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By E-Mail to comments-rpm-review-02feb15@icann.org

Internet Corporation for Assigned Names and Numbers

12025 Waterfront Drive, Suite 300

Los Angeles, CA 90094-2536

Re: Draft Report: Rights Protection Mechanisms Review

Dear ICANN:

I am writing on behalf of the members of the Internet Commerce Association (ICA). ICA is a not-for-profit trade association representing the domain name industry, including domain registrants, domain marketplaces, and direct search providers. Its membership is composed of domain name registrants who invest in domain names (DNs) and develop the associated websites, as well as the companies that serve them. Professional domain name registrants are a major source of the fees that support registrars, registries, and ICANN itself. ICA members own and operate approximately ten percent of all existing Internet domains on behalf of their own domain portfolios as well as those of thousands of customers.

This letter addresses the Draft Report: Rights Protection Mechanisms Review that was [published for public comment](#) on February 2, 2015. That document, drafted by ICANN staff, is intended to inform the Issue Report on new gTLD Rights Protection Mechanisms (RPMs) requested by the GNSO as well as the independent review of Trademark Clearinghouse recommended by the GAC. In addition, the same document is intended to serve as input to the Review Team on Competition, Consumer Trust, and Consumer Choice to be convened under Section 9.3 of the Affirmation of Commitments,

charged with assessing the effectiveness of the safeguards developed for the New gTLD Program.

Executive Summary

- **ICA would not support any expansion of the TMCH matching rules to include plurals, mark+keyword, and common typos.**
- **ICA supports the inclusion of more comprehensive information regarding generic words and infringement in the Claims notice, as well as clarifying under what circumstances the post-notice registration of a domain will be considered to constitute “bad faith” for UDRP and URS purposes.**
- **We would not support any extension of the mandatory Claims generation period beyond the initial ninety days until our concerns about the Claims notice are effectively addressed.**
- **ICA would oppose any easing of the TMCH verification requirements for court decisions or UDRP cases.**
- **ICA would vigorously oppose any attempt to amend the URS to provide a domain transfer option as such a rapid and circumscribed process could be readily abused to further the scourge of reverse domain name hijacking. However, we are sympathetic to the concerns of trademark owners, and suggest an alternative approach that would address their concerns to a significant extent.**

Trademark Clearinghouse (TMCH)

While no specific question on this issue is raised at the end of Section 3, we note that a portion of Section 3.4 (Matching Rules) states:

ICANN continues to receive feedback regarding the “identical match” definition, specifically, that ICANN should consider expansion of the matching rules to include plurals, “marks contained” or mark+keyword, and common typos of a mark. The scope of matching was one area identified by the GAC in recommending an independent review of the Trademark Clearinghouse, and this topic is expected to be explored in that review as well.

ICA already has substantial concerns, detailed in this letter, about the high number of false positive Trademark Claims Notices being generated that are likely deterring legitimate noninfringing domain registrations, especially for generic words that have one or more TMCH matches.

Further, as noted in the report, “The matching rules are intended to provide an objective, automatable way of determining a match, rather than the Clearinghouse

making subjective determinations”, and any easing of the matching requirement would inevitably require the TMCH to exercise subjective judgment.

In addition, the ability to register up to fifty previously abused variations of a trademark that were found infringing in litigation or a UDRP under the Abused Domain name label service already permits rights holders some substantial degree of protection beyond exact matches.

Therefore, we would not support any expansion of the TMCH matching rules to include plurals, mark+keyword, and common typos.

Trademark Claims Service

We first address Section 5 questions a, b, and f, which are:

- Is the Claims notice an effective form of communication?
- For those with registrant/customer interactions, what has been the customer response to Claims notices?
- How could the Claims service be improved?

ICA believes that the current language of the Claims notice is unduly intimidating to potential registrants, especially those lacking any sophisticated understanding of trademark law, and that the language needs to be modified in order to clarify that registration of a generic word that is trademarked for a particular class of goods and services is unlikely to result in infringement if registered for another intended purpose.

On March 12th ICA [published](#) an article, “Estimating Trademark Claims Notice Suppression of Non-Infringing New gTLD Registrations”, which made these observations regarding statistics contained in the Report:

[T]his statistic regarding Trademark Claims Notices generated by the Trademark Clearinghouse (TMCH) leapt out:

<i>Sum of TLDs with initiated Claims periods</i>	<i>297</i>
<i>Sum of Claims Transactions</i>	<i>96,471</i>
<i>Sum of Claims Notices Generated</i>	<i>25,221,479</i>

That 25 million-plus Claims Notices statistic is the one that garnered attention. As of February 1, 2015 the total number of domains registered in all new gTLDs was approximately [4.2 million](#), so the ratio of Claims Notices to new gTLD registrations was about 6:1. That is, for each new gTLD domain that was registered there were about 6 additional registrations that were commenced for some purpose – but of that total number, only three tenth of one percent (96,471

out of 25,221,479) continued on to completing a “transaction” resulting in a domain registration.

...[since March 2014] the number of Claims Notices has increased fifty-fold, the percentage of completed registrations against TMCH inquiries has declined by more than ninety percent, and the ratio of Claims Notices to registered new gTLD domains has increased from 4:3 to 6:1. So the TMCH is clearly having a “chilling effect” – but is it primarily chilling potentially infringing or non-infringing domain registrations?

... As of January 2015 34,300 marks had been submitted for registration into the TMCH. So, on average, each registered mark generated 735 Claims Notices.

At the time the Report was issued, there were 297 new gTLDs that had initiated Claims periods, so there was an average of 85,000 Claims Notices generated per new gTLD. For the vast majority of new gTLDs that is far higher than their total domain registrations to date – indeed, only the top seven new gTLDs exceed that figure.

So what is going on here? Is the TMCH incredibly effective at deterring the registration of trademark infringing domains? Or is it incredibly effective at deterring the registration of domains with an intended use that would not infringe trademark?

It may well be a lot of both.

... No doubt there have been attempts by intentional cybersquatters to register trademarked names that have been effectively deterred when they received a Claims Notice and realized that the trademark owner would be notified of the domain registration immediately and might well take some form of legal response.

But there also may have been lots of potential registrants for non-infringing uses of short and meaningful generic dictionary words as domain labels who were spooked enough when they received the Claims Notice to abandon the registration. While the Claims Notice does provide a prospective registrant with information regarding the Jurisdiction where the trademark is registered and the class of Goods and Services that the trademark covers, most prospective registrants of non-infringing domains are not well versed in trademark law, don't want to have to spend money to consult a lawyer to see if their registration will be infringing or not, and don't want to risk being hit with a cease-and-desist letter, UDRP or URS filing, or a trademark infringement lawsuit. The same could be true even for potential registrants well versed in trademark law who simply don't wish to expose themselves to a potential legal action, regardless of its merits –

especially since continuing on to registration after receipt of the Notice might be alleged to constitute proof of bad faith registration.

The legalistic language of the Trademark Notice would certainly cause major hesitation for most prospective general public applicants... Revising the language of the Claims Notice to make it more understandable by a registrant lacking deep understanding of trademark law might also be considered, but that can hardly be relied upon to protect the registrant from post-registration legal action by the trademark owner.

... Summing up, the TMCH has almost surely been quite effective in deterring infringing domain registrations at new gTLDs. But it appears to also have been a substantial damper on total new gTLD domain registrations. The unanswered question is how big of a headwind it has been.

That article estimates that several million legitimate registrations may have been deterred by receipt of Claims notices, while noting that it is impossible to know the exact number.

We believe that the generation of Claims notices will continue to deter legitimate noninfringing domain registrations at new gTLDs. This situation can be partly but not completely addressed by providing more comprehensive information in the notice, and also clarifying under what circumstances the post-notice registration of a domain will be considered to constitute “bad faith” for UDRP and URS purposes. In conjunction with this observation, we would not support any extension of the mandatory Claims generation period beyond the initial ninety days until these concerns are effectively addressed.

We also address Questions i and j:

- How effective is the inclusion of previously abused labels in protecting against trademark abuse and infringement?
- Should the standards for verification of previously abused labels be modified?

According to the Report:

Since the introduction of the Abused Domain Name Label service in October 2013, 324 domain labels based on 158 cases have been added... ICANN has received some feedback in regard to the documentation required to verify UDRP cases. To verify that the mark that was the subject of the case is the same as the mark in the Trademark Clearinghouse record is difficult in some cases if the rights holder no longer has the UDRP or court filings or records, or where the trademark information was not included in the original complaints.

Given the great controversy generated within the ICANN community by the substance and manner of adoption of the “Trademark-plus-fifty” proposal it is rather remarkable how little it has been used, especially since it only costs \$50-75 to verify a UDRP case. We have no explanation why the trademark interests who fought so hard for the “Strawman proposal” in which it was contained have made so little use of it.

We would oppose any easing of the TMCH verification requirements for court decisions or UDRP cases. Domain investors who have been the subject of such cases (increasingly in the context of attempted domain hijackings via UDRP) maintain their own records of those legal actions, and it is difficult to believe that a rights holder which initiated a trademark case UDRP, or counsel thereof, would not have equal access to such records. Any easing of the verification requirements would inevitably invite abuse.

Uniform Rapid Suspension (URS)

We address questions a and e of Section 6:

- How effective is this service in providing a quick and low-cost process for addressing infringement?
- What factors could be addressed to make the URS more effective?

ICA participated in the development of the URS and understands that it is meant to be a narrow supplement to, and not a broad substitute for, the traditional UDRP. It provides rights holders with a lower cost and faster means of addressing infringing domains, especially when they are associated with such public harms as malware distribution, phishing, or spam.

In regard to this portion of the Report:

Overall, ICANN has received feedback received from the community is that the URS has produced positive results and that it works fairly well in terms of what it is designed to accomplish. It is quick, inexpensive and caters to those who have slam-dunk cases or are indifferent towards the suspension of the name solution, perhaps due to the fact they are unable to register that name. However, some rights holders have not opted to use this service due to the remedy being limited to suspension only.

There is also concern over the possibility of the domain name being registered once more by another potential infringer once it is released, thus some rights holders feel more comfortable having the domain name in their portfolio, which can be achieved via a UDRP. Indeed, initial feedback has indicated that suspension of the domain name is not a long-term solution.

The key term in that passage is that the URS “works fairly well in terms of what it is designed to accomplish”. It is no surprise that it does not work well for purposes beyond its design – a design that was worked out through consensus that emerged from months of intense discussion and negotiation within the community.

While the URS does provide a prevailing claimant with the option of extending the domain’s registration period for one additional year it is not – and was never meant to be – a permanent solution for a rights holder who wishes to permanently remove it from the pool of available domain names.

ICA would vigorously oppose any attempt to amend the URS to provide a domain transfer option as such a rapid and circumscribed process could be readily abused to further the scourge of reverse domain name hijacking.

However, we are sympathetic to the concerns of trademark owners, and would suggest the alternative of permanently barring the re-registration of a URS losing domain where the domain name/trademark is not a generic term and its registration by anyone other than the rights holder would almost surely constitute infringement. This concept could also be explored in regard to generic terms registered at gTLDs whose names correspond to the goods and services for which the word is trademarked by the prevailing complainant. Such an approach would not invite URS abuse for domain hijacking purposes but would afford permanent protection to infringed rights holders – and without the unending costs associated with holding a domain defensively in a large and growing portfolio.

Conclusion

We appreciate the opportunity to provide these comments on the draft Report. We hope they are helpful to the ICANN community’s further consideration of this highly important matter, especially as staff work to prepare an Issue Report on new gTLD Rights Protection Mechanisms (RPMs) to be delivered for GNSO review and consideration this fall.

Sincerely,



Philip S. Corwin

Counsel, Internet Commerce Association