

January 18, 2010

To: ICANN (sti-report-2009@icann.org)

**Re: Comments on the Special Trademark Issues Review Team Recommendations Report**

Dear Mr. Beckstrom, Mr. Dengate-Thrush and the ICANN Board of Directors:

MarkMonitor Inc. (“MarkMonitor”) appreciates the opportunity to submit these comments in connection with the Special Trademark Issues Review Team Recommendations Report (“STI Report”). At the outset, the undersigned would like to commend the members of the Special Trademarks Issues Review Team (“STI Team”) including ICANN staff, for the significant amount of time and effort they have put into developing the STI Report.

## **INTRODUCTION:**

The GNSO Council was tasked by the ICANN Board of Directors with the responsibility of evaluating certain ICANN staff implementation proposals for the protection of trademarks in new gTLDs based in part on the recommendations from the IRT, public comments, and additional analysis undertaken by ICANN Staff, as described in the letter dated 12 October 2009 from Rod Beckstrom & Peter Dengate Thrush to GNSO Council. The STI Team was established by the GNSO for assisting in this evaluation.

The STI Report evaluates the ICANN staff model of two of the Rights Protection Mechanisms originally proposed in the Implementation Review Team Report (“IRT report”);<sup>1</sup> the Uniform Rapid Suspension (URS) and, Trademark Clearinghouse (TC) (previously known as IP Clearinghouse) mechanisms. For the reasons set forth below, MarkMonitor believes that the STI proposals of the URS and IP Clearinghouse have been substantially watered-down or minimized to render them potentially ineffective for the purposes for which they were originally intended. See also comments set forth in the Minority Position to the Initial Report on Specific Trademark Issues by the Commercial and Business Users Constituency.

## **EVALUATION OF STI REPORT RECOMMENDATIONS:**

The IRT Report originally established an IP Clearinghouse (now referred to as the TC) “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”. In addition, 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. As set forth below, neither the URS nor the TC reduces the cost and administrative burden for brand rights holders, especially in light of the elimination of the Globally Protected Marks List mechanism.

### **• TRADEMARK CLEARINGHOUSE (TC)**

- Sections 1.1/4.2; Trademark Clearinghouse/Common Law Rights: MarkMonitor is concerned with the removal of IP rights such as common law (“CL”) rights from the TC. To the extent there are gTLD registries with sunrise periods that allow the initial registration of

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<sup>1</sup> MarkMonitor believes that the other RPMs (such as the Globally Protected Marks List) proposed in the IRT Report are necessary and essential to the protection of brand holder rights in the introduction of new gTLDs; their removal will have a significant negative cost impact on brand owners.

names with CL rights then such registries will need to establish a separate process for the validation of these names. Instead of forcing new gTLD registries to create their own validation processes, it would make sense to allow them to make use of the TC database. Historically, registries have allowed registrations of names with CL rights during their sunrise period. For example, during the .biz sunrise period, NeuLevel provided an IP Claims procedure that allowed the registration of marks with CL rights (actual use) that would later be subject to a dispute resolution process in the event of disputes between competing parties.

- Section 2.2; Use of Regional Expertise: Allowing and/or requiring regional subcontractors to provide additional validation services for the TC Service Provider is an unnecessary touch point that could potentially increase the cost that brand holders would have to pay each year to register with the TC Provider. There are already existing trademark service providers with worldwide offices that may already have this capability.
- Section 3.2; ICANN Agreement for Database Services: It is unlikely that a TC provider would provide a broad indemnification for errors including false positives that may occur. Moreover, such a requirement would certainly increase the cost of registering with the TC Provider. In addition, 24/7, 365 day customer service will likely increase the cost to the TC registrant.
- Section 4.1; National or Multinational Registered Marks: To the extent the TC database is limited to trademarks, then such trademarks should be limited to trademarks in jurisdictions with substantive review. It should be mandatory for registries to use only trademarks registered in jurisdictions with substantive review given that allowing trademarks to be registered in the TC database in jurisdictions that do not have a rigorous review system, subjects the process to potential gaming by speculators.
- Section 4.3; Conversion of Mark into TC Database: Requiring that the TC be limited to “identical match” names as described in the TC does not provide brand owners with sufficient protections to deter cybersquatters. The TC database does not appear to have any real value beyond its use during sunrise periods. Thus, it becomes more critical that brand owners be able to obtain notifications of potential registrations of any variants of its trademarks. Without a further expansion, the TC does not advance the goals of reducing defensive registrations that was the original intent of the RPM’s as set forth in the IRT Report.
- Section 5.1; TM Claims or Sunrise Use: The use of the TC database should not be limited to only sunrise periods for new gTLDs. A brand owner should be notified under a TC Claim if any registrant attempts to register its trademark post launch. To the extent marks are expanded beyond identical matches, this would be of far greater value to a brand owner.
- Section 6.2; Pre-Registration of URS: Any fees that will be charged in order to enable URS procedures will ultimately be passed on to brand owners. These additional fees will make it likely that brand owners will not take advantage of these potential benefits of the TC.
- Section 10.1; Costs of Operating Clearinghouse: The TC operations will be funded from annual registration and validation fees that will come primarily from brand owners. MarkMonitor believes however, that the TC should be a service that is provided gratis to the Internet community by ICANN. At very least, the TC should be funded by a combination of fees from ICANN and brand owners and/or other parties. This will keep the TC registration fees at a reasonable level.

- **UNIFORM RAPID SUSPENSION MECHANISM (URS):**

- Section 4.1; Effect of Filing Complaint: The terms of the URS currently require a “freezing” of a domain name for the duration of a registration (with the addition of an extra year) in the event of a successful URS dispute by complainant. As we stated in the past, this would require that the brand owner continue to monitor the name to ensure that a cybersquatter does not register the name after the expiration of the freeze period. Again, this policy will be inconvenient and costly to the brand owner and potentially require that the brand owner file continuous URS actions on the same domain name. MarkMonitor therefore believes that in the event of a successful URS action, the domain name should be transferred back to the complainant, at the discretion of the brand owner.
- Section 5.3; Effect of Filing an Answer after Default: MarkMonitor does not believe that TC registrants should be allowed a de novo review at any time (during the life of the registration) after a respondent fails to file an answer. Under this scenario, in the event of a five (5) year registration, if a URS case is filed in the first year then the case would effectively stay live for four years. MarkMonitor would instead suggest a grace period for a de novo review of a default judgment of 3 months or upon expiration of the registration period, whichever occurs first.

The proposals set forth in the STI Report do not appear to reduce the costs to the brand owner in protecting its trademark rights under new gTLDs. In fact, given the many validation touch points in the TC, the costs to register each year in the TC database could be substantial. As we have stated above, this cost should be borne by ICANN alone or in conjunction with registrants in the TC. In addition, the inability of the brand owner to force a transfer of a domain name as opposed to a freeze will require that the brand owner continuously monitor the name and potentially re-file URS actions every year or other year. Given the high costs of the TC and URS, it would be safe to assume that it would be cheaper for a company to file defensive registrations as opposed to re-filing URS actions and registering annually with a TC Provider.

Sincerely yours,



Frederick Felman  
Chief Marketing Officer  
MarkMonitor