



Litigation and Intellectual Property

Submission to ICANN new gTLDs – DAG 4

21 July 2010

Introduction

The British Broadcasting Corporation (BBC) is the United Kingdom's Public Service television and radio broadcaster established by Royal Charter and publicly funded by a licence fee. BBC Worldwide Limited is a wholly owned company within the BBC group, responsible for the commercial exploitation of the BBC's output in order to generate revenue for the BBC.

Overall, the BBC reaches 93% of the UK public each week with information, education and entertainment provided via TV, radio and online platforms. It is also a global broadcaster, as Europe's largest exporter of TV programmes and the provider of trusted, independent and impartial international news to a weekly audience of around 250 million households, with over 17 million unique users online.¹ The BBC has been at the forefront of the digital revolution. Ever since its launch in the 1990s as a text- and news-led service, bbc.co.uk has been confirmed as an important reason given by people in the UK for connecting to the internet in the first place.² The BBC has also pioneered online audio and video services, for example BBC iPlayer, allowing audiences to catch up with the last seven days of BBC TV and radio, launched on Christmas Day 2007 and total views by UK audiences have now passed 500 million.³ The latest independent forecasts suggest that the BBC-proposed consortium, Project Canvas, will have internet-connected TV devices offering iPlayer and other on-demand services to 3.4m UK homes by 2014.⁴

General comments

We endorse the comments which have been made by Markmonitor regarding the substantive issues which remain unresolved in DAG4 relating to (i) the economic study, (ii) the proposed rights protection mechanisms, and (iii) root scaling.

The BBC and BBC Worldwide have taken the opportunity to comment on previous iterations of the Draft Applicant Guidebook and the rights protection mechanisms. On each occasion we have raised serious concerns about the release of new gTLDs, the lack of any effective rights protection mechanisms and the manner in which this process has been conducted. Those concerns remain and we are disappointed that comments made by Peter Dengate Thrush to the World Trademark Review during the Brussels Meeting indicate that ICANN does not intend to address them.

As we have previously stated, we remain unconvinced about the extent of demand for new gTLDs and feel the case for their introduction remains unclear and lacking in evidence.

In particular, we believe ICANN must provide additional data and explanation as to how the gTLD proposals will create economic value for all on the internet by expanding the domain name aggregate resource. It does not seem clear at all that the proposals will necessarily create new value and indeed they may contribute to the inefficiency of the system. Prima facie, it seems that the value of internet domain names and brands resides in their visibility and reputation. There is no obvious way to legitimately tap into the value of a domain name unless it is already visible and reputable. If it is, there appears to be a substantial incentive for its owner to protect it, and little incentive to

¹ BBC Annual Report 2008/09

² For example, One survey revealed that 9% of internet users agree that "the existence of the BBC's website www.bbc.co.uk was one of the main reasons why I first accessed the Internet" (TNS, December 2007)

³ BBC Server Data, 2009

⁴ Enders Analysis, 2009; Project Canvas is subject to an ongoing regulatory approvals process (a "non-service approval") by the BBC Trust.

create a different one, even if new opportunities became available. (NB The concept of incumbency is not transferable to this instance, as owners of reputable and well-known internet brands are only incumbent on their own brand, not on market segments that could be "liberalised" in any way.) It could be assumed that as a rule, very few new categories of operators can benefit from a gTLD extension in terms of visibility and reputation. Exceptions to this rule may concern non industrial entities, such as geographical, cultural or urban communities. It is therefore very hard to see how the increase in domain names will per se increase competition unless it is accompanied by effective anti-hoarding and abuse remedies. These may be beyond ICANN's competence and power. Such economic data could also inform a fairer cost allocation model for a trademark clearinghouse than that currently being proposed.

In addition to our general comments, we outline some specific concerns below to the proposals as currently framed.

Trademark Clearinghouse ("TC")

The IRT Report originally proposed establishing an IP Clearinghouse (now the Trademark Clearinghouse) "in order to reduce the cost and administrative burden of protecting trademarks in the new gTLDs for all trademark owners – with a very few "trademark supernovas" which suffer extraordinarily high levels of infringement finding relief through the Globally Protected Marks List."

The IP Clearinghouse was designed "to function as a central entity with which all new gTLD registries and possibly registrars interact in relation to the Globally Protected Marks List and the Pre-Launch IP Claims Service also recommended by the IRT".

Although we welcome the TC as part of a suite of measures intended to offer rights protection mechanisms, the proposal, as currently framed, has been so watered down from the original proposal (coupled with the deletion of other rights protection mechanisms such as the GPML) so that in its current form it no longer offers any effective rights protection solution. The current TC is merely a database, promoting the need for defensive registrations, and thus fails to address the original intentions behind the work on the overarching issues, ie to lessen the administrative and financial burden on trade mark owners. We urge ICANN to redress this as a precondition to the launch of new gTLDs.

Detailed comments:

(paragraph references are to paragraph numbers from the ICANN proposal)

2. The reference to "substantive review" remains unclear. Is this a reference to the conduct of a relative grounds examination, to examination on absolute grounds, or to a system in which there has been a robust opposition procedure? This requires clarification in order to determine whether marks from a particular jurisdiction would, under the current proposals, require some other form of validation.

In any event it is flawed to exclude some marks, or require additional validation, simply because they are registered in jurisdictions which do not conduct a relative grounds review (if this is the case) since many jurisdictions provide perfectly acceptable alternatives. In the UK and through OHIM, for example, marks are examined on absolute grounds (to confirm they accord with the requirements set out under the relevant trade mark legislation) and, if accepted for registration, the owners of potentially conflicting marks are notified of the application and are given the opportunity to oppose. Such oppositions, if commenced, are conducted in a rigorous and adversarial manner with both parties afforded the opportunity to submit and respond to evidence, be heard and make submissions. Both systems also provide for appeals to the relevant courts.

The TC is intended for use with either Trademark Claims services or Sunrise services. The marks which may be relied upon for these two services would appear to be arbitrarily subject to different standards. For the Trademark Claims, marks may be recognized irrespective of whether the country of registration conducts a substantive review, whereas for Sunrise services the mark must be from a jurisdiction with a substantive review, unless the mark has been otherwise validated. The standard should be the same for both and, on the assumption that "substantive review" is intended to refer to relative grounds examination, should be that currently proposed for the Trademark Claims.

Having different standards minimizes still further any benefit of registering in the TC since it leads to the invidious result that owners of marks which have not had a substantive review may be obliged to go through an onerous TC validation procedure, without knowing which Registries will be adopting a Trademarks Claims service, where such a validation procedure will have been unnecessary. This is not only unfair but also potentially chaotic.

5. Criteria for inclusion in the TMCH

The criteria that a TM owner must submit a declaration (affidavit or other sworn statement) is costly and burdensome. Why would a certified copy of a valid trade mark registration certificate, or the official online database record of the relevant trademarks registry, not suffice?

The fact that only 'text trademarks' may be included in the TC potentially excludes many trademark owners who have combined text + device marks. For example, some of the BBC's registrations are word marks in stylized text, which could potentially be excluded under the current proposals. This would be of significant concern to us and we assume to many other brand owners.

What is the justification for excluding from the TC trade mark registrations which include top level extensions such as ".com"? There are some such trade marks which have become very well known, for example "lastminute.com". If the owners have been able to secure a trade mark registration then they ought to be entitled to avail themselves of the TC in respect of the element before the dot.

7. TC Validation

ICANN's proposal for validation of marks by the TC is that the trademark owner should provide evidence of continuous use of the mark. Providing such proof of use is an extremely onerous additional burden on a trade mark owner and is completely inconsistent with national legislation around the world; the UK for example and many other jurisdictions provide a grace period (of between 3 and 5 years) between registration of a mark and the obligation to use it.

If evidence of use were submitted in order to "validate" the mark, we would have grave concerns should that evidence be made available to any third parties as this could potentially be highly confidential and commercially sensitive information. Whilst, in specific trade mark litigation, it might be necessary to provide proof of use, one would not routinely publicise exactly how, where, when and in respect of which products the mark has been used. If there is evidence of use to "validate" the mark then the TC should reflect this fact but the underlying evidence should not be published in any way or to any person.

8. Mandatory Pre-Launch Services

The proposal is that registries should use the information in the TC either for a Sunrise or a pre-launch Trademark Claims Service. Neither offers adequate protection to a rightsholder. A Sunrise is not a rights protection mechanism as such, merely a means of facilitating defensive registrations by the trade mark owner. It does nothing to prevent abusive registrations by others. As such, we would prefer to see a pre-launch Trademark Claims Service being mandatory, however there would need to be a greater level of protection afforded by the same than is currently the case.

Under the Trademark Claims procedure warranty (iii) from the Registrant is a statement that to the best of the Registrant's knowledge their registration and use of the domain name will not infringe the TM rights of which they have been notified. What procedures does ICANN propose to put in place to confirm the truth of such a warranty, eg sworn statement, independent assessment? (especially given that trademark owners are required to provide such evidence of their rights under the current proposal)?

We have no objection to the registrant being able to access the TC to see details of the recorded trade mark rights. As referred to above, however, we strongly object to the provision of any underlying evidence of use, should there be an obligation on a trade mark owner to submit this.

Under ICANN's proposal, TM owners are not to be notified of such applications for domain names until such application has been effected so that TM owners do not "inappropriately attempt to block a legitimate registrant from registering a name in which the registrant has legitimate rights". There is a fundamental lack of balance between the treatment of the domain registrant and the trademark owner. Based on a mere declaration from the registrant, they are assumed to be legitimate. A trademark owner, who has previously secured a valid trade mark registration and submitted details of their legitimate registered rights, is expected to regularly update these details and is subject to penalties should that information not be current, is assumed to be liable to act inappropriately. This treats trademark owners with suspicion and is quite unfair. Why should trademark owners, who may have legitimate rights, not be afforded the opportunity to object prior to registration of a domain name? Without such a pre-registration objection process there is no rights protection mechanism being provided here. If such rights are not proven, clearly the registration of the domain name will not be prevented. Substantial time and money could be saved by both parties if there is a pre-grant objection process, rather than forcing the parties into post-grant URS.

This provision also potentially obliges the trademark owner to record all their marks from all territories in the TC, significantly increasing the costs and workload. Ideally, a trademark owner would want to be able to register just one national registration per mark in order to flag up the existence of registered rights to applicants. Since there will be no notification to the trademark owner of the application to registration and no opportunity to communicate with the registrant prior to registration to provide additional information, one national mark may not be sufficient.

Identical Matches Only

Only identical matches are to be reported by the TC to registries. This leaves wide scope for rogue registrants to apply unlawfully to register third party trade marks coupled with descriptive terms for which TM owners may have no registrations, and/or misspellings of trade marks. For example, a brand owner may register as a trade mark their house brand, but not register house brand + extensions, where the extensions are descriptive terms, for example "[Brand name] + America", because the additional elements, being entirely descriptive, are likely to be unprotectable without the distinctive house brand element. Yet under ICANN's proposal, the TC would be totally ineffective to support an application by such brand owner to secure for itself the registration of its house brand with such additional element as a domain name under a Sunrise, or to warn off a third party applicant for these terms under a pre-launch TM Claim. This is notwithstanding that the distinctive part of their mark is incorporated in the third party domain and an attempt to register such a by a third party domain would almost certainly be in bad faith. An application for such a term as a trade mark by a third party would almost certainly be bound to fail, either under substantive review or on opposition, because it would be considered to be confusingly similar to the brand owner's protected rights: why should ICANN be entitled to disregard the well-developed body of trade mark jurisprudence to come up with its own tests for relevance in relation to domain registrations?

9. Sunrise Eligibility Requirements

The proposed eligibility requirements include that the trade mark relied upon was applied for "on or before ICANN publishes new gTLD application list that an identical match...to the applied for domain name". This is an irrelevant test in this context. The trade mark will be being relied on in a Sunrise application relating to the part of the domain name "before the dot", eg "BBC" whereas the gTLD application list published by ICANN will be listing the element "after the dot", eg ".media" – they are not going to be identical.

10. Costs of the Clearinghouse

The proposal is that the users of the TMCH should pay. ICANN seems to assume that the 'user' in this instance is the trade mark owner. However, insofar as the TC will provide benefits to registries and registrars, and given that registries and registrars (and not most TM owners) will be the main beneficiaries of the new gTLDs overall, we consider that they should also contribute to the cost of the TC.

It is unfair in principle that brand owners who have already borne the costs of obtaining national trade mark registrations should also bear (any or all of) the cost of providing data to the TC.

We also consider that ICANN should bear some of this cost, even if only initially where there is an up-front investment which would be recovered back through use. ICANN stands to generate substantial revenues through this gTLD process and should bear some of the responsibility for ensuring it does not thereby facilitate the widespread infringement of brand owner rights and the widespread confusion and deception of the public.

Uniform Rapid Suspension (“URS”)

In the IRT Report the original purpose of the URS was to (i) reduce the need for defensive registrations, (ii) provide a cost-effective and timely mechanism for brand owners to protect their trademarks, and (iii) promote consumer protection on the Internet. In our submissions on the STI on 26 January 2010 we stated that the then current URS proposal was inadequate to do this and should be revised in order to meet its original objectives. This remains our view. The URS is neither cost-effective nor rapid.

Detailed comments:

(paragraph references are to paragraph numbers from the ICANN proposal)

1.2 (f) Exclusion from the URS of trade marks registered in jurisdictions which do not perform a ‘substantive review’

As with the TC, and depending on what is intended by the term “substantive review” this proposal would presumably exclude all European Community trade marks as OHIM does not conduct relative grounds examination.

It would also presumably also exclude all UK marks registered after October 2007 as the UK IPO abolished relative grounds examination at that time. What would happen to UK marks registered before that date? Potential complications will arise in determining which UK marks qualify for the URS and which do not, as the relevant date ought to be the date at which examination process was completed rather than when the mark was registered. A number of other European jurisdictions would also be excluded.

In any event, for the reasons referred to in respect of the TC above, it is flawed to exclude marks simply because they are registered in jurisdictions which do not conduct a relative grounds review since many jurisdictions provide perfectly acceptable alternatives.

Further, the nature of URS procedure is such that it involves an assessment of the Complainant’s grounds to object. It is presumably open to the Examiner to treat a particular registration with a degree of caution, where it originates from a jurisdiction without any robust examination and/or opposition. The Complainant should therefore not be denied the right to use the URS.

The proposal excludes common law rights, which the UDRP takes into account. We would urge ICANN to include common law rights in this regard.

(g) Non-exhaustive circumstances which demonstrate bad faith

Criteria (iii) should refer to the registrant having registered the name primarily for the purpose of disrupting the business of another, rather than of a competitor. There may be many reasons why someone might register a domain name in order to disrupt the business of a third party who is not a commercial competitor.

4. Notice and Locking of Domain

The fact that following a complaint a domain gets ‘locked’ but still resolves (presumably to the offending website), following which there is a period of at least 20 days (with a further extension possible including the Default period) when the offending website remains visible, could cause substantial ongoing damage to a

trade mark owner whose rights are being infringed, or to the public who may be so deceived as to the origin of the site. We consider there should be some provision for an interim remedy at least in cases of significant potential harm (akin to an interim injunction in court actions).

5. Response

What is the reasoning behind allowing the Respondent to be in default for up to 30 days following a Determination before they would be charged any fee with their Response? The Respondent should be obliged to file a fee in all cases where it files a response, to provide some balance between the parties. However, even if this is not the case there should be a fee where a response is filed late, or there is no incentive to deal with this in a timely manner – quite the reverse in fact if the domain also continues to resolve. Since it is proposed that all default cases proceed to an Examination (ie they are not automatically decided in favour of the Complainant), filing a Response at any time after the Determination inevitably means that the URS Provider has to do additional work as a direct result of the failure of the Registrant to act in a timely manner. In these circumstances, at the very least, we consider that the Registrant should pay a fee. Prior to the determination, the Registrant will have had a proposed 20 days to serve a response and the ability to seek a 7 day extension.

It is ironic that a complainant can only launch a URS procedure on the basis of trade mark rights whereas a Registrant can defend such action on the basis of common law rights. If a URS procedure can accommodate a consideration of a Registrant's common law rights we do not see why it cannot also consider a complainant's common law rights.

We do not agree that the fact that the domain name is not part of a wider pattern or series of abusive registrations should in itself be a free standing defence.

6. Default

We strongly object to the proposal that a registrant who fails to file a response shall have the right to a de novo review at any time for up to two years after the determination. Whilst we welcome the fact that a time limit has now been placed on this de novo review, two years is much too long.

We also strongly object to the proposal that where the Registrant files such a request for a de novo review, the domain name then resolves back to the original IP address. Under this proposal a registrant could do nothing for up to two years, during which time the domain name resolves to an informational website, but on filing their late appeal the original offending website is reinstated. There is no reasonable justification for this in a case where the Registrant has delayed in this manner. The status quo should be maintained pending the outcome of any review. The domain name should resolve back to the original IP address only where the Response has been filed within a limited grace period, ie a few months.

10. Remedy

We maintain our view that, at the very least, the successful Complainant should be given first refusal to register the domain name when it next comes up for renewal.

Other elements of the DAG

Module 1

- 1.1.2.4 We note that the time limit for filing objections will not close until two weeks after the posting of the Initial Evaluation (IE) results however we are of the opinion that this time limit is too short. Whilst it does mean that one could hold off incurring the objection filing fee until it is clear that the application has been accepted by ICANN, nevertheless with only a two week window to file objectors will have to do all the work in preparing an objection in advance, only to find that an application may fail at the initial evaluation stage. This is likely to be

a significant time and cost investment. In addition, since the two week window for objecting will close before the outcome of an Extended Evaluation (EE) is known there appears to be no opportunity to object to applications which fail the IE but are subsequently successful in the EE process. This surely cannot be the intention and there needs to be provision for objection after a successful EE.

The majority of trade mark jurisdictions allow for a period during which one can oppose a new trade mark application, largely on the basis of prior rights. These opposition periods generally run for a period of two to three months after the application has been accepted as fulfilling the requirements for registration. For example, the opposition period in the UK is now two months (extendable to three months). ICANN should adopt a similar model to allow a reasonable period to object.

- 1.5.1 Refund of Evaluation Fee: It is proposed that having completed Dispute Resolution, Extended Evaluation or String Contention Resolution an unsuccessful applicant would be reimbursed 20% of the evaluation fee, or \$37,000. At least in the case of Dispute Resolution, this seems unreasonable. Whilst it may be reasonable to refund some of the application fee if the applicant decides to withdraw at the outset of objection proceedings, there will be less incentive to take such an approach if the applicant knows that they will recover this sum whatever the outcome of the dispute resolution.

Module 3

- 3.2.1 Separate objections: In the event that there were two or more applications by a single applicant, to which a single objector would be objecting on the same grounds (for example the same trade mark rights) these should be the subject of a single objection. Further, in the event that a single objector has two different grounds to object to an application, for example legal rights and community grounds, this should also be the subject of a single objection not two separate objections being administered by different bodies and subject to two objection fees.
- 3.3.1 Objectors should be given a brief opportunity to rectify any errors where their objection does not comply with procedural rules, particularly if the objection period will be so unreasonably short.
- 3.3.3 ICANN suggests that negotiation/mediation is to be encouraged, but that time extensions to allow for this are to be discouraged and that, except in exceptional circumstances, parties must limit requests for time extensions to 30 days. Given that the applicant, objector and mediator could all be on different continents and time zones, and the overall importance of the outcome of the proceedings, limiting time extensions in this way will not encourage resolution in practice. Again, trade mark proceedings could be a useful model to follow, where in many jurisdictions parties are encouraged to put the proceedings on hold in order to facilitate settlement.
- 3.3.5 Refers to the goal of "resolving disputes rapidly and at reasonable cost". Cost is certainly an important factor. Given the major impact of a decision on any of these objections, particularly a legal rights objection, we do not believe that rapidity of resolution should take priority over ensuring that there has been a full and fair adjudication. The proposed time limits throughout the dispute resolution procedures are very short.
- 3.4.4 Defenses to Community Objection. It is stated that the fact that an objector has not chosen to apply for the same or any other string does not constitute any element of a defence to a community objection. This same provision should also apply to a legal rights objection.

Module 4

- 4.1.1 We agree that ICANN should not approve applications for gTLDs that are identical or would result in user confusion. We note that ICANN's proposals for resolving string contentions are limited to community priority evaluation or through an auction process. We believe that it is unfair to legal rights owners to be required to bid against third parties, to the financial benefit of ICANN and for which the owners will have already paid for trade mark registrations, possibly in many national trade mark registries, to prevent the same or a confusingly similar name being registered as a gTLD. While we appreciate that existing legal rights provide a ground for third party objection in the evaluation process, we consider that existing legal rights should also be taken into

consideration when resolving string contention. Where there are legitimate competing rights, a more sophisticated mechanism should be adopted for allocating the relevant gTLD, which reflects the nature, breadth and longevity of those rights.

4.1.3 It is inevitable, given the territorial nature of trade mark rights, and the global nature of the internet, that conflicts will arise between competing brand owners in different jurisdictions. We consider it is naïve to suggest (as ICANN does) that applicants who are identified as being in contention can be encouraged to reach a settlement or agreement to resolve that contention, at least where trade mark rights, are concerned. The nature of a trade mark is to identify the source of origin of the goods or services offered under the mark and mitigates against such settlement or agreement being possible. It is highly unlikely that a brand owner would be prepared to share or relinquish control over its brand to a competing brand owner, either in the same industry in a different country or a different industry in the same or a different country. Ultimately, we do not consider it is possible to reconcile the conflict between territorial trade mark rights and the global nature of the internet. It is for this reason, amongst others, that we have opposed and maintain our opposition to ICANN's proposals.

In summary, we remain deeply concerned at the threat to brand integrity and attendant financial implications for brand owners, and the significant risk of consumer detriment. We urge ICANN to address these issues by adopting a solution which does genuinely lessen the need for defensive registrations and the administrative and financial burden on trade mark owners.

A handwritten signature in black ink, appearing to read 'Susan Payne', with a long, sweeping flourish extending to the right.

Susan Payne, Trade Mark Lawyer, on behalf of the British Broadcasting Corporation

Tom Carl, Brand Protection Lawyer, on behalf of BBC Worldwide Limited