

Briefing Paper on Defensive Registrations at the Second Level

Issue

With the closing of the application period for, and the pending delegation of new gTLDs, the ICANN community is encouraged to continue to consider the perceived need for defensive registrations at the second level, and whether additional protections for established legal rights at the second level should be developed and implemented.

Background

Prior to the opening of the initial round of new gTLD applications earlier this year, some rights holders and others stated their perception that they would need to submit “defensive” gTLD applications as a means to protect their trademarks. This perceived need for defensive applications was highlighted in a letter from Larry Strickling, Assistant Secretary for Communications and Information at the U.S. Department of Commerce (“DOC”).

In response to the DOC letter and right holder concerns, ICANN conducted a public comment period (closed on 20 March) on the perceived need for defensive applications at the top level in addition to the existing protections for established legal rights that are available, and how this perceived need might be addressed. Although the public forum requested community input on the perceived need for defensive applications at the top level, many of the submitted comments focused on protections at the second level.

Given the effort and thoughtfulness of these comments, ICANN wanted to capture the concerns and issues raised by the community in relation to defensive registrations at the second level. On 12 April 2012, the ICANN Board’s New gTLD Committee adopted a resolution directing the staff “to provide a briefing paper on the topic of defensive registrations at the second level.”¹ This briefing paper is being submitted to the GNSO to facilitate a GNSO decision of whether further policy discussions are warranted to address this issue and/or the protections in second-level registrations.

Summary of Concerns and Suggested Measures Related to Defensive Registrations

As noted above, ICANN conducted a public comment forum on the issue of defensive applications for the top level. A number of comments indicated that concerns about defensive registrations at the second level are more significant than top-level issues. The discussion below highlights the key concerns raised in the recent public comment forum concerning defensive registrations at the second level, and possible measures to address these concerns. A full summary and analysis of the public comments on defensive

¹ <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-10apr12-en.htm>

applications for new gTLDs is available at: <http://www.icann.org/en/news/public-comment/report-comments-new-gtlds-defensive-applications-14mar12-en.pdf>

Primary Concern

The primary concern raised by commenters is that the need or risk of defensive registrations at the second level is much higher than at the top level because: 1) the current existing rights protection mechanisms (“RPMs”) are either insufficient or ineffective to protect the established legal rights of right holders at the second level; and/or, 2) the cost of monitoring and enforcing their established rights might be unreasonably high given the potential designation of 500 or more new gTLDs in the next year.

Key Question: Are Additional Protections Necessary at the Second Level?

Right holders expressed their view that the existing rights protection mechanisms (RPMs) in the New gTLD Program need strengthening, lack a transfer remedy, are too expensive, and place an unnecessarily high standard of proof on complainants. Specific suggestions provided by commenters to address their concerns are provided below.

On the other hand, some commenters believe the current RPMs are sufficient and that no additional protections are justifiable. In addition, some commenters indicated that any consideration of changes or additions to the current protections at the second level are premature, given that there is no evidence or data concerning either the need for defensive registrations or, whether the cost of such registrations would be excessive in a way that would justify additional protections at the second level².

Existing Second-Level Protections

Established legal rights to a name are eligible for protection through the Trademark Clearinghouse, the Trademark Claims process, and Sunrise protections required in the New gTLD Program.

Through the Trademark Clearinghouse, right holders will have the opportunity to register their marks in a single repository that will serve all new gTLDs. Currently, trademark holders go through similar rights authentication processes for each separate top-level domain that launches.

New gTLD registries are required to use the Trademark Clearinghouse in two ways. First, they must offer a “sunrise” period – a pre-launch opportunity for rights holders to register

² Other work continues on related issues. The GNSO is receiving an Issue Report discussing whether to consider additional protections for the names of IGOs, and, in particular, certain names relating to the Red Cross/Red Crescent Movement and the International Olympic Committee. The GNSO Council has also committed to requesting an ‘Issue Report on the current state of all rights protection mechanisms implemented for both existing and new gTLDs, including but not limited to, the UDRP and URS, ... by no later than eighteen (18) months following the delegation of the first new gTLD.’

names in the new gTLD prior to general registration. Second, a Trademark Claims service will notify rights holders of domain name registrations that identically match records in the Clearinghouse for a period of time at the beginning of general registration. The Trademark Clearinghouse is designed to increase protections, as well as reduce costs for mark holders.

The Post-Delegation Dispute Resolution Procedure (PDDRP), also affords protection for activity at the second level. At the second level the PDDRP provides an avenue whereby mark holders can file a dispute against a registry, rather than a registrant, if through a registry's affirmative conduct there is a pattern or practice of the registry's bad faith intent to profit from the sale of infringing names and the registry's bad faith intent to profit from systematic registration of names infringing the complainant's mark.

The New gTLD Program also affords right holders a new form of alternative dispute resolution for clear-cut cases of abuse by domain name registrants. The Uniform Rapid Suspension System (URS) is a streamlined version of the Uniform Domain Name Dispute Resolution Policy (UDRP) process, providing trademark holders a quicker and simpler process through which infringing registrations at the second level can be "taken down."

A full description of all objection and dispute resolution processes can be found in the [gTLD Applicant Guidebook](#).

Suggested Measures in the Public Comment Forum to Address the Perceived Need for Defensive Registrations

Possible options that were raised in the "Defensive Applications" public comment forum to address the perceived need for defensive registrations at the second level include: 1) Continue implementing and expand targeted communications about the protections available at the second level that would mitigate the need for defensive registrations, especially among small and medium-sized right holder entities. 2) Open a public comment period specifically focused on the issue of concerns related to the perceived need for defensive registrations at the second level. 3) Consideration by the GNSO Council through its various procedures (e.g., informal policy discussion, requesting an Issue Report, etc.) as to whether further work is necessary to address this issue. 4) Consideration of suggested measures provided by the commenters in the public comment forum.

The following is a brief summary of suggested measures that commenters provided in the public comment forum to address the perceived need for defensive registrations at the second level. It should be noted that some of these proposals were also considered as part of the original discussion on RPM's in the New gTLD program. There is an extensive history published in the previously posted public comment analyses and explanatory memoranda.

Blocking: Amend the Applicant Guidebook to include a requirement that all new gTLD registries that sell second-level domains to registrants must offer a one-time, low-cost block for trademark owners to protect their marks in perpetuity.

“Do Not Sell List” for Second Level: Establish an appropriate variant of the “Do Not Sell List” proposal for new gTLDs, which would allow a right holder to enter a name on this list for a fee. The name would be ineligible for registration until either an applicant for a second level domain name can demonstrate that it has a legitimate right and interest in using that name and/or, any dispute is resolved through existing RPMs.

Strengthen Existing RPMs:

- PDDRP - Amend the PDDRP to lower the “preponderance of the evidence” standard of proof in order to more effectively address instances where new registries are acting in bad faith and willfully allowing fraudulent and illegal activities as demonstrated on a continued basis in their delegated gTLD.
- TM Clearinghouse – 1) Require all new gTLD registries to shift the burden to potential registrants to provide legal justification for their registration and use of the domain name in question. 2) Expand the universe of marks “targeted for cybersquatting” to encompass those marks (a) that have been the subject of at least five administrative or legal proceedings in which IP infringement relating to registration or use of a domain has been found or (b) for which the trademark owner has recovered ten or more infringing domain names through at least one administrative or legal proceeding. 3) Expand the Trademark Claims Service to domains that not only consist of an identical trademark in the Clearinghouse but also contain a trademark or are misspellings, supersets or phonetic variations of a trademark.
- WHOIS - Encourage and work with law enforcement to strengthen an accurate WHOIS, and not just through “thick WHOIS.”
- URS – 1) Establish a transfer remedy and a lower “preponderance of the evidence” standard of proof; remove any requirement that a URS provider make any substantive determination about how a trademark owner is “using” its mark. 2) Implement a “loser pays” model to all URS proceedings regardless of how many domain names one registers in bad faith. 3) Reduce the filing fee to make it a relatively inexpensive mechanism (e.g., \$300-\$500). As an alternative, if the URS cannot be offered at this price range, then ICANN should consider having its registrars implement a notice and takedown process.
- Sunrise Period Registrations - Expand coverage from just domains consisting of an identical trademark match to registrations that also contain a trademark or are misspellings, supersets or phonetic variations of a trademark.

Recommendation

In its 12 April 2012 resolution, the New gTLD Committee acknowledged that the sense of the public discussion on this issue through the public comment forum and the public workshop at the Costa Rica Meeting “indicated that trademark protections should continue to be discussed and developed for the registration of second-level domain names.”³ A majority of comments in the public comment forum originally initiated to address the perceived need for defensive applications at the top level expressed a more pressing need for further discussion on how to address this perceived need at the second level.

Therefore, it is suggested that the GNSO Council consider utilizing one of its available processes such as requesting an Issue Report or conducting a policy discussion to address the issue whether additional work on defensive registrations at the second level should be undertaken.

Timing and process: The question of timing is important. If the intent is to encourage community discussion regarding the existing RPM's and possible changes to them prior to the delegation of new gTLDs, a GNSO Issue Report / PDP would likely not meet the time constraints. An “STI” type of mechanism might be usable in this case. However, if the GNSO position is that conversations should continue, but formal consideration is merited, an Issue Report / PDP can be requested. (As noted above, such a report has already been requested by the GNSO on the current state of all rights protection mechanisms implemented for both existing and new gTLDs, by no later than eighteen (18) months following the delegation of the first new gTLD.)

³ <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-10apr12-en.htm>