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VIA EMAIL ONLY (sti-report-2009@icann.org)

Internet Corporation for Assigned Names and Numbers

**Re: Comments on Special Trademark Issues Review Team Recommendations on
Behalf of Ford, Volvo, Honda, Volkswagen, Audi, and Hertz**

To Whom It May Concern:

On behalf of the above-listed automobile manufacturers and other prominent trademark holders, we submit the comments below concerning the Special Trademark Issues Review Team (STI) Recommendations, dated December 11, 2009, to create a "Trademark Clearinghouse" (TC) and "Uniform Rapid Suspension" (URS) procedure to protect trademarks in ICANN's proposed new gTLD program. We sincerely appreciate the STI's efforts to protect the interests of trademark holders and its willingness to accept and consider comments on these proposals.

By way of background, the undersigned counsel have been involved in online trademark enforcement since the earliest stages, having filed some of the very first domain name lawsuits and having participated in drafting and lobbying in support of legislation enacted as the Anticybersquatting Consumer Protection Act (ACPA).

1. Comments on the TC.

In limiting the scope of protection to exact matches between the proposed domain name and registered marks and in limiting the application of the TC to the sunrise period, the TC provides extremely limited benefits to trademark holders. Trademark holders will be forced to defensively register exact matches of their trademarks during the sunrise period. The overwhelming burden and expense that trademark holders will be forced to shoulder if new gTLDs are introduced consists of enforcing their trademarks against the endless onslaught of new domain names embodying confusingly similar variations of their trademarks that will be registered in the post-sunrise period. The TC is not a rights protection mechanism and does nothing to minimize this burden and expense.

Requiring trademark holders to fund the TC is fundamentally unfair. The entities that will financially benefit from the introduction of new gTLDs should absorb the external costs of

doing so. To the extent those costs continue to be born by trademark holders and others, there will continue to be a gross oversupply of domain names.

2. Comments on the URS.

The proposed URS does not provide meaningful protections for trademark holders. The standard of proof for complainants is untenably high, the mechanisms for delay by registrants are extensive, and the available remedies are ineffectual.

A complainant can prevail under the URS only by establishing “all three elements” of a UDRP action by “clear and convincing evidence” and by showing that there is “no genuine contestable issue.” The “clear and convincing evidence” standard sets a high bar, and is usually reserved for disfavored claims such as claims for punitive damages or certain actions for *habeas corpus*; it requires proof that the claimant is “substantially more likely than not” to prevail on a certain element. This standard is most problematic as applied to the second URS element—that the “domain name registrant lacks any right or legitimate interest in the domain name.” UDRP panels have recognized that the claimant’s burden on this element must necessarily be “light”—“since it is difficult to prove a negative (i.e., that Respondent lacks any rights or legitimate interests in the mark), especially where the rights or interests at issue ordinarily would be peculiarly within the knowledge of the Respondent.” Amy Bender, UDRP Opinion Guide § 4.1.1.1. Indeed, in UDRP proceedings “the burden shifts to the Respondent,” after a *prima facie* showing by the complainant, to provide evidence that it has rights to or legitimate interests in the domain name. *Id.*

The proposed URS standard of proof will impose substantial burdens on complainants. In order to prove a “negative” by “clear and convincing evidence,” a complainant undoubtedly will have to conduct a trademark search and perform other extensive research regarding the registrant’s lack of any rights or interests. This will transform a proceeding that was intended to be streamlined and low-cost into one that is costly and time-consuming.

This problem is exacerbated by the lack of any real “default” procedures in the URS. Unlike the UDRP, the URS provides that a defaulting respondent may file an answer at any time after a decision has been entered in favor of the complainant and seek *de novo* review of the decision, provided that the defaulting respondent pay a yet-to-be determined fee if an answer is filed more than 30 days after such a decision has been entered. As soon as the answer is filed, the name servers will be returned to the state in which they existed at the time the complaint was filed. URS §§ 4.3 and 5.3. Moreover, the losing party in a URS proceeding always retains the right to pursue a *de novo* appeal, thus further compounding the cost and the lack of finality of the URS decision.

The temporary relief afforded a successful complainant under the URS will not justify the costs of filing a URS complaint. If successful, the domain name will be placed on hold and, for

the rest of the registration period, will resolve to an “informational web page provided by the URS process.” *Id.* at §§ 4.2 and 7.1. The WhoIs record will not be changed and will continue to reflect the contact information of the original registrant. *Id.* at § 7.1. If the consensus view prevails, a successful complainant will be able to extend that period for an additional period of no more than one year by paying the current registrar’s commercial fee to renew. *Id.* at § 7.2. At the expiration of that period, the domain name will be released for public registration. The successful plaintiff will have no priority in the re-registration process.

There is no telling how long this process typically will take, but there is no question that in many cases the period will be long enough to preserve an incentive for abusive registration. A valuable domain name incorporating a famous trademark (or variation thereof) can bring significant value through schemes aimed at phishing, malware distribution, online advertising, provision of adult content to the unwary, etc. If the registration truly involves an obvious case of trademark abuse with “no genuine contestable issue,” a “takedown” mechanism is inadequate even if it is accomplished within a few weeks; only a registration-phase block will suffice.

The remedy provided by the URS is also inadequate. If the trademark owner’s only remedy is a freeze on the domain name for the “duration of the registration period,” the harms from blatant trademark abuse will remain unaddressed. Abusive domain names drive internet traffic away from the trademark owner to the websites of the abuser. In order to redress that harm, it is often essential to allow the trademark owner to recapture that traffic by giving it the option to point the infringing domain name to the trademark owner’s own website.

If the URS decision is reserved for cases of clear and obvious trademark abuse where there is “no genuine contestable issue” on the registrant’s side, there is no good reason to “balanc[e] the right of the registrant,” who is a blatant abuser. Nor would a transfer remedy in any way interfere with the goal of a “quick” result. Once the registration is found to be clearly abusive, the trademark owner can simply be given the option of a transfer, a result that would add nothing to the timeframe for decision.

The absence of a transfer remedy may also facilitate a cycle of trademark abuse. The URS website “takedown” is only for the duration of the registration period, a result that may encourage other abusers to await the availability of once-frozen abusive domains, registering them anew and requiring trademark owners to pursue a second cycle of URS proceedings.

While a successful UDRP complainant must prove that each of the three UDRP elements is present, clear and convincing evidence is not required. *See* UDRP Policy ¶ 4(a). Moreover, a successful UDRP complainant may elect either cancellation or transfer. *Id.* at ¶ 4(a)(i). If the latter is elected, the successful complainant will have permanent control over the domain name to use as the complainant wishes and may, among other things, transfer registration of the domain name to its registrar for consolidation and administration with other domain names in its portfolio. A UDRP panel’s decision must typically be submitted to the mediation center within

two weeks after the completion of briefing and is typically conveyed by the mediation center to the parties within 10 days thereafter. A decision is typically received within eight to ten weeks after the complaint filing date.

Thus, for roughly the same output required to file a UDRP complaint and obtain permanent control over an infringing domain name, the URS procedure offers the prospect of temporary website take down within as few as 23 days (theoretically) of filing a complaint and marginally lower filing fees. While rapid website take down is imperative in certain circumstances, the same factors that would drive a trademark holder to seek rapid website take down would further drive a trademark holder to file suit in national court to obtain immediate injunctive relief that could not be undone upon the defaulting respondent's filing of a belated answer. Thus, the effectiveness of the relief the URS provides as currently designed will be minimal.

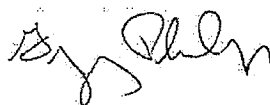
Furthermore, because a defaulting respondent may file an answer and obtain de novo review of any decision rendered in favor of a complainant at any time, as well as reinstatement of the defaulting respondent's website, respondents will have little incentive to file an answer. Given that website disruption will not be a significant factor to the respondent in the typical case, a rational respondent will have no incentive to participate in the process until an adverse decision has been rendered. In rewarding a respondent who elects to sit on the sidelines at the expense of a complainant who is required to make a significant investment of resources to initiate the process and to convince the examiner that the complainant is entitled to relief by clear and convincing evidence, the URS is simply unfair.

In conclusion, while we appreciate the opportunity to provide input at this juncture, the overarching and fundamental question of whether the introduction of new gTLDs is needed or in the public interest has yet to be addressed. As set forth in our prior comments, unless and until such a showing has been made, consideration of subordinate issues is unwise and unwarranted.

Sincerely,



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Gregory D. Phillips



Thomas R. Lee