

Minority Position wrt the Initial Report on Specific Trademark Issues

By the Commercial and Business Users Constituency

I. Trademark Clearinghouse

The Business Constituency believes that the Trademark Clearinghouse as described in the initial STI report will create minimal significant new/additional benefits for Trademark Holders due to:

The scope of the match for sunrise and ‘TM Claims’ would be even more limited than those adopted by existing gTLD launches (e.g. .asia's “Mark Plus” words in the Nice Classification etc., and .eu’s recognition of common law trademarks).

And

The limitation on mandatory use of the TMC data by contracting parties, such that it is only required during Sunrise Periods or ‘pre-launch TM Claims’ services, and will not be required to be checked for all new gTLD registrations.

To clarify, we are not opposing the Clearinghouse as framed. We have come to the disappointing opinion that ‘something is better than nothing.’ However we believe it should have much broader applicability, and thus usefulness, both as to the scope of marks allowed into the database, and the further use of the database throughout the life of new gTLD registries. We suggest that a feasibility study be done, based on the TMC as framed, as compared to also requiring broader applicability, before a final decision is made. We are adamant that the costs of developing and operating the TMC must be borne by ICANN and its registries and registrars, who benefit by far the most from the TMC as framed, and not be borne by TM owners and other registrants, except for a minimal registration fee to submit their public records into the database.

The whole point of this “overarching issue” was to lessen the need for defensive registrations and to deter cybersquatting. The Clearinghouse does little in either regard, because it will only be used for sunrise periods, and primarily to encourage defensive registrations, as registries and registrars tend to promote their sunrise periods broadly to the TM owner community. If it is also used for a TM notification system, it will be of much bigger benefit to everyone in the community, with no discernible downside. We are encouraged that such systems still could be built from the Clearinghouse and employed by willing registries or registrars, even if they will not be required of all new gTLD registrations.

The BC does not believe that the more appropriately termed Sunrise Database is anything more than simply that: a centralized Database for Sunrise Periods. It is not a Rights Protection

Mechanism. It will never be used for pre-launch “TM Claims” services because those services can simply be ignored by cybersquatters until the registry launches, and then continue the same business models they have perfected to date.

As currently and narrowly framed, the TMC doesn’t address any of the pre-launch concerns of Trademark Mark Holders such as the need for defensive registrations vis a vis the lack of any effective deterrent to cybersquatting. Instead the TMC encourages and facilitates still more defensive registrations. One of the fundamental premises of the work on this ‘overarching’ issue of trademark protection is that trademark owners generally do NOT want more defensive registration, particularly in hundreds or thousands of newTLDs. While a standardized sunrise process does assist some trademark owners who are inclined to register new names, as currently framed the TMC will be of little or no benefit to the vast majority of trademark owners.

Who pays?

As it is currently framed, the Clearinghouse only affords TM owners the opportunity to pay to register one exact match of their textual trademarks, and have one chance to pay to register one identically corresponding domain name in each of hundreds and eventually thousands of new TLDs. The fee will have to be extremely minimal for TM owners, as that is the extent of the benefit.

TM Holders are to PAY ANNUALLY to be in this Sunrise Clearinghouse. Although it may provide the singular benefit of single window and one time sunrise registration, it also financially benefits Registries and registrars since it will dramatically reduce their costs for administering Sunrise Periods. Those Sunrise Periods provide early revenue and market adoption for registries and registrars wrt each newTLD. Hence, the BC is of the view that the costs of the Sunrise Clearinghouse should be shared by ICANN and the contracting parties, and not be borne by TM Holders alone.

What does a Match mean?

It would be reasonable that the match for Notices as well as Sunrise should be competitive with existing practices. However, the STI recommends that a match is only an EXACT match to the Trade Mark (i.e. yahoo.web or ebay.web). So variants (i.e. yahhoo.web or ebayy.web) and “Mark plus” significant words (i.e. yahoosports.web or ebayfrance.com) would not be matched for any application for which the Clearinghouse is used. This extremely narrow definition of “match” is even narrower than those allowed by .EU, .TEL and .ASIA and as such do not represent best practice. The STI also excludes common law rights and other legally names, for no apparent reason whatsoever, given that they have been included in virtually every sunrise period conducted to date.

Suggestions for Improvements

1. Allow inclusion of common law rights and protected names.
2. Broaden match to include at least the protection offered by Dot Asia in sunrise¹.
3. A so-called "TM Claims" service should be mandatory throughout the life of new gTLD registries, unless there is strong reason for an exception granted by ICANN. This would benefit everyone, and cause harm to nobody. It would be a much broader incentive for TM owners to participate in the Clearinghouse, and demonstrate a much broader commitment by ICANN and its contracting parties to prevent domain name disputes from occurring. It could be implemented easily enough -- if there was such a will, there would be a way.

II. The URS:

The BC is in agreement with the proposal, except for the issue of transfer of domain names to successful complainants. We agree with the ALAC and others on this, that it would be tremendously unfair to force successful URS complainants to file a UDRP in order to be assured the domain will not be maliciously re-used, and/or in order to use the domain itself. The whole point of the URS should be to provide a quicker and cheaper remedy than the UDRP, for the most egregious cases of cybersquatting. Not a different remedy, just a quicker and cheaper remedy.

As it looks, the cost of preparing and filing a URS is not likely to be dramatically cheaper or faster than filing a UDRP, as the evidentiary standard is even higher; and the time to resolution also does not appear to be dramatically different if the URS plays out its entire life... to the point where the complainant would have to file a UDRP or court action anyway, in order to control the domain name. Thus, what is the benefit of this new RPM, and will it ever be used?

Cost is not looking much cheaper for URS, and if it doesn't result in transfer then will force a UDRP and/or court action anyway. It appears laughable to assume a URS complaint can be resolved for a \$300 filing fee, when essentially the same case must be presented by the

^{1 1} Dot Asia Sunrise: "Domain Name Applied For may be constituted with Mark plus significant words from the class description in the Nice Classification system (<http://www.wipo.int/classifications/nivilo/nice/>) E.g. Mark for "XYZ" in Nice Class 1: "Chemicals" may apply for "XYZChemicals.Asia".

BC proposes a carve out to avoid any possible Chilling Effect:

"...additions of letters or words would not include letters or words that, prima facie, when read in conjunction with the trade name:

1. imply a free speech use
2. completely change the meaning of the name to another well recognized and understood name/dictionary word (a non-exclusive/non-exhaustive list of examples may be found at appendix "X" for the purpose of illustration)"

Such an Appendix can include a list of examples for both exceptions.

complainant as under a UDRP, except the evidentiary burden is much higher. So the cost is likely to be somewhere north of \$500 at least. While that is some substantial savings on the UDRP filing fee (\$1300 at NAF for one domain), the costs of investigating the abuse and filing a complaint will be nearly identical. Thus the costs of addressing each cybersquatted domain, on average, is not likely to drop in any substantial respect.

Since any remedy other than transfer would likely require a UDRP next year anyway, why would anyone choose it? Thus, any purported cost savings are a red herring, maybe an average of \$5000 per case instead of \$6000, or something of that 10-20% magnitude. Will this be worth all of the time expended by the IRT and this group thus far? The BC thinks not, and thinks we all can do better, simply by allowing URS complainants the further option of transferring obviously infringing names to their own account, for beneficial use.

There is simply no reason not to allow a transfer after the process (including appeals) has run its course. Otherwise there may be minimal value to the process, and tremendous resources might be wasted designing it and trying to implement it. Meanwhile many new TLDs will launch, and millions more cybersquatted domains may be registered in dozens or hundreds of those new TLDs. Thus, at minimum, ICANN should conduct a feasibility study before any decision is made by Council or the Board, which attempts to resolve two questions: 1) will the URS, as framed, be implementable as a sustainable business model; and 2) would it be more sustainable if transfer were allowed (i.e. how many more complainants would use it?).

Respectfully submitted,

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