determined (though UDRP or court proceeding) to have been abusively registered or used. The ETCS is the logical response to the void in the RPMs found in the current Guidebook, namely, that they are limited

⁵ GE would prefer that the 50-label ceiling be higher because its 40 UDRP and ccTLD equivalent proceedings involved more than 50 labels. However, GE is prepared to agree to such a ceiling if necessary to ensure that ETCS is implemented.

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to identical matches. Cybersquatters do not limit themselves to identical matches. Equally important, trademark law does not limit protection from infringement to identical marks. To the contrary, the standard (although worded differently from country to country) is whether there is a likelihood of confusion.

The proposed ETCS is narrowly tailored. It is only a *notice*, and does not bar a potential registrant from proceeding with a domain name registration. Only 50 labels can be associated with each Trademark Clearinghouse record even if the brand owner has obtained qualifying previous determinations against a far larger number. Only those labels that have been previously determined through UDRP proceedings or court proceedings to have been abusively registered or used are eligible, which limits the scope to labels that (a) are more likely to be targeted by cybersquatters in new gTLDs given their targeting in existing TLDs and (b) deemed to be identical or confusingly similar to a trademark. Requiring the brand owner to submit for validation documentation of the proceeding(s) in which the relevant determinations were made evidences the previous third-party determination.

Critics' citation to your September 19, 2012 letter to the US Congress is inapposite. For example, the Trademark Clearinghouse will neither adjudicate nor create new legal rights by including with the record of a validated national (or supernational) trademark registration 50 domain labels that have previously been determined in a proceeding under the UDRP or a ccTLD equivalent or in a court action to have been abusively registered or used. 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, including up to 50 domain labels that have previously been determined to have been abusively registered or used does not "expand rights beyond those granted under trademark law." As previously noted, trademark law protects against a likelihood of confusion, which can occur through use of an identical mark or one that is sufficiently similar so as to create a likelihood of confusion. The UDRP and, for example, the US AntiCybersquatting Consumer Protection Act apply only to domain names that are "identical or confusingly similar" to the asserted mark – a standard that is well within the bounds of US trademark law. Consequently, labels that are eligible for inclusion in the Trademark Clearinghouse under ETCS have already been determined to be within the scope of trademark law.⁶ We wholeheartedly agree with the IRT's stated principle that "rights protections 'should protect the existing rights of brand owners, but neither expand those rights nor create additional rights.'" The ETCS does not violate that principle.

⁶ We respectfully disagree with the suggestion in your letter to Congress dated September 19, 2012, that protection for a domain label that consists of a mark and a generic term for goods or services identified by that mark would be protection beyond rights "granted under trademark law." U.S. trademark law affords exactly that protection.

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Policy vs. Implementation. Whether the Trademark Clearinghouse Strawman Solution and the LPR proposal constitute policy or implementation has generated extensive debate that we feel detracts from a meaningful analysis of the merits of those proposals. We have found that when registrars and registries want to enact something new, they call it implementation, but anything they do not like, they call policy. However, in the interest of completeness, we share our views below.

Discussion of both the Trademark Clearinghouse Strawman Solution and the LPR Proposal implicates 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 has been completed as implementation of this policy recommendation – starting from the Implementation Recommendation Team and continuing on until today.

Critical aspects of the implementation work resulting in the rights protection mechanisms in the current version of the Guidebook originated with the ICANN Board of Directors, not the community. The requirement that new gTLD registries offer both a Sunrise period and a Trademark Claims process originated with the Board, not the community. The duration of Sunrise period and the Trademark Claims process originated with the Board, not the community. Requiring proof of use for Sunrise eligibility originated with the Board, not the community.

In addition to ample precedent, ICANN recently developed and conducted the Prioritization Draw, “a random selection method” specifically excluded under the current Applicant Guidebook. ICANN did so as implementation of the decision to process applications in batches, itself an implementation decision. ICANN developed and conducted the Prioritization Draw without a PDP, without a policy working group, and without protest from those community members who now define the Strawman and the LPR are “policy.”

Finally, both 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, specifically and explicitly anticipate the possibility of substantive changes not the result of “new policies” to the Applicant Guidebook. Applicants have no “veto” over such change and no PDP or policy working group is required. Indeed, even material changes would require only a public comment period like the one in which we are submitting these comments.

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 kathryn.park@ge.com.

Sincerely yours,

