

1 April 2010

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Mr Rod Beckstrom
Mr Peter Dengate Thrush
Internet Corporation for Assigned Names and Numbers ('ICANN')

Dear Sirs

LOVELLS LLP COMMENTS TO ICANN ON THE UNIFORM RAPID SUSPENSION SYSTEM ('URS')

Lovells LLP is an international law firm with over 1800 legal staff worldwide and acts for numerous brand owners and Internet players. We appreciate the opportunity to comment on the URS revised proposal (the 'Revised Proposal').

Lovells LLP recognises and appreciates the considerable efforts made in by all stakeholders in order to try to reach consensus and produce a final version of the URS and the Revised Proposal is another step towards that goal.

We are of the view that the URS, as part of a package of new RPMs, is important with a view to having an effective deterrent in place to seek to protect both the interests of trademark owners in light of a considerable expansion in the gTLD namespace and consumers.

However we are concerned now that the process of review upon review of the procedures set out in the IRT recommendations, cutting bit here, lengthening there, with a view to obtaining consensus amongst the many stakeholders concerned has resulted in a proposed URS under the Revised Proposal which has shifted. If all comments are taken into account it may well morph into something which was not intended at the outset. It was originally designed with a certain target in mind, those large scale cybersquatters who register large numbers of domain names infringing trademark rights and providing nothing of value to the domain name system and who hid behind the fact that investigation and the UDRP is too costly to prevent their activities. The original proposal itself was a compromise position, which had unanimity amongst the IRT and which built in safeguards to seek to prevent abuse or gaming, by either complainants or respondents.

We believe that the URS was designed to be a rapid procedure for "clear-cut" cases of abusive domain name registrations and thus there was little need for detailed review by a panelist. A number of stakeholders have argued that in the absence of a response there was in fact no need

for review by a panelist - this has the advantage of speeding things up but also raises questions of justice, so this was not the position taken by the IRT.

In addition there was strong support for a process that would suspend domain names rather than transferring them, the idea being that brand owners did not necessarily wish to manage vast portfolios of typosquatted domain names which they have no use for and only hold to prevent unscrupulous parties targeting the brand or consumers.

A transfer provides a stronger remedy than suspension, but also could allow parties to potentially try to use the URS to game the system and acquire others domain names. Hence, originally, the IRT did not propose a transfer, and this is still the case in the Revised Proposal, but many parties wish to have a transfer in place.

What is clear is that the URS should be a clear and distinct process from the UDRP, faster, and cheaper. However, on the one hand, the rapidity of the URS has potentially been curtailed partly by an appeal process, cost appears to be going up, and a transfer option is sought. On the other hand the "fast track" UDRPs are being considered, with a speeding up of the UDRP process and a lower cost. So at what point do these meet in the middle? Are we really retaining two distinct processes? We are thus concerned by this becoming a grey area without clarity of options and certainty for parties.

We filed comments on the IRT recommendations and the STI report, so refer to those for more detail. Trying to add new items with regard to the Revised Proposal to what is perhaps a final discussion we have the following comments:

1. **AVAILABLE REMEDIES**

Lovells LLP is concerned about the ongoing discussion regarding remedies available to a successful URS complainant and we think that the Revised Proposal has not provided realistic solutions in this respect. As it stands, the Revised Proposal still limits available remedies to the suspension of the domain name(s).

Although there is the possibility of an additional one-year suspension, there remains the question as to whether this is sufficient as there is a risk of re-registration with the issue starting all over again. This is less of an issue if the filing fee for the URS is very low, but as it creeps up the idea of re-filing a URS time and time again becomes somewhat inefficient if this is necessary to prevent abuse. Thus we think primarily that a longer suspension period would be useful - otherwise an option to transfer becomes a more favourable option in order to prevent the domain name being dropped and registered by a potential unscrupulous third party. If this is the route chosen then such transfer could be upon payment of an appropriate fee or only available after a certain period of time.

We can see the benefits in the event of a URS involving 100 domain names, and most are names that the complainant would not wish to manage going forward, and would not mind dropping back into the pool. However a certain number of those domain names could be ones the brand owner wishes to avoid dropping back into the pool. In this circumstance we would suggest that the complainant could pay for further suspension periods, indeed potentially as long as he wishes to continue paying. Alternatively then a transfer may be allowable, but we would suggest that this should only be after the expiry of any appeal period, if such appeal period is adopted in the URS. Giving such an extension of suspension possibility or transfer possibility after the initial suspension or appeal period would not alter the specificity of the URS and would introduce an element of flexibility which could contribute to its success.

The UDRP should remain the fundamental vehicle where a domain name registration has been registered in bad faith and a brand owner wishes to enforce its rights and recover it to manage and use going forward.

2. THE FIRST REQUIREMENT OF THE URS

2.1 The concept of "substantive review" or "substantive examination"

As the Revised Proposal stands, the first limb of the URS would only protect trademarks registered in a "*jurisdiction that conducts a substantive examination of trademark applications prior to registration*".

We feel uncomfortable with the concept of so-called "substantive review" or "substantive examination" which, under the Revised Proposal, would allow for discrimination against some jurisdictions. This is problematic and we feel that ICANN should not have the role, and the URS would not be the appropriate forum to assess the merit and the strength of each system of law in relation to trademark registration and examination procedures.

In addition, the debate on what is to be understood as "substantive" is a difficult one and very prone to bias since conceptions differ between Common law jurisdictions (e.g. the USPTO with its examination of relative and absolute grounds) and Civil law jurisdictions, for example.

The new gTLD initiative should not have any geographical bias and there should be as little room for interpretation as possible in the interest of fairness and equality between jurisdictions and their respective applicants. Whilst some jurisdictions do not carry out a thorough examination of filed trademarks, they will provide for opposition procedures before granting registration.

This principle of non-discrimination between different national trademark registration systems has been highlighted by an observation made by the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications in connection with the "*Relation Between Opposition and Examination Procedures*", "that neither approach (examination on relative grounds or opposition procedures) constitutes a preferred model".

Depending on the geographical bias and conception of what a good trademark registration is, we could well find ourselves in a situation where, for instance, Community Trade Marks or French trademarks would not be protected by the URS. Lovells LLP is particularly concerned about this and calls for ICANN to clear this ambiguity.

Lovells LLP thus recommends that this discrimination against jurisdictions which do not conduct a so-called "substantive review / examination" be rectified. At the very least Lovells LLP calls for ICANN to give the most objective and precise definition possible of what should be considered a "substantive review / examination". For instance, ICANN could define jurisdictions which do not conduct "substantive review" or "substantive examination" as those which do not provide for an examination or an opposition between filing and registration of a trademark (e.g. Benelux so-called accelerated registration). However, such trademarks would be subjected to an examination and / or opposition after registration (e.g. Benelux so-called "accelerated registration"). National systems which would fall into this category could be exhaustively listed by ICANN and there would then be an additional burden on a URS complainant to produce evidence that their trademark has successfully passed post-registration examination and / or opposition.

2.2 Court validated trademarks

The URS does not include such trademarks in its definition. This might be an omission from ICANN but, in any event, we think that such trademarks should definitely be protected by the URS.

2.3 Recommendation

We therefore recommend that:

- the first requirement of the URS be opened to all court validated and registered trademarks; and
- If a trademark has been registered without prior examination and / or opposition, the URS complainant will have to produce evidence that its trademark has successfully passed post-registration examination and / or opposition.

3. WILL THE URS KEEP ITS PROMISES IN TERMS OF COSTS AND CELERITY?

The Revised Proposal presents the URS as being a cheaper and faster procedure for trademark owners than the UDRP. These procedural characteristics are of the essence if the URS is to hit the spot. The length of the UDRP and its cost are relatively reasonable and as the UDRP has in the past ten years been widely adopted by the community of trademark owners, it will undoubtedly remain a very successful and popular rights protection mechanism. Therefore the URS will have to come out as being significantly cheaper and faster for the URS to be helpful and adopted, especially given the remedies available under the URS and the much stricter standard of proof applicable. If the URS is potentially only a bit shorter (with a potential appeal scenario affecting this) and not significantly cheaper than the UDRP, the risk is that it will not be used and worse of all, that it will fail to increase the protection of trademark owners in a more threatening environment, especially given the type of remedies available and the higher applicable standard of proof (if compared with those available under the UDRP).

Thus, Lovells LLP calls for ICANN to make a compelling demonstration that the URS will be significantly cheaper and faster than existing mechanisms.

Conclusion

We believe that the Revised Proposal would benefit from being amended in line with the comments above and that it would be more prone to achieving a greater protection of trademark owners and provide them with an effective and helpful supplementary tool.

We think that it is important for the URS and the UDRP to be two distinct processes, clearly identifiable, to ensure certainty. They are different mechanisms for different situations.

The goal of us all is for technically feasible, fair and affordable solutions applicable globally to allow new gTLDs to flourish and protect consumers, not turn into havens for consumer abuse.

Yours faithfully,

David Taylor

Partner, Intellectual Property, Media and Technology and head of Lovells Domain Name Law Practice.