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January 15, 2013

Mr. Fadi Chehadé  
Internet Corporation for Assigned  
Names and Numbers (ICANN)  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536

## RE: IPO Comments in Response to ICANN's Trademark Clearinghouse "Strawman Solution"

Dear Mr. Chehadé:

Intellectual Property Owners Association (IPO) appreciates this opportunity to submit the following comments on the new generic top-level domain (gTLD) Trademark Clearinghouse "Strawman Solution," posted by ICANN for public comment on November 30, 2012.

IPO is a trade association, based in the United States, representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies, and approximately 12,000 individuals who are involved in the association either through their companies or law firms, or as IPO individual members. Our members hold trademarks around the world. As such, IPO has a significant interest in the new gTLD introduction generally and, more specifically, the rules, requirements, and processes for safeguarding brand owners during the launch of each new gTLD registry and beyond.

### Overview

As an initial matter, IPO appreciates that ICANN has attempted to respond to concerns regarding implementation of the Trademark Clearinghouse (TMCH) and its attendant rights protection mechanisms (RPMs) that have been voiced by the trademark community. Specifically the Strawman Solution addresses RPM Consensus Positions put forth by the ICANN Intellectual Property Constituency (IPC) and Business Constituency (BC) on October 16, 2012. However, while the Strawman Solution moves closer to a model that fairly takes into account the problems that will be encountered by trademark owners as each new gTLD is launched, we are still concerned about the danger to companies' valuable brands. We are particularly concerned about massive costs associated with defensively registering key brands at the second level in hundreds of new gTLDs.

Brand owners seek broad trademark protections in the new gTLDs in order to protect their customers, who are vulnerable to harms stemming from domain name abuse including brand confusion, misdirection, and fraud. If consumers cannot be protected against such harms, they will lose trust in the Internet, which would be detrimental to businesses and the global economy. Even in the current regime, trademark owners have incurred enormous costs in dealing with abusive domain name registrations in the relatively few TLDs approved to date. The impending exponential increase in gTLDs over the next two years presents an untenable scenario that is not addressed by the RPMs in the current Applicant Guidebook. While RPMs like the thick Whois, URS, and the enumerated TMCH protections provide some basic safeguards, the lack of a cost-effective means of defensively registering domain names at the second level is unacceptable from our viewpoint.

While portions of the Strawman Solution are incremental improvements to TMCH implementation, it lacks several crucial implementation measures that would help companies to manage the costs and dangers presented by gTLD proliferation. These measures, proposed by the IPC and BC, include a more robust Trademark Claims service and the option for a Limited Preventative Registration (LPR) mechanism by which companies could take advantage of cost-effective, non-resolving defensive registrations. Lacking these measures, ICANN's Strawman Solution fails to address adequately the economic realities that brand owners face due to the wholesale expansion of the domain name space. IPO submits that ICANN should implement more effective RPMs, as suggested herein, that will ease the burden on brand owners without creating a chilling effect on the new gTLD market.

### **Improving the Strawman Solution**

#### **Limited Preventative Registrations**

The Strawman Solution omits the core component of the IPC/BC Consensus Positions -- the LPR mechanism by which trademark owners are able to register non-resolving second-level domains cost-effectively across multiple new gTLDs for extended periods of time, thus easing the financial burden of the delegation of hundreds of new gTLDs into the root zone.

While the proposal (as outlined in greater detail in the November 30, 2012 IPC/BC document accompanying ICANN's request for public comment) provides greater safeguards against brand abuse, it does not seek to *expand* the rights of trademark owners. Thus, it is available only to TMCH-eligible strings -- that is, domain names that would have been available to the trademark owner during Sunrise periods even absent the LPRs. Further, availability of LPRs would not conflict with "standard" Sunrise registrations (e.g., by the holder of a registered identical trademark) because standard Sunrise registrations would receive priority over identical LPRs. Nor can the LPR mechanism be used offensively and retroactively to divest second-level domain name

registrants of their domains. For this, brand owners would be required to seek relief using available domain name dispute remedies.

For these reasons, IPO strongly supports LPRs and urges ICANN to include them during implementation of the TMCH and prior to launch of any of the new gTLDs.

#### Trademark Claims Period Extension

ICANN's Strawman Solution proposes an extension of the Trademark Claims period from 60 to 90 days, along with the opportunity for brand owners to participate in a "Claims 2" service for an additional fee. Claims 2 is a "lighter-weight" version of the Trademark Claims services that includes a generic notice to a second-level domain registrant, and does not require an acknowledgement of the notice from the registrant. The Claims 2 service can also cover "mark + generic term"-type strings that are previously determined to have been abusively registered or used.

While IPO views the Trademark Claims service as a valuable deterrent to bad faith registrations, the current limited-time model does not provide brand owners with sufficient post-registration enforcement evidence. IPO recommends that ICANN address this by implementing an Enhanced Trademark Claims Service (ETCS). Under the ETCS, a third party who attempts to register a domain name identical to a mark or previously abused string registered with the TMCH will be required to complete a declaration stating that it is seeking to register and use the domain name for a bona fide, legitimate and non-infringing purpose. (E.g., the potential registrant also owns a trademark matching that string, there is a proper geographic or surname claim, the proposed use is clearly non-infringing/fair use, etc.) The third party would also be required to briefly describe the nature of the intended use. The third party would be permitted to register the domain name upon making the declaration, but at any time the trademark owner could challenge the truth of the registrant's declaration, as applied to the subsequent use of the domain name at issue, which could serve as a basis for cancellation or transfer.

Furthermore, IPO sees no reason why the Trademark Claims period -- in its current or enhanced form -- should be limited to 90 days, 12 months, or any definite time period. Notification is a critical tool for trademark owners, and limiting the Trademark Claims period will cause a second "wave" of registrations by savvy cybersquatters upon its expiration. Early notification benefits potential registrants as well because it will reduce the likelihood that the registrant will spend years building and investing in a domain only to face a challenge from a trademark owner who learns about the registrant's domain name long after registration. The benefits of the Trademark Claims service, including reducing the registrant's risk associated with a domain name investment, are clearly valuable on an ongoing basis. IPO asks that ICANN not limit the Trademark Claims period to a specific time period.

Previously Abused Strings in TMCH

IPO applauds ICANN's proposal to allow the addition of previously abused strings to the Trademark Clearinghouse record. That said, IPO sees no legitimate reason to limit the previously abused strings to 50. While the vast majority of TMCH records are unlikely to have more than 50 corresponding previously abused strings, some well-known and famous brands could have many more. ICANN's decision to include the previously abused strings was based on its recognition that the strings would be limited to those that were adjudicated in a court proceeding or domain name dispute, and thus the material issues would already have been balanced and considered. Thus, the basis for including the fifty-first string in the clearinghouse is as legitimate as the basis for including the first. Moreover, limiting the number of previously abused strings to 50 will unfairly prejudice owners of famous marks, which are the most likely to have been abusively registered in the past and to continue to be abusively registered in the new gTLDs. IPO therefore recommends that ICANN allow for the inclusion of an unlimited number of previously abused strings in the Trademark Clearinghouse.

Sunrise Period Advance Notice

IPO supports ICANN's inclusion of a 30-day notice period in advance of the Sunrise Period, but also supports the extension of the Sunrise Period from 30 days to 60 days. A longer Sunrise Period will allow brand owners to consult with counsel, deliberate among the various affected business units, and make an informed and calculated decision with respect to each new gTLD. A 30-day Sunrise Period, even when combined with a 30-day advance notice period, is not enough time for brand owners to consult with counsel, get the input of affected business units, and make an informed decision. There may be hundreds of new gTLDs launching around the same time. Brand owners that are hurried are likely to take the "safe" route by invoking their Sunrise Period rights and registering domain names in more gTLDs than they otherwise would if they were given time to make a careful choice. Forcing brand owners to make quick decisions is likely to unnecessarily remove second level domain names from the marketplace, domains that may otherwise have been legitimately registered and used. IPO therefore supports a 30-day notice period followed by a 60-day sunrise period.

IPO thanks ICANN for the opportunity to provide the foregoing comments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Phillips", with a period at the end.

Richard Phillips  
President