



March 31, 2010

VIA EMAIL

Mr. Peter Dengate Thrush
Chairman of the Board of Directors
Mr. Rod Beckstrom
President and CEO
ICANN
4676 Admiralty Way, Suite 330
Marina del Ray, CA 90292

Re: Comments of Microsoft Corporation on “Proposal for Trademark Clearinghouse” and Draft Uniform Rapid Suspension System

Dear Messrs. Dengate Thrush and Beckstrom:

Microsoft Corporation (“Microsoft”) welcomes this opportunity to provide its comments to ICANN on the “Proposal for Trademark Clearinghouse” (“Clearinghouse Proposal”) and the Draft Uniform Rapid Suspension System (“Draft URS”).

Microsoft is a worldwide leader in the IT industry, with a mission to enable people and businesses throughout the world to realize their full potential. Since the company was founded in 1975, it has worked to achieve this mission by creating technology that transforms the way people work, play, and communicate. Microsoft is also an owner and champion of intellectual property rights. It maintains sizable trademark and domain name portfolios and takes pride in the worldwide recognition of multiple of its trademarks. Further, Microsoft’s businesses rely heavily on the Internet and the current system of top level domains, and Microsoft is an ICANN-accredited registrar. As such, Microsoft was well positioned to provide meaningful comments to ICANN on the first three versions of the new gTLD Draft Applicant Guidebook (“DAG 1”, “DAG 2”, and “DAG 3”).

With regard to the specific issue of trademark protection, Microsoft’s comments on DAG1 highlighted the need for ICANN to provide scalable, cost-effective, and efficient rights protection mechanisms (“RPM”) to minimize the ICANN-imposed burden on rights owners of having to secure defensive registrations and combat cybersquatting in as many as 500 new gTLDs. In addition, Microsoft offered in its DAG1 comments to volunteer its personnel to support ICANN’s development of scalable, cost-effective, and efficient RPMs. Microsoft substantiated that offer through my participation (as Microsoft’s head of trademarks), as an

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Implementation Recommendation Team (“IRT”) member. Since then, Microsoft submitted detailed comments in support of the IRT Final Report; its DAG3 comments contained an extensive discussion of those proposed RPMs; and provided focused, detailed comments on the “Special Trademark Issues Review Team Recommendation” (“STI Report”). Microsoft is well-qualified to provide to ICANN its comments on the Clearinghouse Proposal and Draft URS.

Executive Summary. The Clearinghouse Proposal and Draft URS present considerable progress on the overarching issue of trademark protection since ICANN issued DAG1. Nonetheless, Microsoft continues to support the recommendations contained in the IRT Final Report as providing better and more comprehensive tools for preventing and combating trademark abuse than the Clearinghouse Proposal and Draft URS. Microsoft strongly encourages ICANN staff to amend the Clearinghouse Proposal and Draft URS as set forth below, and encourages the Board of Directors to approve those amended iterations.

At the outset, Microsoft wishes to incorporate by reference the concerns about the issue of trademark protection articulated in its comments to ICANN on DAG1 and DAG3, the IRT Final Report, and the STI Report.

Clearinghouse Proposal

With the modifications proposed below, the Board of Directors should approve the Clearinghouse Proposal.

All National Trademark Registrations Should be Eligible For Pre-Launch RPMs Without “Validation” of Use. ICANN should discard the proposal to allow gTLD registries the discretion to exclude from their Sunrise or Trademark Claims process nationally registered trademarks that have not been “validated” for use on the goods and/or services covered by the registration. Although this proposal is clearly intended to replace the STI’s recommendation that registries should have the discretion to exclude from their Trademark Claims or Sunrise RPMs trademark registrations issued by countries in which the national authority does not conduct substantive examination, it merely trades one set of problems for another.

The “validation” anticipated by the proposal will be very onerous to administer. Not only will the Trademark Clearinghouse operator need to locate persons who can be trained to conduct the “validation,” but it will need to train those persons to perform at a level commensurate with national trademark office examiners. For the validation to be effective, it will be necessary to require evidence of use for every year since the registration issued. If the “validation” requires only evidence of use from the year immediately after the registration issued, the registration could still “pass” even if the mark had not been used for years. Conversely, if the “validation” requires only current use, it would be possible for the trademark owner to “pass” the validation even if the mark had not been used up to that time. Regardless, the “validation” would not meet the goal it purports to satisfy. Similar false distinctions will likely be necessary regarding the scope of goods and/or services on which the mark is used.

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Must the mark have been used on all goods and/or services covered by the registration? Only one? Somewhere in between?

Even if ICANN or the Trademark Clearinghouse Service Provider could adequately address these issues, the proposed requirement embodies ICANN's implicit determination that some national trademark registrations, and by extension their national trademark offices and national trademark laws, "are better" or "more valuable" than others. ICANN has no basis for such a determination, is not qualified to make such a determination, and should not make such a determination.

Instead, all national trademark registrations, properly authenticated by the Trademark Clearinghouse, should be eligible for Sunrise or Trademark Claims processes. Moreover, new gTLD registries should not be permitted to impose artificial eligibility requirements with the intention of using these requirements to exclude trademark registrations from countries that do not conduct "substantive review."

Uniform Rapid Suspension System

With the modifications proposed below, the Board of Directors should approve the Uniform Rapid Suspension System ("Draft URS").

Timelines Should Be Shortened. The IRT created the URS to provide a low-cost, rapid means of relief where a domain name's registration and use is clearly abusive use of a trademark. Unfortunately, the URS is not, in its current form, as rapid as intended. Indeed, one UDRP Provider recently suggested that, in its current form, the URS may be neither faster nor cheaper than the UDRP. A comparison of the relevant deadlines demonstrates that, if the "deadlines" for Providers (e.g., administrative/compliance review, time to appoint Examiner, time to communicate Examiner's decision to parties) are the same under the URS as they are under the UDRP, the URS in its current form may actually be slower than the UDRP due to the 7-day response extension and the possibility for a de novo examination.

As we have previously recommended, the 20-day answer period -- which is the same duration as the UDRP answer period -- should be shortened to 14 days, as recommended by the IRT. The 14-day answer period recommended by the IRT was the product of a compromise -- most IRT members wanted an even shorter answer period. The IRT agreed upon the 14-day compromise answer period because the potential harm to a registrant is far less under the URS than under the UDRP: The domain name cannot be transferred, the registrant can respond to the Complaint after default, the registrant can request a de novo review for up to two years after default, and the suspension can be reversed. In contrast, under the UDRP, the domain name can be (and, when the Complainant prevails, often is) transferred, the registrant cannot respond to the Complaint after default, and the transfer decision cannot be reversed unless the registrant initiates a court action and wins. These significant distinctions demonstrate that there is no prejudice to a registrant if the URS answer period is shortened to 14 days. On the other

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hand, however, there is prejudice to a trademark owner that is unable to obtain rapid and cost-effective relief.

The Abuse Definitions Should Be Clear, Specific, and Appropriate in Scope. ICANN has not yet provided for public comment the definitions of “abuse” and “abusive complaint”, and the guidelines it expects Examiners to apply in assessing whether a trademark owner’s complaint is “abusive”. These definitions and the guidelines will directly affect the likelihood that trademark owners will be barred from using the URS. Broad definitions that set a low threshold will increase the likelihood that any given trademark owner will be found to have filed an “abusive complaint”; a narrow definition that sets a reasonable threshold (such as that used for “reverse domain hijacking” under the UDRP) will decrease that likelihood. Such a fundamental principle as to whether the definitions will be drafted to unreasonably encompass conduct that is not considered abusive under other regimes merits public comment and consideration. Indeed, it would not be inappropriate for the Board to defer action on the URS until after ICANN has specifically put out for public comment the definitions and guidelines that it proposes be used.

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Although Microsoft continues to believe the IRT Final Report provided the most comprehensive and effective RPM recommendations, the Board of Directors should support the Clearinghouse Proposal and URS subject to the amendments set forth herein.

Thank you for your consideration. If you have questions or wish to discuss any of the points raised herein, please contact Russell Pangborn (russpang@microsoft.com).

Respectfully submitted,

Microsoft Corporation



Russell Pangborn

Associate General Counsel – Trademarks