



July 21, 2010

Mr. Rod Beckstrom
Internet Corporation for Assigned
Names and Numbers (ICANN)
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

RE: ICANN DRAFT APPLICANT GUIDEBOOK, VERSION 4

Dear Mr. Beckstrom,

The Intellectual Property Owners Association (IPO) thanks the International Corporation for Assigned Names and Numbers (ICANN) for the opportunity to submit these comments with respect to the ICANN Draft Applicant Guidebook, Version 4 (DAG4).

IPO is an international association, based in the United States. Its members include more than 200 companies, and approximately 11,000 individuals are involved in the activities of the association either through their companies or as IPO inventors, authors, executives, law firms, or attorney members. Founded in 1972, IPO represents the interests of all owners of intellectual property covering all areas of technology, many of whom hold trademarks around the world. IPO has a significant interest in the DAG4 which concerns the rules, requirements, and processes of applying for new generic top-level domain names (gTLD).

IPO is providing this commentary to highlight the positive features of the DAG4, identify areas that may be misinterpreted, and point out instances where the DAG4 could provide greater clarity so as to be most useful for trademark owners.

We thank ICANN for this opportunity to provide the enclosed comments and suggestions.

Very truly yours,

Douglas K. Norman
President

Enclosure

President
Douglas K. Norman
Eli Lilly and Co.
Vice President
Richard F. Phillips
Exxon Mobil Corp.
Treasurer
Angelo Chacras
Pitney Bowes Inc.

Directors
T.J. Angioletti
Oracle USA, Inc.
William J. Coughlin
Ford Global Technologies LLC
Timothy Crean
SAP AG
Robert DeBerardine
Sanofi-Aventis
Jeanne D. Dodd
Dow Corning Corp.
Bart Eppenaue
Microsoft Corp.
Scott M. Frank
AT&T
Michael L. Glenn
Dow Chemical Co.
Bernard J. Graves, Jr.
Eastman Chemical Co.
Krish Gupta
EMC Corporation
Jack E. Haken
Koninklijke Philips Electronics N.V.
Dennis R. Hoerner, Jr.
Monsanto Co.
Carl B. Horton
General Electric Co.
Soonhee Jang
Danisco U.S., Inc.
Michael Jaro
Medtronic, Inc.
Jennifer K. Johnson
ZymoGenetics, Inc.
Philip S. Johnson
Johnson & Johnson
George William Johnston
Hoffmann-La Roche Inc.
Lisa Jorgenson
STMicroelectronics, Inc.
Dean Kamen
DEKA Research & Development Corporation
Charles M. Kinzig
GlaxoSmithKline
David J. Koris
Shell International B.V.
Michelle Lee
Google Inc.
Richard J. Lutton, Jr.
Apple Inc.
Jonathan P. Meyer
Motorola, Inc.
Steven W. Miller
Procter & Gamble Co.
Jeffrey L. Myers
Adobe Systems Inc.
Sean O'Brien
United Technologies, Corp.
Kevin H. Rhodes
3M Innovative Properties Co.
Mark L. Rodgers
Air Products & Chemicals, Inc.
Manny Schecter
IBM, Corp.
Robert R. Schroeder
Mars Incorporated
David Simon
Intel Corp.
Dennis C. Skarvan
Caterpillar Inc.
Russ Slifer
Micron Technology, Inc.
Wayne Sobon
Accenture Ltd.
Daniel J. Staudt
Siemens Corp.
Brian K. Stierwalt
ConocoPhillips
Thierry Sueur
Air Liquide
James J. Trussell
BP America, Inc.
Danise van Vurren-Neild
Coca-Cola Co.
Roy Waldron
Pfizer, Inc.
Michael Walker
DuPont
BJ Watrous
Hewlett-Packard Co.
Stuart Walt
Amgen, Inc.
Don Webber
Covidien
Paul D. Yasger
Abbott Laboratories
Executive Director
Herbert C. Wamsley

**COMMENTS OF INTELLECTUAL PROPERTY OWNERS ASSOCIATION
(IPO) ON THE ICANN DRAFT APPLICANT GUIDEBOOK, VERSION 4
(DAG4)**

**I. TRADEMARK POST-DELEGATION DISPUTE RESOLUTION PROCEDURE
(PDDRP)**

IPO believes that there are several productive aspects to this section, though we have taken the opportunity here to provide some suggestions for adding clarity. Throughout the PDDRP, including in the Second Level standards outlined under Section 6, reference is made to "infringement." We do not believe that this is appropriate since the described standards should not necessarily involve trademark infringement as is the case for complaints under the Uniform Domain-Name Dispute-Resolution Policy (UDRP). In addition, since the parties may not be in the same jurisdiction, reference to the concept may raise conflicts of laws issues. We suggest that instead reference be made to the breach of standards or a similar neutral term.

Under Section 20, ICANN should not have discretion to implement a remedy "recommended" by the Expert Panel. This is quite open-ended and may make the prospect of instituting a proceeding unpalatable to a complainant.

Under Section 21, reference is mistakenly made to a "URS" (Uniform Rapid Suspension System) proceeding. In its place should be PDDRP or, alternatively, the reference to either the URS or PDDRP should be removed altogether. In addition and more importantly, the nature of the appeal is not made clear. Presumably, the members of the Appeal Panel should not have been involved in the initial proceeding or perhaps other similar proceedings at first instance. Finally, unlike the time limits outlined for the initial PDDRP proceeding and Expert Determination, there is no indication of the timing of the appeal, discovery, and Appeal Panel decision except for the deadline for the initial appeal. Presumably, the "Providers [sic] rules and procedures for appeals" will outline this information in detail, but basic dates should be incorporated into the PDDRP itself.

Under Section 22, the registry operator may challenge ICANN's imposition of a remedy. This means that the initial determination may be subject to both an appeal and a challenge relating to the remedy, both of indeterminate length. From the complainant's point of view this seems unpalatable.

At the Second Level domain, the PDDRP requires a "substantial pattern...of bad faith" and "bad faith intent to profit from the systemic registration of domain names." This makes it unlikely that a single trademark owner would bring an action on this basis. Accordingly, ICANN should consider whether the PDDRP would allow for joinder or class status between aggrieved parties. This would allow parties to share the cost of the PDDRP proceeding and to combine efforts to more efficiently gather and present evidence to the Expert Panel.

II. TRADEMARK CLEARINGHOUSE

IPO commends ICANN for its inclusion of the Trademark Clearinghouse concept as one component of IP rights protection mechanisms for new gTLDs. The May 2010 Trademark Clearinghouse Draft broadly adopts most of the Special Trademark Issues Review Team Recommendations of December 2009 (STI Report) which were approved by the Generic Names Supporting Organization (GNSO). The GNSO-STI Report contains some of the recommendations of the Implementation Review Team (IRT) report issued in May 2009. However, as discussed below, some important elements are missing. Additionally we believe the Trademark Clearinghouse section of the DAG4 can be substantially improved upon in a number of other ways.

One key IRT element missing from the DAG4 is the recommendation that Section 2.1.1. require that applied-for gTLD strings be analyzed for confusing similarity against a Globally Protected Marks List (GPML), in addition to existing TLDs, reserved names, other applied-for gTLD strings, and requested ccTLD strings. Because this aspect of the IRT's recommendations has not been incorporated into DAG 4, (indeed, the GPML is entirely missing from the Trademark Clearinghouse section) the Trademark Clearinghouse does not operate as a Rights Protection Mechanism (RPM) at the top level of the new gTLDs. We think it should so operate.

We address additional aspects of the draft on a section-by-section basis.

a. Section 2 — Treatment of Marks

i. Substantive Review

The DAG4 provides that marks registered in jurisdictions that do not conduct "substantive review" would be treated differently than those marks that have undergone "substantive review," with the Trademark Claims service process effectively recognizing a broader set of registrations than Sunrise services. We are concerned that the DAG4 does not specify what "substantive review" includes. Some public comments suggest that "substantive review" could refer to relative examination, but the matter does not appear to be settled. To avoid this ambiguity as well as the complexities of evaluating examination and opposition processes in individual jurisdictions, we recommend that the term "substantive examination" be clarified to specify that "substantive review" refers to examination for "inherent registrability" or "on absolute grounds."

ii. Text Marks

The DAG4 provides that only text marks will be recognized under the Trademark Claims and Sunrise services. Consistent with previous public comments, we recommend that "text" marks be defined to include the text elements of design marks where the text in its entirety has not been disclaimed. We note that the IRT report proposed that the Trademark Clearinghouse accommodate both "word mark and device (logo) marks that contain a word element."

iii. Recognition of Additional Names

Trademark owners will be able to reduce defensive registrations if they are permitted to deposit into the Trademark Clearinghouse names consisting of exact registered trademarks plus generic terms incorporated into their goods or services. We support such a solution as in the Commercial and Business Users Minority Position under Annex 4 to the STI Work Team Recommendations. Such procedures have been used successfully with prior gTLD launches such as for the ASIA registry.¹

b. Section 4 — Service Providers

Under subsection 4.1.1, the language provides that the entity would "validate" marks from jurisdictions that do not conduct substantive review. If the disparate treatment of such marks remains in the final Trademark Clearinghouse implementation scheme, the criteria for this validation should be specified.

Under subsection 4.2, fees for services should be set by ICANN. Also under subsection 4.2, we agree that the detailed registrar accreditation agreement is an appropriate model.

In subsection 4.3, there is a provision stating that the Clearinghouse Service Provider should use "regional marks authentication services." We question the value of regional services, which seems to add an unnecessary additional layer to the process which will add cost. A regionally based service element seems to work against the objective of rapid provisioning of domain names. No basis for the regional authentication service appears in the IRT or GNSO-STI reports. We are opposed to regional authentication unless there is some justification.

c. Section 5 — Criteria for Trademark Inclusion in Clearinghouse

We compliment ICANN for including common law marks that have been subject to court validation. We agree that trademark owners should be obligated to keep information supplied to the Clearinghouse current. However, it will be impractical to try to collect monetary penalties from trademark owners who may be out of business or who may have failed to advise successors in interest of their Clearinghouse entries. Failure to respond to a legitimate request from the Trademark Clearinghouse administrator to update information could yield a series of warnings and, ultimately, suspension from the Trademark Clearinghouse pending a response. We also support mandated periodic renewals – perhaps every 5 years – to maintain the quality of information contained in the database.

d. Section 8 — Mandatory Pre-Launch Services

The threat to trademark owners does not end at launch, but extends through the life of the registry as new trademarks are introduced and developed. The vast majority of cybersquatting activity involves registration of domains long after a registry has launched. For this reason, the Trademark Claims service should not be limited to pre-launch notification, but should be required for *post-launch* registration applications, despite whether the registry uses Trademark Claims or Sunrise services at the pre-launch stage. A requirement for a *post-launch* Trademark Claims service is consistent with the recommendation found in the Commercial and Business Users Minority Position

¹ See ASIA Registry, <http://www.asiaregistry.com/>.

under Annex 4 to the STI Work Team Recommendations.

Further, the DAG4 provides that notification under the Trademark Claims service to the trademark owner "should not be before the registration is effectuated so as not to provide an opportunity for a trademark holder to inappropriately attempt to block a legitimate registrant from registering a name in which a registrant has legitimate rights."² We disagree with the advantage given to prospective registrants by delaying notice to the trademark owner. In fact, such delayed notice to the trademark owner under the Trademark Claims service provides no better notice than can be obtained from numerous commercial products already available that can track adverse and conflicting domain name registrations *after they have occurred*. The objective of the Trademark Claims service should be to *prevent* registrations by would-be cybersquatters and innocent prospective registrants to the extent possible before after-the-fact enforcement efforts by trademark owners are required.

Other enhancements to the Trademark Claims service would make it more effective at providing notice of trademark rights to prospective registrants without impeding provisioning of domain names unduly. For example, we recommend that the Trademark Claims service require a waiting period before registration is effectuated following notice to both the prospective registrant and the trademark owner. In addition, in order to provide a prospective domain name registrant with complete information, language such as the following should be included on the Trademark Notice form appended to the DAG4:

A copy of this Trademark Notice has been sent to the Trademark Owner. If the Trademark Owner deems that granting your requested domain name conflicts with existing trademark rights, it may initiate an ICANN dispute resolution proceeding and/or court action against you.

e. Section 9 — Protection for Trademarks in Trademark Clearinghouse

As we have stated, additional protection to trademarks in the Trademark Clearinghouse should be extended by requiring mandatory post-launch notification procedures. A substantial portion of cybersquatting activity in the new gTLDs can be expected to occur well after a registry has launched. Mark owners are constantly introducing and registering new trademarks requiring the defense available from the Trademark Clearinghouse. Post-launch notification procedures would be no more complex to implement than pre-launch procedures.

In addition, deposit of trademarks into the Trademark Clearinghouse should be clarified such that it is clear that a trademark owner does not also have to register the corresponding domain name in the many new gTLDs that are developed. If, in addition to depositing their trademarks in the Trademark Clearinghouse, trademark owners must also register the corresponding domain names in each register, a substantial part of a key objective of the Trademark Clearinghouse — reduction in defensive registrations — will not be available from the Trademark Clearinghouse. Trademark owners will not have a significant incentive to participate in the Trademark Clearinghouse if they are required to both deposit their marks and also engage in multiple defensive registrations.

² See DAG4, page 8.

f. Section 10 — Costs of Trademark Clearinghouse

The DAG4 states that "[c]osts should be completely borne by the parties utilizing the services," but does not specify the parties' identities. Registries and registrars will be direct beneficiaries of the new gTLDs, which suggests that these parties should bear a significant portion of the costs for support of the Trademark Clearinghouse (which they are in position to pass to registrants). We believe that trademark owners should pay only the transaction costs directly associated with the inclusion of their individual trademarks and that they should not pay for elements of Trademark Clearinghouse overhead and its fixed operational costs.

III. THICK WHOIS

IPO supports the requirement of Thick Whois and the proposed requirements in Section 1.8 of Specification 4 that WHOIS data be searchable as set forth therein. Access to easily searchable WHOIS data is an invaluable tool to brand owners in their efforts to combat online infringement, fraud, and malicious conduct.

IV. UNIFORM RAPID SUSPENSION SYSTEM (URS)

The latest draft of the Uniform Rapid System (URS) presents several concerns to mark owners. For instance, there is concern that the URS process will be quite cumbersome compared to the comfort level mark owners have with the existing UDRP process. Additionally, the draft does not include the option to transfer the subject domain name as a remedy, which is essential for mark owners.

Further, this draft does not present a compelling alternative to the UDRP. The time difference between institution and decision between the UDRP and URS is not vastly different, and leaving ownership of a closed-down domain name with the registrant presents some risks. From a timing perspective, if the UDRP is not quick enough, certain mark owners will seek enforcement via a temporary restraining order in federal court. This, plus the nearly 85% win rate³ for trademark owners who initiate a UDRP proceeding, appears to provide no compelling reason for mark owners to support implementation of the URS as drafted.

In addition to these general comments, below are comments in response to the referenced sections of Version 4 of the URS:

a. Complaint

The grounds upon which a Complaint would be granted mirror the UDRP, including that the domain name was registered *and* is being used in bad faith. The conjunctive requirement of demonstrating bad faith at the time of registration and in the respondent's use at the time of filing a URS is not favored; instead, a disjunctive requirement is preferred (i.e. the domain name was registered *or is being used in bad faith*).

³ See "Record Number of Cybersquatting Cases in 2008, WIPO Proposes Paperless UDRP," World Intellectual Property Organization (Mar. 16, 2009), http://www.wipo.int/pressroom/en/articles/2009/article_0005.html.

b. Notice and Locking of Domain

We express concern over the deletion of the provision requiring notice to a registrant in language used by registrant during the prosecution process. We also express concern over the lock of domain and take down prior to Registrant's response deadline.

c. Response

The sale of traffic (5b) should be presumed to be bad faith, not merely a factor for consideration. The Registrant should bear the burden to prove that sale of traffic is not bad faith, once it has been pled in the Complaint.

d. Default

The currently-drafted two-year period for Response after default is much too long, creating uncertainty for Complainants. Respondent default should result in suspension of the domain name. There is no need for panel appointment and substantive review in the event of a default.

e. Examination Standards and Burden of Proof

The current burden of proof is clear and convincing evidence, purposefully higher than UDRP. If the burden of proof in a UDRP is lower, mark owners will continue to utilize the UDRP as they have in the past, with success. The statement that a URS complaint will only be granted in favor of the Complainant if there is no genuine issue of material fact seems to be appropriate. The "a defense would have been possible" language in Section 8.4 is also too broad. Our concern is that such sweeping language could apply to almost any situation.

f. Remedy

We believe that transfer of the domain name should be an available remedy, in addition to suspension of the domain name.

g. Abusive Complaints

The proposed section is troubling, particularly because it is highly likely that every registrant will plead the abusive nature of the Complaint, thereby increasing costs and time to respond. We propose that this section be removed or reworked with IPO's considerations in mind.
