

## DEMAND MEDIA COMMENTS ON DRAFT IRT REPORT

We appreciate this opportunity to comment on the preliminary Implementation Recommendation Team draft report. We think there is merit in some of the recommendations and would like to see them further refined and implemented. The report recommends seven, detailed Rights Protection Mechanisms (RPMs):

1. IP Clearinghouse
2. Globally Protected Marks List (GPML)
3. Pre-Launch (Sunrise/IP Claims)
4. Watch Notice
5. Uniform Rapid Suspension System (URS)
6. Post Delegation Dispute Mechanism
7. Thick Whols

We think there is merit in RPMs 1, 3, 4, 5, and 6, albeit with changes to some important details. We will discuss these changes in this paper. In particular, the URS can be a powerful tool for rights protection but requires important clarifications and changes from the process described in the IRT report.

We think RPM 2 (the GPML) is conceptually flawed, likely to create unreasonable burdens on legitimate domain registrants and unnecessary given the implementation of other RPMs. We think RPM 7 (Thick Whols) is unnecessary and may increase abuse.

### SOME INTRODUCTORY COMMENTS

**Timeframe:** We don't believe the timeframe for IRT deliberations is overly tight. Most, if not all, of the issues being raised now have been discussed for many years within ICANN. We also note that the IRT has a narrow charter to examine the implementation issues involving trademark protection that need additional community input and analysis. All of the current IRT recommendations could have been proposed as Consensus Policies at any time during the past few years and could also be proposed in the future. Such proposals would go through appropriate consensus deliberations by the ICANN community. Specific to the new TLD process, the issues of rights protection were under direct and detailed consideration in the first half of 2007. In June 2007, the GNSO 'Protecting the Rights of Others Working Group' (chaired by an IPC member) delivered a 114 page consensus report to the ICANN community on trademark rights protection in new TLDs. Similarly, after a further year of consideration, the IPC issued its 'Perfect Sunrise' document which also addressed the issues currently under consideration. So, the issues, proposed solutions, and community responses on this topic are not new.

**Benchmark Checklist:** We believe the 10 benchmark items that are bulletized on page 3 of 5 are the right criteria against which proposals should be evaluated.

**'Tapestry' of Solutions:** The report claims all proposed solutions are interdependent, but gives no evidence or reasoning in support of this. Our analysis indicates the majority of the proposed solutions would be effective as stand-alone measures. For example, we don't think the effectiveness of the GPML is influenced by Thick Whois data, nor is the effectiveness of the URS influenced by Post Delegation Dispute Mechanisms. Absent any clear and documented rationale to the contrary, it seems to us the remaining solutions are not interdependent. Not all of them are necessary to have an effective rights protection regimen. Applying a Top Level Legal Rights Objection (as currently defined in the RFP), plus an IP clearinghouse, plus a Sunrise, plus Watch Notices, plus a modified URS System, plus the existing UDRP, plus the existing ACPA law (or foreign equivalents) would constitute an improved, effective and robust rights protection implementation without the additional need for GPML and mandatory Thick Whois.

**Magnitude of the Problem:** The report suggests new TLDs will cause rights problems to *'spiral out of control'*. There is no evidence presented to support this, in fact there is evidence to the contrary. Our analysis of new TLDs introduced since 2001 shows there have been limited trademark defensive registrations within these TLDs and the vast majority of trademark issues remain in COM ([http://www.circleid.com/posts/20090202\\_analysis\\_domain\\_names\\_registered\\_new\\_gtlds](http://www.circleid.com/posts/20090202_analysis_domain_names_registered_new_gtlds)). This analysis is confirmed by recent public statements from leading brand protection registrars. It is undisputed that trademark issues are vastly and disproportionately greater in COM than in the new TLDs launched since 2001.

**Proposals 'Warranting Further Consideration':** Pages 4 of 5 and 5 of 5 of the IRT Report list eleven ideas that are described as warranting further consideration (e.g. *'shift costs and fees of any unsuccessful application to the applicant with penalties'*). These eleven are in addition to the seven ideas examined in detail in the Report. We view all of these 11 ideas as flawed as well as inconsistent in one way or another with the Benchmark Checklist on page 3 of 5.

## **ANALYSIS OF THE RPMS**

### **IP CLEARINGHOUSE**

We think this RPM is conceptually sound and practical to implement. In the *'Principles Governing the Operation of IP Clearinghouse'* (page 5 of 14) the report states *'costs to a rights holder need to be reasonable'*. We agree with this and we think the best way to achieve this is for ICANN to competitively select an IP Clearinghouse based on price, service and experience. We suggest adding an additional principle on page 5 - *'Data in the Clearinghouse should be publicly available'*. We believe ICANN should immediately commence work on an RFP to select an IP Clearinghouse.

## **GPML**

We have major issues with the practicality and usefulness of this Super List. We believe its costs and problems will greatly exceed its benefits. We believe rights protection at the Top level and 2<sup>nd</sup> levels are much better served by other proposed RPMs including the objection process outlined in the current RFP/DAG. We recommend eliminating this RPM from consideration.

While the IRT intent appears to suggest that only unique, distinctive and famous marks (e.g. Microsoft) are included in the GPML, the current approach does not ensure that. It is very possible generic marks (e.g. Dollar, Apple, Time, Orange) would be eligible (now or in the future). We think it's unfair (to less famous brand holders), inconsistent with existing law, and highly burdensome to give these more generic marks special rights at the Top and Second level (rights above and beyond the overlapping protections from other proposed RPMs).

As the thresholds (200 registrations / 90 countries/ 5 regions/ 50 TLDs) are arbitrary (e.g. why not 85 countries?) we foresee a highly controversial, politicized and protracted debate over these thresholds. Anyone who falls just outside the proposed thresholds will aggressively lobby to have them slightly lowered. This will create another rights holder just outside the new threshold who will similarly lobby. The criteria favor Western rights holders. Non-western rights holders and Governments will lobby for 'parity-adjustment' to accommodate their more notable brands. There will be incredible pressure over time to expand the Super List by loosening eligibility criteria and thresholds. It will become a constant source of dispute, controversy and political intervention. Over time, management of the list will become a major and costly task. Finally, the GPML will have no beneficial effect in .com, .net, .org or any existing TLD, yet those TLDs are where the vast majority of the trademark community problems occur and where most of the problems are likely to remain for the foreseeable future.

### **Top Level GPML**

There is already a loser-pays Objection process in the RFP for Top Level rights. Should someone who is not Microsoft Corp apply for .MICROSOFT it is true that Microsoft will have to expend some time and submit a fee to oppose this application. However, Microsoft will prevail in this objection and will have their objection fee refunded – it will be paid by the loser. Thus, the likelihood of applicants applying for distinctive and unique marks like MICROSOFT, and risking \$185K plus Objection costs, is almost zero. We think the incremental benefits of a GPML to those parties at the Top Level is zero. Should a generic term like ORANGE be on the GPML there may be applicants for that string at the Top Level, but we do not think the applicant should have to bear all the burden of arguing the TLD will not infringe an ORANGE mark. The existing Top Level Objections process in the RFP is well-designed to deal with the objections for marks like ORANGE.

## Second Level GPML

Given the likely implementation of IRT Pre-Launch mechanisms (such as Sunrise) the usefulness and benefit to the community at large of an exact match GPML at the 2<sup>nd</sup> level seems very limited in comparison to its costs. The GPML also creates significant problems regarding generic terms. It seems unreasonable and highly burdensome that a consumer who wants goto.paris would have to pay to argue their case for this domain against the holder of the GoTo mark (should GoTo qualify as a GPM). It also seems unreasonable to argue this consumer is 'not constrained' because they could prevail in a judgment. There are cost and time issues for this consumer as well as an erosion of this consumer's existing legal rights. The proposed mechanism will simply drive consumers to less attractive variations of their desired name in existing TLDs (like COM) where they don't have to deal with this issue. This would defeat a primary benefit of new gTLDS, namely competition.

New products, technologies and innovations (such as the VCR, copy machines and radio) sometimes stretch and challenge the status quo for intellectual property protection. These historic changes to the status quo never fundamentally changed the way intellectual property law is applied. Updated laws and methods, particularly in the Internet age, have upheld the principle of post-usage enforcement rather than pre-usage approval. However the GPML will reverse this long-held principle and create a pre-usage approval burden.

Finally, the GPML will create conflicts between rights holders. If 'ORANGE' is on the GPML and another rights holder, such as the trademark owner for 'OrangeStar' (classification 'animation and special effects') wants the domain orange.star there will be a situation where the rights holder for 'OrangeStar' has to pay to argue a case for their own mark against another party who clearly should not have overarching rights.

In summary, there are major conceptual and practical problems with the GPML at both the Top and Second levels. The GPML adds limited value to rights protection at a major cost to other parties. ICANN has been considering the viability of trademark lists that reflect famousness since 2000 (we encourage readers to study the detailed discussions of ICANN Working Group B on this topic). For a host of problematic reasons then and now, this concept of a GPML has failed to achieve consensus as a practical and effective mechanism for rights protection.

Note: If the intent of the proposed protection is only for exact matches (minus special characters), which we believe it is, then the current definition of "exact match" is misleading. It should be changed by replacing the word "contains" with the word "is". 'Contains' implies the GPM could be a sub-string of another word (e.g. if '3M' is a GPM then '3Men' would be blocked because it 'contains' 3M).

## PRE-LAUNCH (SUNRISE/IP CLAIMS)

The proposed mechanisms seem sound and practical. They provide effective protection for trademarks without unreasonable burdens on others. We note the report uses the phrase *'contains the complete and identical mark'* (pages 9 and 10 of 14). This would mean HP Corporation had special rights to the 'dishpan' and 'toothpick' SLDs. As with the GPML description, we assume the word *'contains'* is used in error and the IRT means 'is the complete and identical mark (minus special characters)'. Pre-Launch mechanisms should not address misspellings or situations where the mark is a substring of the requested SLD. Misspellings and sub-sets are impractical to automate and would carve out huge portions of the second level space that were unrelated to the rights holders mark.

## WATCH SERVICE

This mechanism provides protection without infringing the rights of other parties. It is practical to implement and can be provided by any party with access to the zone file.

## UNIFORM RAPID SUSPENSION SYSTEM (URS)

We think a Suspension ('Takedown') method such as URS is potentially one of the best mechanisms for rights protection as it can be focused on actual infringement, as opposed to the possibility of infringement. It can also potentially be applied to existing TLDs - where the vast majority of trademark problems will remain. We think fast and inexpensive methods of takedown must focus on clear and actual infringement of a mark holder's rights, as opposed to more subjective and complex judgments about 'good faith' or 'intent' of the registrant. In other words we think with the URS must be based on actual use of the domain (typically with a website or email) as opposed to solely the registration of a name.

The IRT report agrees with this approach when it states *'The URS is not meant to address questionable cases of alleged infringement'* (page 1 of 16), *'no genuine question as to the infringement that is taking place'* (same page), *'no genuine question as to the infringing or abusive use of a mark'* (same page) and *'Complaints must include PDF copies of...the website showing the alleged violation(s)'* (page 3 of 16). In all these areas the Report appropriately focuses on actual use of the mark (in a website) as this is the only reasonable standard for a fast and inexpensive judgment like URS.

Nevertheless, in other parts of the Report the URS strays from the 'actual use' standard and focuses only on registration of the name (e.g. it suggests suspension could occur for names that are not in use): *'where there is any genuine question as to whether a domain name registration **or** use is an abuse'* (page 2 of 16), *'defense for domain name registration **and/or** use that contradicts the Complainant's evidence'* (page 5 of 16), and *'whether the domain name has been registered **or** used in bad faith'* (page 9 of 16) (our bold emphasis added). In all of these cases use of the term 'or' implies the more complex and

subjective standard of registration intent. Again, we believe judgments about intent and good faith are more appropriately handled by the UDRP.

As stated by the report, the URS should only address clear and convincing cases of actual infringing use. As such, we think the language should be amended to make clear there must be: (i) confusing similarity (or an identical match) between the domain and the Claimant's mark; and (ii) a website (or some other form of actual use) where actual infringement of the Claimant's mark is clearly occurring.

Our second major concern with the proposed URS is its pricing discussion. The report suggests individual domains could be challenged and suspended for \$1.00 or less per domain (see footnote 3 to page 3 of 16). We think any fee below \$200 per domain could result in poor decisions by the Evaluator and will encourage significant abuse. Given the absence of any bond in the URS, and given the proposed Claimant indemnity is only as effective as the aggrieved parties ability to collect, we think a higher per domain fee is necessary to reduce abuse.

Finally, because this mechanism should only be used for "*cases in which there is no genuine question as to the infringement and abuse that is taking place*" (page 1 of 16) we think the threshold for Claimant abuse should be set at 10 domains not resulting in suspension.

## **THICK WHOIS**

The Report states the provision of thick Whois information at the registry level is "*essential to the cost-effective protection of consumers and IP owners*" however it provides no rationale or evidence in support of this assertion. The report in fact provides no argument why Thick Registry data protects rights.

We think mandated Thick Registry data is superfluous and potentially harmful to rights for the following reasons:

- All Whois data is readily available now from registrars (due to the new registrar data escrow and Whois disclosure requirements) therefore it is superfluous at the registry level; and
- There are already services that aggregate and display Thick data from all registrars; and
- Arguments that some registrars are non-compliant in displaying Thick Data are not logical. If these registrars are non-compliant in displaying their own Thick Data they will be similarly non-compliant in sending accurate thick data to the registry. If the problem is non-compliance the solution is better compliance; and
- Mandated Registry Thick data will incent registrars (for competitive reasons) to more aggressively market proxy services to their customers. This will result in less Thick Data being publicly available; and
- There is additional risk that customer data will be available to spammers, phishers and other abusive parties; and
- Thick Registry data was not mandated in previous TLD rounds; and

- The ICANN Whois Task Force performed detailed and lengthy examination of this issue and decided not to mandate Thick Registry data.

Given the above points we ask the IRT to explain the necessity and benefit to rights holders for mandating Thick Registry data. Having said that, we are in full support of voluntary thick data at the Registry level and as the IRT notes, many registries have chosen to do that. We are also in support of ongoing ICANN efforts to create a cross-TLD 'universal' thick registry database. We are not in favor of mandating registry business decisions absent a clear and persuasive case for such mandate.

#### **POST DELEGATION DISPUTE MECHANISM**

This section of the Report is hard to follow. It seems to address two scenarios:

1. A Situation Where a TLD is Identical or Confusingly Similar to a Mark (e.g. .PEOPLE). If one of the marks holders for 'People' believes the registry operator is managing the TLD in a way that unfairly takes advantage of, or impairs their rights in 'People' this rights holder can force ICANN into a review and negotiation with the registry operator. An outcome of this negotiation may be that ICANN is obliged to submit the claim to a 3rd party adjudicator. This provision does not expressly require that the registry be in breach of its contractual obligations for rights protection.
2. A Situation Where Registry Operator Contributes to Second Level Infringements. In this situation the registry operator must be in breach of its contractual obligations for rights protection.

If we understand this section of the Report correctly, we think the proposed solution for Situation 1 is problematic and the proposed solution for Situation 2 is acceptable.

Situation 1. Any rights holder in a 'People' mark has the opportunity to Object to a .PEOPLE TLD application and, on the merits of their argument, either eliminate this application or place contractual safeguards in the registry operator's agreement. In addition, the rights holder has an ongoing ability under the law to sue the registry operator if the registry is contributing to infringement. The proposed provision goes way beyond those safeguards and introduces ill-defined obligations and standards that also lack materiality thresholds or a sense of precedence between the TLD and the mark. We think this proposal breaches the IRT Benchmarks at page 3 of 5 and is a poor RPM.

Situation 2. If the intent of this RPM is that registries who fail to meet their contractual obligations for rights protection face sanctions we support this. We think the existing section of the report could express this concept more clearly in just a few paragraphs.