



June 18, 2009

Dear Madam, Sir,

Re: ICANN Implementation Recommendation Team Final Report

We appreciate the opportunity to comment on the ICANN Intellectual Property Constituency (IPC) Implementation Recommendation Team's (IRT) May 29, 2009 "Final Report on Trademark Protection in New gTLDs" (Final IRT Report). We again commend the IRT for swiftly and meaningfully distilling a range of differing concepts, proposals and comments in the limited time period provided. In particular, we are encouraged to see that the Final IRT Report reflects observations made most recently by the World Intellectual Property Organization Arbitration and Mediation Center (WIPO Center) [letter of May 10, 2009](#) commenting on the IRT's April 24, 2009 draft report (Draft IRT Report) and through the WIPO Center's participation at the IRT public consultation meeting of May 11, 2009.

The WIPO Center's May 10 comments noted principally that the Draft IRT Report represented substantive progress and a serious foundation for mechanisms designed to prevent trademark abuse in connection with ICANN's New gTLD Program. Those comments did however express concerns that the IRT's adaptation of two WIPO Center proposals in particular (a [trademark-based Post-Delegation Dispute Resolution Procedure for New gTLD Registries](#), advocated by WIPO to ICANN since early 2008, and an [RPM Discussion Draft for a Model Expedited \(Domain Name\) Suspension Mechanism](#), formally presented to ICANN by letter of April 3, 2009) risk

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in certain respects undercutting their intended effectiveness. The WIPO Center also generally observed the need to reflect on ways to streamline and integrate the constituent mechanisms recommended by the IRT, so as to maximize their complementary utility to achieve the intended aim of preventing and remedying trademark abuses in the Domain Name System (DNS) and minimize burdens on relevant users including in particular trademark owners.

The WIPO Center submits these further comments on the Final IRT Report within the general framework of continued dialogue with ICANN focused on addressing new gTLD-related overarching trademark protection concerns in relation to any ICANN-envisioned DNS expansion.

General Comments

System design should minimize burdens on users and stakeholders.

The Final IRT Report is an important step towards the goal of preventing and resolving trademark abuse in connection with ICANN's New gTLD Program. There remains scope for further dialogue to address concerns that the "tapestry of interrelated and interdependent solutions" as proposed by the IRT will impose significant, and at times avoidable, burdens on the users of the proposed systems, in particular on trademark owners. Envisaged adjustments would involve choices of principle as well as questions of practice.

Implementation of the IRT recommendations should take account of operational realities.

The Final IRT Report provides valuable and specific directions for each of its recommendations. Any implementation of such recommendations will yet require reflection on the operational realities of such systems.

The relationship between the recommended mechanisms requires clarification.

The Final IRT Report appears to recommend a single mechanism for certain phases of domain name registration, finding it unnecessary to extend the IP Claims Service post-launch because of the availability of the URS, and contemplating a Sunrise Registration Process as a replacement for a Pre-Launch IP Claims Service. It is unclear why a single mechanism should operate to the exclusion of other possible means of addressing trademark abuse.

Also, the role of providers in relation to the different IRT-recommended services requires clarification. Serious thought must be given to the accreditation choices in order to ensure that these mechanisms are operated on a seamless and informed basis (*e.g.*, in light of the relationship between the URS and the UDRP), while at the same time allowing diversity in this global context.

IP Clearinghouse

The ubiquitous role envisaged for the IP Clearinghouse calls for adequate safeguards and ICANN oversight.

As foreshadowed prior to the IRT effort, the Final IRT Report envisions a single “IP Clearinghouse” to provide multiple services for gTLD registries and registrars including Data Collection, Rights Validation (on an annual basis), a Globally Protected Marks List, a Pre-Launch IP Claims Service, validation of data/rights for participation in the URS, and possibly a repository of URS decisions as well as consultation services for registry operators drafting RPM policies and processes. The Final IRT Report gives the impression that the Clearinghouse operator is equally poised to offer further services, such as an IP Watch Service in competition with existing and future market providers. The IRT further envisions this Clearinghouse to be operated by an “outsourced entity under a renewable multi-year contract with ICANN of at least five (5) years”.

Given the ubiquity of such a Clearinghouse, the importance of adequate safeguards on the roles of the Clearinghouse cannot be overstated. We would inquire, for example, as to the IRT’s omission from its Final Report of the language in the Draft IRT Report which assured that “[t]he data in the IP Clearinghouse [is] collected solely for use in the IP Clearinghouse”. Instead, the Final IRT Report states that “[t]rademark owners must grant a non-exclusive, royalty-free, sublicensable license to their data to ICANN, which will in turn sublicense it to the IP Clearinghouse. [...] Ownership of any and all data submitted to or generated by the IP Clearinghouse must remain exclusively with the entity providing such data”. There should be safeguards to ensure that any data submitted is used for the purpose clearly defined for the Clearinghouse, and only for the duration of its contract.

We recommend that the role of the Clearinghouse be carefully defined to include checks against the Clearinghouse extending beyond its contracted role. The granting of a monopoly carries serious responsibility for avoiding abuse.

Differentiation of roles may be appropriate for the Clearinghouse.

We would reiterate our comments of May 10 that the immensity of the Clearinghouse services envisaged by the IRT may, in particular circumstances, call for differentiation of roles, including in terms of data collection and storage on the one hand, and validation on the other (some types of data will be more conducive to real-time validation by reference to readily available existing databases and other data may require up-to-date confirmation or a more substantive analysis). Further clarification on any envisaged role of the Clearinghouse in Pre-Launch IP Claims and URS, other than possible data provision, would also be in order.

Separate from the foregoing, given the possible uses or consequences of data held in any Clearinghouse, due consideration should be given to an opposition or challenge process.

Trademark owners should not shoulder the entire burden of financing an IP Clearinghouse.

The Final IRT Report recommends that the Clearinghouse cost to trademark owners should be reasonable, but that the services be provided free-of-charge to registries and registrars, thus unequally adding to the increasing enforcement burdens faced by trademark owners. Considering the registries' and registrars' benefits realized through the Clearinghouse, bearing in mind their interests in all registrations, Clearinghouse-related costs being shared by relevant parties appears to be in order. Trademark owners must be apprised of the reasonable costs of such services (*e.g.*, as is the case with the specific IRT recommendations for estimated fees for URS and Post-Delegation procedures).

Globally Protected Marks List (GPML)

As previously remarked, any GPML must operate on contractually fixed criteria relevant in the special context of ICANN's New gTLD Program. It is cautioned that inclusion on the GPML would not protect against the prevalent practice of typosquatting.

Uniform Rapid Suspension System (URS)

Requiring panelist evaluation even in URS default cases would unnecessarily increase costs and burdens to trademark owners.

The Final IRT Report represents a shift from the Draft IRT Report, in that it provides for a substantive examination by a neutral panelist in all cases, including default. The WIPO Center's discussion draft ESM provided for an automatic default procedure. Subject to an important "appeal" possibility and bearing in mind that this type of RPM does not foresee transfers of domain names, a key feature of the ESM model was to reduce the burden on trademark owners by filtering the approximately 70% respondent default rate observed in WIPO UDRP cases without the attendant time or expense of a panel determination in those majority of instances.

It remains then an open question whether appointing a panel in default cases responds to trademark owner needs. It will be recalled in this regard that the Final IRT Report expresses some concern that brand owners facing thousands of infringing domain names annually are forced to spend large amounts of money to police use of their marks on the Internet. Considering increasing levels of potential infringement, mark owners would benefit more from a balanced default/filtering-based suspension mechanism.

The duration of the proposed URS remedy is of limited effectiveness.

The Final IRT Report proposes the remedy of locking a domain name for the “duration of the registration period”. Particularly as this “remedy” is of limited effectiveness, lasting in most cases no more than a few months, we reiterate the comment provided in the WIPO Center’s May 10 letter, namely the possibility of a reserved names list (including the possibility for defaulting registrant or *bona fide* third party registration) as provided for in the WIPO Center’s previously-communicated discussion draft ESM.

The Final IRT Report explains that the IRT decided against recommending an extension to the proposed URS remedy due to “likely increased technical expenses and burdens on the URS process provider and registries”. Clarification on the comparative extent of any such burden would be useful in terms of seeking a solution that is practical for registry operators and trademark owners.

We would underscore here that the currently proposed remedy, the URS, would merely force trademark owners from an undesirable cycle of renewing defensively registered domain names to a costly cycle of filing URS complaints.

In the event the IRT-proposed URS remedy of such limited duration were to remain in its present form, it may then be appropriate to provide notice to potential registrants that the domain name was previously the subject of a URS suspension, in order to require potential registrants to make appropriate representations which may have a preventive effect (akin to domain names that are subject to an IP Claim).

Because the proposed remedy would not appear to meaningfully address the burden on trademark owners, it bears mention that registry (and possibly registrar) knowledge of such (re-) registration of previously URS-locked domain names might be considered relevant in an action brought by a trademark owner such as a post-delegation dispute resolution proceeding, *e.g.*, under IRT-proposed section 2.1.1.3.

The URS must interoperate with the UDRP.

As noted in our May 10 comments, the design of the URS should aim to achieve seamless integration with the UDRP, especially in terms of substantive criteria (see below), practical facilities, and procedural safeguards. (The WIPO Center’s discussion draft ESM would complement the UDRP by acting as a filtering mechanism against defaulting respondents; like the URS it would not displace the UDRP). In this respect, there would seem to be clear benefit in allowing parties to opt for the possibility of filing URS and any subsequent UDRP proceedings with the same provider, *e.g.*, in terms of party submissions, domain name lock, communications, and fee management.

The URS substantive criteria adaptations are not clear.

The Final IRT Report notes that the URS applies the same substantive criteria of the UDRP. However certain departures from the UDRP criteria seem to be foreseen in the Final IRT Report.

The IRT-proposed URS limits consideration to trademarks registered in a jurisdiction that conducts substantive examination of trademark applications. This would presumably be in the IRT's full awareness of implications; in particular it would be useful to see clarification on whether this proposal intends to exclude marks registered in the numerous jurisdictions which do not themselves undertake examination on relative grounds (but do so only on absolute grounds).

The Final IRT Report's URS "Form Complaints, Answers, Decisions" (Annexes B, D, E) also do not accurately reflect the substantive criteria of the UDRP relating to "rights or legitimate interests of the domain name registrant" and "bad faith registration and use", but rather introduce the concept of "related to or authorized" (which exists in UDRP case jurisprudence but not in the UDRP Policy itself) and omitting the UDRP bad faith illustration of "intentional attempt to attract Internet users by creating a likelihood of confusion". The Forms themselves also seem to require some alignment.

Whereas the Draft IRT Report signaled a move away from the conjunctive bad faith requirement in the UDRP, the Final IRT Report returns to such requirement. We would recommend consideration of applying a "bad faith registration or use" standard which better addresses the evolving nature of cybersquatting since the adoption of the UDRP in 1999 (a number of ccTLDs have adopted the "or" standard), especially in the context of new domains.

Elements of the URS may be adjusted with a view to time and cost-efficiency.

In the context of this mechanism, which does not foresee transfers and offers registrant safeguards, communication by postal mail unnecessarily encumbers the procedure.

More generally, the mixture of design elements including timelines lacks internal balance and is not consistent with this RPM's intended rapid character.

Post-Delegation Dispute Resolution Mechanism at the Top Level

Post-delegation system design must bear in mind its intended preventive effect.

The Final IRT Report addresses the principal concerns which the WIPO Center expressed in relation to the adaptations to its proposal for a Post-Delegation Procedure for New gTLD Registries that were introduced in the Draft IRT Report. We look

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forward to further ICANN discussions on the specifics of such a Procedure, bearing in mind the intended preventive effect, including to the extent practicable, more concrete development (as recommended by the IRT) of the concept of “bad faith” (noting at this stage that an “intent” is often difficult to establish and therefore may involve shifting of burden), and development of the procedural modalities *e.g.*, introducing effective time periods between different phases (including for responsive ICANN enforcement action).

Trademark owners should be given the option to initiate a post-delegation procedure separate from ICANN.

We take it as a positive (and needed) step that the Final IRT Report provides trademark owners the ability to initiate proceedings if the parties (ICANN, registry, and trademark owner) are not able to resolve their dispute.

However, in the event ICANN does find a contractual breach, the possibility remains that ICANN may not in all circumstances satisfactorily address the trademark owner’s concerns within a realistic time frame by using the various enforcement mechanisms contained within the applicable Registry Agreement. We previously noted that it may be unrealistic to expect ICANN to exercise its compliance responsibilities in a manner that would parallel trademark owners’ options to address abuses of their rights.

Therefore, we would advocate that the post-delegation procedure should provide the possibility for an aggrieved trademark owner to initiate proceedings *sua sponte* if ICANN’s initiation of a remedy proves inadequate in the given time frame.

We recommend an analogous dispute resolution procedure for ICANN-accredited registrars.

The WIPO proposal for a post-delegation procedure was at first instance intended for registries within the context of ICANN’s New gTLD Program, and motivated in part by a perception of converging registry, registrar, and registrant roles in the DNS. That same argument also applies to registrars in their potential relationship to trademark abuse. A recent illustration is the observed conduct of one particular registrar, reported in a WIPO Center [letter of April 9, 2009](#) to ICANN, and the latter’s subsequent [Notice of Breach](#).

Mr. Kurt Pritz, Mr. John Jeffrey, Ms. Amy Stathos
IRT Chair and Members – June 18, 2009

Conclusion

We again commend the IRT for the production of the Final IRT Report, and the consequential efforts of individual IRT members.

As part of WIPO, an intergovernmental organization mandated to promote the balanced protection of intellectual property with unrivalled experience in addressing IP considerations in the DNS, and as an experienced dispute resolution provider in IP and commercial disputes of all facets, including in the DNS, we look forward to future collaboration.

We are posting a copy of this letter on the WIPO website for public information at <http://www.wipo.int/amc/en/domains/resources/icann/>.

Yours sincerely,



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