



December 8, 2010

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: INTA Comments On Proposed Final New gTLD Applicant Guidebook**

Dear Mssrs. Dengate Thrush and Beckstrom:

The International Trademark Association (“INTA”) appreciates this opportunity to comment on the Proposed Final New gTLD Applicant Guidebook (“AGB”).

INTA is a 132-year-old not-for-profit membership association of more than 5,600 corporations, law firms, and other trademark-related organizations from more than 190 countries. INTA is headquartered in New York City with regional offices in Brussels and Shanghai. INTA’s membership crosses all industry lines, from manufacturers to retailers to service firms, and is united in the goal of supporting the essential role that trademarks play in promoting effective national and international commerce, protecting the interest of consumers, and encouraging free and fair competition. INTA has served as a leading voice for trademark owners on the future of the Internet DNS, and is a founding member of the Intellectual Property Constituency (IPC) of ICANN.

Throughout the new generic top-level domain (gTLD) development process, ICANN has repeatedly affirmed its commitment to the stakeholder community to fully address the following overarching issues before commencing any application process for new gTLDs: (1) minimizing the use of new gTLDs to carry out intellectual property infringements; (2) minimizing the potential of new gTLDs to facilitate malicious conduct; (3) ensuring that the new gTLDs do not jeopardize the security and stability of the Internet; and (4) completion of a detailed market and economic analysis of the demands and market impact, including costs of new gTLDs.<sup>1</sup>

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<sup>1</sup> See Adopted Resolutions from ICANN Board Meeting (Oct. 18, 2006)  
<http://www.icann.org/en/minutes/resolutions-18oct06.htm>.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 2

Despite publishing five drafts of the Applicant Guidebook, and receiving over 1,000 comments from hundreds of stakeholders such as INTA, as well as the Government Advisory Committee (GAC) and the World Intellectual Property Organization (WIPO), ICANN has failed to adequately address these critical issues, as is reflected in the public comments ICANN continues to receive. Additionally, it is astonishing that with the mere posting of a Proposed Final version of the Applicant Guidebook, ICANN is planning to proceed with introducing new gTLDs without resolving or adequately addressing a number of more specific threshold concerns that are necessary for the successful launch of a gTLD, including but not limited to: (1) a poorly designed and ineffective Rights Protection Mechanisms (RPMs) that will fail to adequately protect consumers; (2) an abrupt change of a prohibition against vertical integration without an adequate explanation for the decision and its implications, and without the consensus of stakeholders; and (3) the refusal to acknowledge and address ICANN's ongoing failing compliance efforts.

### **Failure to Include Strong Trademark Protections**

INTA vehemently disagrees with ICANN's assertion that "strong trademark protections and malicious conduct mitigation measures are now in place."<sup>2</sup> INTA and numerous other intellectual property organizations and stakeholders have provided detailed advice on developing balanced, effective measures for the protection of intellectual property rights, which also have a direct impact on malicious conduct, in response to each draft of the Applicant Guidebook. These included our recommendations for an effective Uniform Rapid Suspension System (URS) with a meaningful "loser pays" system, our support for the original Trademark Clearinghouse's goal of reducing time and expense for a broad range of rights across the full array of rights protection mechanisms, and our suggestions for minimizing the unnecessary and wasteful need for defensive registrations, all of which we find absent in the Proposed Final Applicant Guidebook. In fact, the proposed rights protection mechanisms that have been adopted significantly vary in key implementation details from those proposed by the expert team ICANN itself certified to develop RPMs after it adopted a new gTLD policy without adequate plans for consumer protection. Please see the enclosed Appendix for a high-level summary of INTA's comments addressing its concerns regarding the sweeping opportunities for malicious conduct and intellectual property abuse presented by unlimited new gTLDs.

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<sup>2</sup> <http://www.icann.org/en/topics/new-gtlds/draft-rfp-clean-12nov10-en.pdf>

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 3

### **The ABG Raises Significant New Issues**

The current “final” version of the Applicant Guidebook introduces several new policy decisions that have profound implications for the overarching issues that ICANN has committed to resolve prior to launching the new gTLD process. As explained below, some issues stem from the Board’s far-reaching decision to allow full vertical integration in new gTLDs, of which the ramifications on other areas of the Applicant Guidebook and the new gTLD program cannot be fully vetted under the established timetable. Others, most notably, excluding all non-U.S. trademark registrations by requiring “substantive evaluation” for proof of use before a trademark registration is admitted to the Trademark Clearinghouse, are significant oversights in need of correction.

Despite ICANN’s failure to adequately resolve key overarching issues while introducing new issues, it has allowed less than 30 days for stakeholders to submit comments on the 305 pages of the AGB. Moreover, the comment submission deadline of December 10, 2010 is also the date when the Board will consider whether to give final approval to the AGB. Given this timing, and given that most of the comments in the ICANN public comment process are usually submitted on or very near the final date on which they are due, it appears the Board has little intention of considering the public’s views. Proceeding in such a manner is in direct violation of ICANN’s commitment to maintain and improve robust mechanisms for public input, accountability, and transparency so as to ensure that the outcomes of its decision-making reflect the public interest and are accountable to all stakeholders.<sup>3</sup>

#### **a. Vertical Integration**

##### **i. General Issues**

Prior versions of the DAG proposed prohibiting registrars (or entities owning more than 2% of a registrar) from becoming a registry of a new gTLD. In fact, the ICANN Board passed a resolution that within the context of the new gTLD process, there would be strict separation of entities offering registry services and those acting as registrars and that no co-ownership will be allowed.<sup>4</sup> While ICANN indicated it would consider a policy changing the current restriction if recommended by the GNSO, the GNSO was not able to come up with any consensus on such a policy.<sup>5</sup> Nevertheless, following a reversal by the ICANN Board<sup>6</sup> barely ten days before the proposed AGB’s release, section 1.2.1 of the proposed AGB deletes these restrictions and allows unrestricted registrar-registry cross-ownership, subject to the ‘Code of Conduct’ in Specification 9 applicable to all registries.

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<sup>3</sup> See Affirmation of Commitments by the United States Department of Commerce and the Internet Corporation for Assigned Names and Numbers, <http://www.icann.org/en/documents/affirmation-of-commitments-30sep09-en.htm>.

<sup>4</sup> See, <http://www.icann.org/en/minutes/resolutions-12mar10-en.htm>.

<sup>5</sup> See, <http://gns0.icann.org/resolutions/#201009>.

<sup>6</sup> Adopted Board Resolutions (Nov. 5, 2010) <http://icann.org/en/minutes/resolutions-05nov10-en.htm>.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 4

INTA recognizes that Section 5.1 also provides that ICANN “retains the right” to refer an application to a “competition authority” prior to entering into a Registry Agreement if it is determined (apparently by ICANN) that the registrar-registry cross-ownership might raise competition issues. The proposed AGB apparently does not discuss how ICANN might determine if such issues exist. Thus, ICANN seems to be leaving itself flexibility by eliminating the express prohibition on cross-ownership while still retaining unfettered discretion to refer any proposed registry arrangement to relevant governmental competition authorities.

While retaining the right to refer an application to anti-competition experts is probably better than not, INTA remains concerned by the apparent lack of considered deliberation in eliminating the restrictions on registrar-registry cross-ownership and the lack of any formal structure for determining when to make such a referral. The Code of Conduct may prove to be inadequate to address the myriad ways that abuses may occur, and INTA queries whether ICANN has allowed for an adequate process to draft an appropriate Code of Conduct or add any other necessary safeguards into the AGB or the proposed Registry Agreement (which is discussed more fully below). As previously mentioned, this rush to expedite the AGB process without full consideration of comments or the unintended consequences of a new policy that causes such a tectonic shift in the domain name registration marketplace is most troubling, particularly in light of ICANN’s current compliance program situation—namely a skeleton compliance staff that is unable to keep up with even basic issues with current registries and registrars, let alone a flood of new entities and new issues.

ii. Registry Agreements

Additionally, INTA has some concerns about the sufficiency of the AGB guidelines regarding Registry Agreements. As the foundation of the operation of the new gTLD process going forward, a fully-developed and well-reasoned Registry Agreement is essential to the successful launch of new gTLDs, given that the rules for the gTLD domain marketplace are largely dictated not by law but by ICANN’s contractual framework. As currently proposed, without a full vetting of any issues arising from vertical integration, the registry agreement process and terms cannot be fully developed nor could they fully address how the Registry Agreements will be applied to a registry-registrar-owned and -operated business.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 5

Many aspects of the AGB regarding the Registry Agreements have not been fully developed. For example, while ICANN has the authority to terminate a Registry Agreement due to a Registry Operator's non-compliance, such termination is optional and subject to suspension pending any challenge by the Registry Operator. Based upon ICANN's compliance history and the current situation of its compliance program, INTA is concerned that rogue Registry Operators will continue non-compliant behaviors indefinitely until challenges are resolved, potentially causing further irreparable harm to consumers and brand owners. By making enforcement of termination provisions optional, ICANN has accepted no responsibility for addressing Registry Operators who continually ignore their responsibilities. In addition, ICANN has not defined what triggers will result in termination of a Registry Agreement. Section 4.2 states that ICANN may terminate a Registry Agreement upon three separate occasions of non-compliance, but does not seem to define what constitutes an "occasion." For example, a Registry Operator could ignore the responsibility to suspend thousands of domain names as a result of URS decisions finding trademark infringement, but argue that its practice constitutes a single "occasion" and that they may continue to operate until two more such "occasions" occur. By failing to develop fully and define clearly the terms of the AGB with respect to Registry Agreements, ICANN has again jeopardized the operation of the new gTLD process.

Additionally, ICANN has failed to take into account the impact of the newly permitted vertical integration on Registry Agreements. Among other things, ICANN has not indicated when and how it will refer a registry/registrant to an "appropriate competition authority" when abuse of power arises. For these reasons, INTA strongly believes ICANN has failed to fully develop and think through the requirements for Registry Agreements and should not now rush to consider the AGB to be final as it will be the foundation for operation and compliance of the expanded Internet.

**b. "Substantive Evaluation" for Proof of Use: Inadvertent Exclusion of Non-U.S. Trademarks from Full Benefits of the Trademark Clearinghouse and URS**

Under both the URS and the pre-launch Sunrise service specified in the Trademark Clearinghouse proposal, the only trademark registrations that are necessarily recognized are those registered in a "jurisdiction that conducts a substantive evaluation of trademark applications prior to registration."<sup>7</sup> If the jurisdiction in which the mark is registered did not conduct substantive evaluation prior to registration, the mark is eligible for the URS or Sunrise

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<sup>7</sup> Trademark Clearinghouse § 7.1.3 (<http://icann.org/en/topics/new-gtlds/trademark-clearinghouse-clean-12nov10-en.pdf>); Uniform Rapid Suspension System § 1.2(f)(i) (<http://icann.org/en/topics/new-gtlds/draft-urs-clean-12nov10-en.pdf>).

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 6

service only if the mark has been court-validated, or validated anew through substantive evaluation by the Trademark Clearinghouse Validation Service Provider.<sup>8</sup>

We have repeatedly commented that the requirement of “substantive evaluation” should not include evaluation on “relative” grounds to determine if the registration would conflict with senior trademark rights. The reasons for this were simple: a) in our view, an application has undergone substantive evaluation if it has been evaluated on absolute grounds; and b) requiring relative examination would exclude some of the most widely-used trademark registers, including the European Community Trade Mark and, as of recently, the United Kingdom. Just as important, the Trademark Clearinghouse was envisioned as a cost-effective central repository for information to be authenticated, stored, and disseminated, where the Clearinghouse could rely on the evaluation conducted by competent national trademark offices, and not—except in unusual cases—to function as a mini-Trademark Office engaging in independent examination.

We applaud the Board for considering this concern, agreeing, and clarifying, in the Resolution, that relative examination is not required.

However, pursuant to ICANN Board resolution, in the proposed Applicant Guidebook, the URS and Trademark Clearinghouse proposal newly define “substantive evaluation” as evaluation based on (i) absolute grounds (e.g. genericness), (ii) relative grounds (e.g. confusion with prior rights), and (iii) actual use.<sup>9</sup> In its desire for inclusiveness the Board has—inadvertently we presume—actually *excluded* nearly all trademark registrations in the world from being eligible for Sunrise protection or the URS, absent full examination by the Trademark Clearinghouse, by introducing a new requirement that registration include evaluation of use. In a majority of countries (generally speaking, the civil law countries), rights arise through registration, not use. An even larger, overwhelming majority of trademark laws merely provide that a registration is vulnerable to a cancellation upon third-party petition if it has not been used for a period of years after registration. Therefore, in the vast majority of jurisdictions, valid trademark applications are not evaluated for use, and in order to maintain rights, the mark need not be brought into use until years (typically three or five years) after registration. In nearly all these jurisdictions, in the absence of a third-party petition, proof of use is never required.<sup>10</sup>

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<sup>8</sup> *Id.* Under Section 3.2 of the Trademark Clearinghouse proposal a mark does not have to undergo substantive review to be included in the Clearinghouse. However, such a mark is only eligible for the purely notice-based function of the trademark claims service. Trademark Clearinghouse § 7.1.2.

<sup>9</sup> Trademark Clearinghouse § 7.3; Uniform Rapid Suspension System § 1.2(f)(i) note 1. See Adopted Board Resolutions § 2.6 (Sept. 25, 2010) <http://icann.org/en/minutes/resolutions-25sep10-en.htm>.

<sup>10</sup> The Philippines trademark office evaluates proof of use, but only in order to *maintain* a registration, three years following registration.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 7

In fact, the United States is almost unique<sup>11</sup> in evaluating proof of use in almost all cases prior to registration.

Thus, while the goal of the Board's September 25 Resolution was to respect trademark registrations from all major jurisdictions that conduct meaningful examination, by requiring evaluation of proof of use, the Board instead uniquely advantaged United States trademark registrants in the URS or any Sunrise scheme. Others will be required to submit proof of use to the Trademark Clearinghouse validation service provider. Requiring this review will also drive up the cost and time required for examination, making these rights protection mechanisms less efficient. In the case of the URS, this requirement may make the URS even less rapid, more costly, and more burdensome to prove than the UDRP.

We can only hope and assume that the Board did not intend this consequence in its resolution. In sum, INTA urges ICANN to clarify that "substantive evaluation" should require only evaluation on absolute grounds, as most countries' trademark laws provide valid trademark rights without use for years after registration. Therefore, the most appropriate course is not to require that the mark be in use. However, if the Board is determined to respect only marks that are in use, it would be more appropriate merely to require the trademark owner to declare or affirm that the mark is in use, and perhaps amend the Sunrise Challenge mechanism to allow challenge on the basis that the sunrise mark had not been in use for the period that would subject it to cancellation under the law of the jurisdiction where it was registered.

### c. Whois Service

Section 5.4.1 states that a registry operator "must provide a publicly available Whois service." However, in Specification 4 of the proposed Registry Agreement, ICANN refers to the "potential requirement" to provide a searchable Whois database, pending input from a working group on data/consumer protection.

A robust, publicly searchable Whois database for any new gTLD is essential to ensure ease and open accessibility of Whois data for the public. INTA and many others have provided extensive comments in other contexts on the necessity of a searchable Whois service to help protect consumers from fraud and other abuses. For ICANN only now to backtrack and imply that new gTLD registries might not be required to provide a searchable Whois database is contrary to ICANN's repeated prior assurances on this point.

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<sup>11</sup> The Canadian Intellectual Property Office requires a declaration that the mark is in use prior to registration, but does not examine proof of use.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 8

Rather than eliminate this Whois requirement, ICANN should retain the requirement, subject to the caveat that Whois requirements may of course be subject to change based on any subsequently-adopted consensus policy.

This provision is all the more glaring because section 5.4.1 makes no reference to the near-consensus, throughout the DAG's evolution, on mandating a thick Whois protocol where registrars and registries share Whois data and registries provide thick Whois access. A large number of commentators have espoused the wisdom of this approach, and a thick Whois was recommended by the IRT, and this recommendation at least was adopted by ICANN. While a minority of commentators has expressed some half-hearted privacy concerns, these ignore that ICANN of course already has a community-developed procedure for addressing any conflicts between its Whois policies and any local privacy laws: "*Procedure For Handling Whois Conflicts with Privacy Law*" at [icann.org/en/processes/icann-procedure-17jan08.htm](http://icann.org/en/processes/icann-procedure-17jan08.htm). They also are belied by the fact that all of the data that would be included in a thick registry Whois service would already be published by the applicable registrar pursuant to the RAA, absent non-compliance by the registrar. Accordingly, we recommend that ICANN eliminate the ambiguity interposed by the present Section 5.4.1 and reaffirm its past community-developed guidance on fully-searchable, thick Whois for the new gTLDs.

**d. Registry Recognition of UDRP Decisions**

Section 5.4.1 (and Section 2 of Specification 7) states that a registry operator is required to implement decisions made under both the Uniform Rapid Suspension procedure and the Trademark Post-Delegation Dispute Resolution Policy. Noticeably absent is a reference to implementing decisions made under the Uniform Dispute Resolution Policy (UDRP). The UDRP clearly applies to the new gTLD program, as it is referred to throughout the description of the URS itself (for example, in Section 8.5 as an option in the event a URS complaint is denied). INTA strongly suggests that a registry's obligation to comply with UDRP decisions be added to Section 5.4.1 and wherever else appropriate in the AGB. Past instances of registrar non-compliance with UDRP decisions unfortunately suggest the advisability of this belt-and-suspenders approach, as a practical matter, in order to provide relief and ensure implementation of UDRP decisions, without resort to ICANN's overburdened compliance staff.

**e. The PDDRP and RRDRP**

As a threshold issue, the Board's elimination of vertical separation necessitates revision to the Post-Delegation Dispute Resolution Procedure (PDDRP) to ensure that the definition of "registry operator" tracks the language in Section 2.9(c) of the proposed final version of the new gTLD Agreement to ensure that the conduct of a registrar vertically integrated with a registry operator is imputed to that registry operator for purposes of the Section 6 "Standards."



Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 9

The same is true for the Registry Restrictions Dispute Resolution Procedure (RRDRP). Equity demands nothing less.

Each Section 8.2 in both the PDDRP and the RRDRP in the proposed AGB appear to be missing the word “not” in its discussion of submitting an amended complaint. Specifically, the current sentence “If the Provider does receive an amended Complaint within the five (5) business days provided, it will dismiss the Complaint and close the proceedings without prejudice to the Complaint’s submission of a new Complaint that complies with procedural rules.” It appears that this should read “If the Provider does *not* receive an amended Complaint within the five (5) business days provided, it will dismiss the Complaint and close the proceedings. . . ”

Section 10.4 of the PDDRP in the proposed AGB deletes the requirement that the registry operator pay a filing fee when submitting its response, thereby placing the entire cost of the proceeding initially on the Complainant. Section 14.3—and likewise section 13.3 of the RRDRP—still requires a losing registry operator to reimburse the Complaint for all Panel and Provider fees. Nevertheless, it would be more equitable for each party to share the costs up-front, while retaining the “loser pays” model once the decision is rendered.

Footnote 1 in the RRDRP procedure discusses the potential establishment of an initial complaint procedure similar to the Whois Data Problem Report System, requiring the registry operator to take reasonable steps to investigate and remedy the situation if warranted. We support the development of a process that may enable disputes to be resolved quickly and easily, though we do not believe that filing an “initial complaint” directly with the registry operator should be a required first step before initiating an RRDRP, if the Complaint should prefer instead to initiate an RRDRP immediately.

Section 17.3.1(a) of the RRDRP in the proposed AGB states that a remedy shall not require a registry operator to monitor registrations not related to the “names at issue in the RRDRP proceeding.” Registry operators should be required to monitor not only the domain names at issue, but also registrations from the *registrants* involved.

Finally, and more importantly as mentioned at the outset of this section, considerations and amendments should now be made to the PDDRP and RRDRP processes in light of ICANN’s unilateral decision, absent community consensus, to eliminate vertical integration requirements. For example, the utter lack of reference to registrars could now provide loopholes.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 10

### **Recommendations for Ameliorating the Most Egregious Deficiencies**

While INTA appreciates that the Board has determined that the introduction of new gTLDs should proceed expeditiously in order to avoid further debate, we remain extremely concerned that “expeditious” simply means brushing existing problems under the carpet. By proceeding to post the Proposed Final Applicant Guidebook in this manner and without meaningfully addressing the overarching issues, ICANN risks further nurturing an environment of uncertainty and distrust by and among important stakeholders and the consuming public.

INTA reiterates our recommendation that ICANN not approve the Applicant Guidebook until the overarching issues are resolved, so that there is confidence and assurance that the new gTLD program will advance the public interest as promised by ICANN in the Affirmation of Commitments.

As an initial matter, we encourage the modification of the Guidebook in a manner that would begin to ameliorate at least some of its most egregious deficiencies, concerning rights protection mechanisms and malicious conduct. Specifically, strong consideration should be given to a “loser pays” model in the URS (which is not unprecedented)<sup>12</sup> and which would go a long way to protect consumers by providing a necessary disincentive to cybersquatting. Although we realize a loser pays model requires further discussion among and input from various stakeholders, the concept of allowing a registrant the opportunity to opt-in or opt-out of a URS proceeding upon notice of a complaint is certainly worth analyzing.<sup>13</sup> A “loser pays” model would help create a system that curbs the rampant cybersquatting that is already seen in the existing gTLD space and further expected in new gTLDs, by rightfully putting the cost on the domain name registrants who infringe on intellectual property, or at least reducing the expense by foregoing full proceedings where registrants have no real interest in defending a domain registration.<sup>14</sup>

In short, if ICANN is unwilling to embrace the numerous suggested changes and proposed mechanisms that would address nefarious activities on the front end of the registration process, it should work with the community to put the appropriate ‘teeth’ in the mechanisms that deal with these activities on the backend.

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<sup>12</sup> See, Section 10(k) of Terms and Conditions for Domain Name Registrations under the .be Domain Operated by DNS BE, [http://www.dns.be/pdf/Enduser\\_Terms\\_And\\_Conditions\\_en\\_v4.2.pdf](http://www.dns.be/pdf/Enduser_Terms_And_Conditions_en_v4.2.pdf).

<sup>13</sup> A registrant who decides to opt-in to a URS proceeding would also accept responsibility for filing fees if he/she loses the URS. The registrant who decides to opt-out would see no proceeding against them, no decision on the record and incur no fees, with the domain name being suspended for the life of the registration just as if the registrant defaulted, but as noted, without a decision on the record.

<sup>14</sup> Presumably, by allowing registrants to declare their opt-out intent upfront, full fees and time usually expended to process a URS proceeding would no longer be necessary, and URS providers and registries could possibly institute modest processing fees for confirming if a registrant wishes to opt-out.

Messrs. Dengate Thrush and Beckstrom  
December 8, 2010  
Page 11

**Conclusion**

On its current self-imposed timetable ICANN will not be able to adequately analyze and implement effective solutions to address all four overarching issues. ICANN's apparent rush to launch the new gTLDs is directly at odds with its commitment to ensure that the release of new gTLDs does not jeopardize the interests of the stakeholder community and the Internet-using public. Despite the process involved in producing the AGB, ICANN has not resolved the key overarching issues that ICANN itself identified. In the case of the economic analysis, ICANN has substantially neglected the issue until past the eleventh hour, while with the issue of trademark protection, ICANN has received detailed proposals designed to embody reasonable, balanced protections, and bowdlerized them into ineffectual half-measures that will fail to meet the objectives of providing adequate consumer protection. INTA believes that ICANN cannot achieve its professed goal of protecting and advancing the public interest if it launches the new gTLD program without making the modifications necessary to the application and evaluation process to ensure the costs of new gTLDs do not exceed their benefits. Otherwise, there can be no assurance that the net social value which ICANN has asserted supports the unlimited expansion of gTLDs.

Thank you for considering our views on these important issues. If you have any questions regarding our submission, please contact INTA External Relations Manager, Claudio Di Gangi at: [cdigangi@inta.org](mailto:cdigangi@inta.org).

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan Dawson".

Enclosure

## APPENDIX

### Prior Issues Identified by INTA That Have Not Been Adequately Addressed by ICANN

INTA has been constructively involved in the new gTLD process since its inception. Beginning with comments to the first new gTLD Applicant Guidebook (DAGv1), INTA advised ICANN of its concern about the sweeping opportunities for malicious conduct and intellectual property abuse that new gTLDs present. INTA was not alone in its concerns.<sup>1</sup> Even prior to the development of the URS and PDDRP processes, INTA warned of its "significant concerns regarding the costs and resource requirements that the introduction of a large number of new gTLDs will have on trademark owners and businesses."<sup>2</sup>

#### a. DAGv1

In its comments to DAGv1, INTA suggested the concepts of thick Whois, uniform rights protection mechanisms (RPMs), a reserved trademark list and a trademark clearinghouse. These concepts were supported by others in the Internet community, but not all were adopted by ICANN in later versions of the Applicant Guidebook. INTA also reminded ICANN of its obligation to conduct the economic study on the domain name registration market called for by the ICANN Board in its October 16, 2006 board resolution.<sup>3</sup>

#### b. DAGv2

In its introduction to its comments on the second draft of the new gTLD draft Applicant Guidebook ("DAGv2"), INTA commended ICANN for recognizing the issues of security and stability, malicious conduct, trademark protection, and that the economic analysis of the justification for new gTLDs required further examination.<sup>4</sup> In particular, INTA applauded the Board of Directors' creation of the Implementation Recommendation Team ("IRT") to develop and propose solutions to the overarching issue of trademark protection. While these developments for brand owners were positive, INTA reiterated that it did not in any way endorse the process to introduce new gTLDs as envisioned in the draft Applicant Guidebook primarily because INTA had concerns over: (i) ICANN's lack of processes to protect against malicious conduct; (ii) inadequate protection of trademarks; and (iii) an incomplete economic analysis that required further examination.<sup>5</sup> INTA continued to support a robust post-delegation dispute resolution process to address any post-launch concerns, including post-launch infringement. INTA also reminded ICANN that it should require that all new gTLD registries function with "thick" Whois.

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<sup>1</sup> See for example Comments of United States Chamber of Commerce (15 Dec. 2008), United States Council for International Business (USCIB) (15 Dec. 2008), <http://forum.icann.org/lists/gtld-guide/>, Coalition for Online Accountability (COA) (15 Dec. 2008), Microsoft (15 Dec. 2008) and Time Warner (15 Dec. 2008)

<sup>2</sup> Comments of the International Trademark Association on the Draft Applicant Guidebook for New gTLDs (15 Dec. 2008), <http://forum.icann.org/lists/gtld-guide/msg00147.html>

<sup>3</sup> *Id.*; see also, IPC Comments on the CRAI Report, <http://forum.icann.org/lists/crai-report/msg00013.html>

<sup>4</sup> Comments of the International Trademark Association on the Second Draft of the New gTLD Applicant Guidebook (8 April 2009), <http://forum.icann.org/lists/2gtld-guide/msg00016.html>

<sup>5</sup> *Id.*

c. DAGv3

In its comments to the third draft of the new gTLD Applicant Guidebook ("DAGv3"), INTA reiterated that ICANN had yet to publish materials that examine and analyze the negative effects of introducing an unlimited number of new gTLDs in the public, including costs to domain name registrants, businesses, consumers, and owners of trademarks and related forms of intellectual property.<sup>6</sup> As a result, it was clear that the threshold question of whether the new gTLD program would improve public welfare had not been answered satisfactorily. INTA encouraged ICANN to commence such a study immediately and begin meeting its responsibilities on this issue as set forth in its Affirmation of Commitments.<sup>7</sup>

On a broad level, INTA's comments to DAGv3 also highlighted ICANN's duty to address issues of malicious conduct and trademark protection. INTA and others encouraged ICANN to develop mandatory processes and protections aimed at addressing the high levels of DNS related crimes and fraud currently perpetrated through phishing attacks, the spread of malware, and other forms of malicious conduct that would be almost certain to increase exponentially by the creation of new gTLDs.<sup>8</sup> Out of this, the concept of the high security zone for TLDs was developed, which was supported by, among others, INTA. However, the ICANN Board has recently indicated its unwillingness to maintain, support and ensure the effectiveness of a high security zone program.<sup>9</sup> This is especially disturbing in light of ICANN's current compliance team situation, where instead of growing to meet the expected growth in gTLDs, it has shrunk significantly in size and lost the executive in charge. Clearly, a high security zone program would have helped ease the burden on the ICANN compliance effort.

d. The IRT Report

INTA was initially encouraged by the recommendations of the IRT report surrounding the protection of trademarks, and in particular, the IRT report's suggestion for the implementation of an intellectual property clearinghouse ("IP Clearinghouse") that would function as a central entity that would help numerous rights protection mechanisms to scale to the anticipated volume of disputes in the new gTLDs. It was to accomplish this by serving as an intellectual property information repository and validation service for trademarks and other types of intellectual property rights, to avoid the repetitive proof of the same rights in numerous contexts, such as pre-launch trademark claim services, sunrise processes, and dispute systems like the UDRP and URS.<sup>10</sup> INTA also strongly supported the IRT report's concept of a Uniform Rapid Suspension System ("URS"), designed to provide a cost-effective and timely mechanism for brand owners to challenge second-level domain name registrations that would, in return for suspension rather

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<sup>6</sup> Comments of the International Trademark Association on the Third Draft of the New gTLD Applicant Guidebook (20 Nov. 2009). <http://forum.icann.org/lists/3gtld-guide/msg00068.html>

<sup>7</sup> *Id.*

<sup>8</sup> GAC Comments on New gTLDs and DAG v3 (10 March 2010), <http://gac.icann.org/press-release/gac-comments-new-gtlds-and-dagv3>; BITS Financial Services Roundtable Comment on Top Level Domains Draft Applicant Guidebook Version 3 (22 Nov. 2009), <http://forum.icann.org/lists/3gtld-guide/msg00125.html>; Comments of the SIIA on the New gTLD Applicant Guidebook Version 3 (23 Nov. 2009),

<sup>9</sup> Minutes of Board Meeting, Board Resolution 2.8 (25 Sept. 2010), <http://www.icann.org/en/minutes/minutes-25sep10-en.htm>

<sup>10</sup> Comments of the International Trademark Association on the Third Draft of the New gTLD Applicant Guidebook (20 Nov. 2009), <http://forum.icann.org/lists/3gtld-guide/msg00068.html>

than transfer of the domain, be quicker and cheaper than a UDRP proceeding.<sup>11</sup> So that there would be a disincentive to file or defend questionable cybersquatting claims, INTA advocated a "loser pays" system for the URS. The IRT report settled on a loser pays system only in rare cases, whereby disputes involving an excess of 25 domain names would be subject to answer fees and where filing fees would be refundable to the prevailing party. Ultimately, despite the hard work of the IRT and community support, ICANN rejected the concept of a Globally Protected Marks list, use of string similarity algorithm, the inclusion of a wide-range of intellectual property rights in the IP Clearinghouse, the use of the IP Clearinghouse across the full array of RPMs, and any form of loser pays system for the URS, among other important recommendations contained in the IRT report.

e. DAGv4

In the wake of the IRT report, INTA's comments to the fourth draft of the new gTLD draft Applicant Guidebook, ("DAGv4") focused on ICANN's unwillingness to implement sufficient RPMs<sup>12</sup> necessary to protect intellectual property rights and minimize the opportunity for the exploitation of consumers through unauthorized use of brand names and malicious conduct.<sup>13</sup>

With respect to the URS, in its comments to DAGv4, INTA began by demonstrating that the URS would not be a cost-effective replacement for the UDRP. INTA pointed out that after successive rounds of comments and revisions, the URS had become so diluted that it in its current form: (a) was barely faster than the UDRP; (b) had the same legal requirements as a UDRP but a substantially higher standard of proof; (c) offered a remedy that was inferior both in scope and duration to that of the UDRP and that would be prone to serial enforcement; (d) in the case of default lacks finality for two years following the initial decision; and (e) did not take advantage of the Trademark Clearinghouse's validated rights to simplify repetitive proof and adjudication of the same marks. INTA offered numerous revisions to the URS process, including recommending that that a decision should be rendered within three business days, shortening the time to answer to 14 days, shortening the review in cases of default to 30 days and shortening the deadline for a notice of an appeal to within 10 days. Except for reducing the time to answer to 14 days (but also adding a provision allowing for a seven (7) day extension upon any "good faith" showing which is ripe for abuse), INTA's revisions to the URS have not been accepted. Additionally, contrary to the spirit of the URS, there is now a 5,000 word limit for URS complaints and responses.<sup>14</sup> Far from formulaic, this gives far too much scope for detailed filings when the URS was envisioned as something simple, easy and rapid for blatant cases of infringement, where there is no need to develop such lengthy arguments. If such a word limit remains then (a) the preparation costs are likely to be similar to those of a UDRP complaint and (b) the provider filing fees are likely to rise above the expected low fees of \$200-300. The net result, rather than being a streamlined and effective process we risk ending up with a lengthy,

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<sup>11</sup> *Id.*

<sup>12</sup> INTA believes the RPMs are insufficient in two principal regards: 1) missing RPMs such as the GPML and 2) RPMs watered down or made more labor-intensive and costly to prove and adjudicate and thus less scalable to higher volumes of disputes, compared with those proposed by the trademark community.

<sup>13</sup> Comments of the International Trademark Association on New gTLD Applicant Guidebook, Version 4 (21 July 2010), <http://forum.icann.org/lists/4gtld-guide/msg00071.html>

<sup>14</sup> As a comparison, the proposed word limit for the URS of 5000 words is also the same as that for the PDDRP and that is for a far more complex situation where the behaviour of a Registry Operator is at stake as opposed to what should be a clear cut case involving the suspension of a number of domain names.

costly process. In the same way as the Board has reduced the number of days to respond to a URS complaint in the AGB, it should reduce the word limit.

Lastly, INTA yet again reminded ICANN that no launch of new gTLDs should occur before a meaningful study of the economics of the domain name marketplace was completed, reviewed and analyzed by the community, with proper time given to meaningfully do so.

In short, despite repeated urgings, and especially in light of the potential that the one tried and tested RPM ICANN has developed (i.e., the UDRP) may be amended before or during the new rollout, the current scheme for rights protection in the new gTLDs is fundamentally flawed for lack of addressing the following main issues:

- a) restoring the potency of the URS, as discussed above, and preventing the potential for serial enforcement by providing at least for indefinite suspension of the domain (subject to petition that circumstances had changed, such as through abandonment of the original trademark rights claimed);
- b) adopting a meaningful “loser pays” system in the URS, and if such a system works, applying it to the UDRP;
- c) providing examples of what does/what does not constitute “good faith” basis for seeking an extension of time to respond to a URS complaint;
- d) leveraging the Trademark Clearinghouse across the full array of RPMs to reduce the cost and time in proving and adjudicating what is often the least controversial issue: the presence of rights evidenced in valid national trademark registrations;
- e) meaningful mechanisms to prevent or, failing that, promptly terminate malicious conduct; and
- f) a plan to correlate the introduction of new gTLDs to demonstrated demand and social utility of proposed new registries.