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Submitted to: comments-subsequent-procedures-22mar17@icann.org

May 21, 2017

Steve Chan  
Senior Policy Manager  
ICANN  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536

Re: GNSO Community Comment (CC2) on New gTLD Subsequent Procedures Policy Development Process (PDP)

Dear Mr. Chan:

INTA is pleased to submit the attached comments regarding GNSO Community Comment (CC2) on New gTLD Subsequent Procedures Policy Development Process (PDP). The new gTLD program and subsequent procedures for applications are of top concern to INTA members because of the implication of new gTLDs to brand protection. While some are looking to enjoy new marketing possibilities with dot brands, all have an interest in protecting consumers who seek the quality goods and services that brands represent online.

Key elements to any subsequent procedures for delegating new TLDs include consistency, transparency and predictability. The applicant guide book (AGB) that outlines those procedures should be unambiguous and not subject to change during the application period. This will ensure fairness in the process which is resource intensive. The playing field must be fair and outcomes reasonably predicted in order to attract investment in new TLD's. INTA supports ICANN's efforts in that direction and is pleased to provide the attached, detailed responses to the questionnaire.

Should you have any questions about our submission, I invite you to contact Lori Schulman, INTA's Senior Director of Internet Policy at 202-261-6588 or at [lschulman@inta.org](mailto:lschulman@inta.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Etienne Sanz de Acedo".

Etienne Sanz de Acedo  
Chief Executive Officer

# **INTA Response to the GNSO Community Comment 2 (CC2) on New gTLD Subsequent Procedures Policy Development Process**

**May 21, 2017**

The International Trademark Association (INTA) provided extensive input to ICANN throughout the development and implementation of its New gTLD Program, and appreciates this opportunity to respond to the New gTLD Subsequent Procedures PDP Community Comment 2 Questionnaire. Our comments and concerns are outlined below with references to specific questions included.

## **1.3 Clarity of Application Process**

**1.3.1 - The WG noted that there were a number of changes to the gTLD program after the release of the Applicant Guidebook, including the processes for change requests, customer support, application prioritization, Registry Agreement, etc. How should changes to the Applicant Guidebook and/or the new gTLD Program be handled in subsequent application windows?**

Consistent with Recommendation 1 in the 2007 Final Report, INTA urges that improvements to the Applicant Guidebook (AGB) be made to ensure that “all applicants for a new gTLD registry...be evaluated against *transparent and predictable criteria*, fully available to the applicants *prior* to the initiation of the process” [emphasis added]. As applicants found in Round 1, changes to the gTLD program after the application submission period resulted in a lack of transparent and predictable criteria, raising claims of unfairness and gamesmanship. In order to ensure fairness, transparency and non-discrimination, INTA urges the Working Group to consider the following:

1. The AGB is the proper vehicle for implementation of the GNSO New gTLD policy recommendations; and
2. The AGB must be clear and unambiguous, not subject to change at Community whim.

## **1.7 Application Queuing**

INTA recognizes that additional policy work is undecided on topics that would impact development on application queuing (e.g., whether applications will be evaluated on an ongoing basis, whether applications will be reviewed in one large round similar to the First Round, or if there will be a rolling number of rounds – every 3 months, for example). As consensus on this seems a ways away, INTA urges the WG to conduct additional policy work and ultimately adopt principles of priority to avoid the inconsistencies in evaluating priority of Applications in Round 1.

## **1.10 Application Guidebook**

**1.10.1 - The Applicant Guidebook served as the roadmap for applicants, but also all other participants to the program. As such, there is a mixture of historical and practical information, some of which is relevant to only certain parties. Do you think it makes sense to partition the Applicant Guidebook into different audience-driven sections or by type of application?**

INTA recognizes that additional policy work is undecided on topics that would impact development on AGB partitions (e.g., whether there will be separate application types or a separate Registry Agreement (RA) for each TLD type). Partitioning the AGB to cater to these specific audiences or TLD types may aid in making that material accessible for those audiences (e.g., .BRAND applicants). However, INTA recommends a careful approach, as the AGB is the roadmap for the applicant process, and having different types of AGBs or partitions of the same may lead to inconsistencies in differing interpretations of guidelines or applicants may receive incomplete information.

INTA would be supportive of partitioning the AGB into different audience-driven sections. By seeking to address both potential applicants and third parties, the AGB in its current format is long, sometimes confusing, and difficult to navigate. It would strongly benefit from being drafted in different parts, dependent on the audience. These could include a part addressed to applicants, containing just the practical information necessary to them in order to complete their application. A separate part could contain information necessary to objection processes. Where there is historical information or other explanation of relevance to either of these parts, this could be contained in further distinct section, with clear links. The AGB would also benefit from a glossary of defined terms and acronyms.

## **2.1 Base Registry Agreement**

**2.1.1 – Throughout the working group’s discussions, there has been support for a model similar to what is currently in place: a single Registry Agreement with exemptions that allow for TLDs with different operational models (e.g., Specification 13 for Brand TLDs or Specification 12 for Community TLDs). There is also support for different Registry Agreements for different TLD categories, centered around a common, core base set of contractual requirements. Which of these models do you think would be most effective for recognizing the different operational requirements of different TLDs? Which of these models do you think would be most efficient in terms of development, implementation, and operational execution (e.g., contracting, contractual compliance, etc.)? Do you think there are any alternative options that could effectively facilitate TLDs with different operational requirements?**

Recommendations on this topic are largely contingent on policy discussion on whether there will be different TLD categories. In either event, to promote consistency and transparency, INTA advocates for a single base RA available in a single language (with approved translations available to ensure that the RA is accessible to all applicants). Having different RAs increases the risk of having different interpretations for similar provisions, or create potential roadblocks for developing new models for registry operation. A single base RA provides flexibility for applicants to modify their applications as their business models change.

Although it is likely beneficial to .Brand TLD applicants to have a tailored RA specific to this pre-existing category of TLD, there are, equally, benefits to addressing brand-specific provisions by means of Specification 13, so long as changes to Specification 13 cannot be thrust upon or blocked by non-.brand members of the community. This would allow the .Brand TLD operator the flexibility (should it so choose) to open up their TLD to third party registrants outside of the

limitations of Specification 13, by agreeing to remove that Specification from their contract without having to sign a completely new agreement.

**2.1.2 – Should further restrictions pertaining to sunrise periods, landrush, or other registry activities be developed? If so, do you have suggestions on attributes of these restrictions? Should they be incorporated into the base agreement? Should there be any restrictions established on registry pricing?**

INTA supports additional modifications to the RA be implemented to comply with ICANN's duty to protect the existing legal rights of others. The GNSO made several recommendations in the 2007 Final Report that cover these topics, including that “[s]trings must not infringe the existing legal rights of others” (Recommendation 3) and that “[d]ispute resolution and challenge processes must be established prior to the start of the process” (Recommendation 12). There have been numerous issues identified by INTA and its members which are fundamental to these recommendations. Many of these appear to fall within the remit of the PDP to Review all Rights Protection Mechanisms (RPMs) in all gTLDs, such as whether the RPMs have met their goal in minimizing the cost and burden on brand owners; whether trademark protections should be extended to “mark +”; and whether a globally protected marks list should be introduced. Other issues appear either to fall within the remit of the Subsequent Procedures PDP, or there is a lack of clarity over which PDP should deal with them. These include:

a) *Premium Names and Sunrise Pricing*

INTA has long expressed its concern to ICANN about registry operators who are circumventing trademark Sunrise protection through “premium” names programs. In many cases, “premium” names are self-selected by registries and incorporate well-known trademarks, including arbitrary and fanciful marks. It is important to note that INTA's concerns do not extend to permissible speech issues, including protectable trademarks that may also have another common meaning. Premium names lists, however, frequently have the effect of removing trademark names from the Sunrise registration period in spite of the fact that, under the RPM Requirements, such launch programs are not supposed to “contribute to consumer confusion or the infringement of intellectual property rights.” This can occur either because the high pricing puts them out of reach of the trademark owner and/or because premium names may be reserved by the registry for later release after the Sunrise period has ended.

As a related point, even where trademarked terms are not placed onto premium lists, many registry operators share significantly higher prices for a Sunrise registration than would be charged for the same domain name during general availability. While registry operators may argue that this is necessary in order for them to recover the cost of connecting to the Trademark Clearinghouse (TMCH), the cost of Sunrise names appears to be significantly higher than a mere cost-recovery.

INTA understands that ICANN does not actively regulate domain name pricing, but contends that the registry practice of creating “premium” names and charging excessive pricing for such names, and of charging substantially higher prices for Sunrise names generally than in GA, runs contrary to the intent and acts as an effective circumvention of the RPMs. The Sunrise period was created with the intention to protect, rather than to exploit, brand owners. It is important that consideration is given to how premium names

schemes and Sunrises can be operated without undermining the RPMs and discriminating against brand owners.

b) *Reserved Names*

Many INTA members have reported that their trademarks have been withheld from registration by new gTLD registry operators, thereby being unavailable during the Sunrise period. Please see our further comments below. In addition, ICANN has the authority to request lists of reserved domain names but has refused to request and share such lists, which would allow brand-owners to police improper reservation of names.

c) *Legal Rights Objection (LRO) Process*

The LRO process currently set forth in the Applicant Guidebook is defective as it is based upon claims of infringement (which require use and it is not immediately clear how one can use a TLD they have not yet been awarded), rather than upon claims of bad faith application for a TLD and therefore does not meet the standard set forth under Policy Recommendation 3. INTA understands that there is a proposal being considered by the Subsequent Procedures Working Group and urges ICANN to seriously consider any improvements proposed by that working group. See 3.1.4. below for further comments on this issue.

## **2.2 Reserved Names**

### **2.2.1 – Do you believe any changes are needed to the String Requirements at the top level as defined in section 2.2.1.3.2 of the Applicant Guidebook?**

ICANN's 2009 policy recommendations on reserved names appear to have envisaged that combinations of letters and numbers, such as single letter-single number combinations e.g., .3F, .A1, would be permitted as TLDs, however the final version of the AGB requires that ASCII label TLDs must consist entirely of letters. A number of brands consist of combinations of numbers and letters, and INTA would support permitting such combinations as gTLDs unless there is a technical reason to prevent this.

### **2.2.2 – Do you believe any changes are needed to the list of Reserved Names at the top level as defined in section 2.2.1.2.1 of the Applicant Guidebook?**

INTA does not propose any amendments to the list of Reserved Names as defined in section 2.2.1.2.1 AGB.

CC2 does not ask any questions specifically regarding the reservation of geographic names, presumably because a separate stream of work is underway relating to the use of geographic names at the top level, including the webinars of 25 April 2017 and the cross community sessions scheduled for the ICANN meeting in Johannesburg. For the avoidance of doubt, INTA refers to its position as expressed during the 25 April webinars and summarized on the slides submitted in support.

**2.2.4 - Specification 5 of the Registry Agreement allows the Registry Operator to reserve and use up to 100 names at the second level for the operation and/or promotion of the TLD. In addition, the Registry Operator is permitted to reserve an unlimited amount of other domain names which may only be released through an ICANN-Accredited Registrar for registration by third parties. Do you believe that any changes are needed to a Registry Operator's right to reserve domain name? If yes, what changes are needed and why? If not, why not?**

As drafted, the RPMs Provisions provide that if reserved names are released while the Sunrise is ongoing, they will be subject to the Sunrise; whereas if reserved names are released after the Sunrise has finished the names will be subject to a period of Trademark Claims, but not to a Sunrise. It is possible, therefore, for the reservation of unlimited numbers of domain names to be used as a means of circumventing the Sunrise, without such a registry being considered to have acted in breach of their RPM obligations. INTA considers that all names should be subject to Sunrise, and where names are released after the end of the initial Sunrise period there should be a means to give brand owners with matching marks recorded in the TMCH an opportunity to register the name first, by means of a second Sunrise or other comparable process such as a right of first refusal.

## **2.4 Closed Generics**

### **2.4.1 – Should applicants for generic TLD strings be forbidden from operating closed registries?**

INTA's focus is the protection of brand of owners. The current definition of a generic string, as defined in Specification 11.3.d of the Registry Agreement, namely, "a string consisting of a word or term that denominates or describes a general class of goods, services, group, organization or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others," is overly broad and potentially captures brand owners and captures TLDs that would not be used for a purpose that would otherwise be considered descriptive. Specifically, certain strings including words or terms that denominate a general class of goods or services, when used in association with unrelated goods or services, would potentially qualify as non-generic terms or .BRANDS under Specification 13 Paragraph 5.1 of the Registry Agreement. For example, the term "Internet" in association with a global computer network is generic, but in association with "food" is a strong trademark. Therefore, the current rule not permitting "closed generics," as currently drafted, potentially harms brand owners, even though some protections exist for brand owners. Ostensibly, it is too difficult, if not impossible, to determine what is "generic" and terms and words over time may acquire distinctiveness or lose it. Thus, INTA's position is that ICANN should not be deciding what a generic string is and what it is not, and an applicant's request to purchase and operate a closed generic, subject to string contentions, should be outside the purview of ICANN.

### **2.4.2 – How should "generic" be defined in the context of new gTLDs?**

Should ICANN maintain the rule against closed generics, either by amending the definition of a closed string or maintaining the existing definition, an exception should be made to those applicants who do not qualify as .BRANDS under Specification 13 Paragraph 5.1, but can provide

evidence adequate to prove that an applied-for string has been used as a source identifier and has acquired distinctiveness indicating the origin of the goods, services, groups, or organization of things. Such proof may include evidence of the brand owner's method of using the string as a source identifier, supplemented by evidence of the effectiveness of such use to cause the purchasing public to identify the string with the source of the goods, services, groups, or organization of things.

## **2.5 Applicant Terms and Conditions**

### **2.5.1 – Do you believe that Section 3 of the Applicant Terms and Conditions provide ICANN an absolute right to reject any application for any reason including a reason that contradicts the Applicant Guidebook, or any law or policy?**

It is not the role of the PDP WG to interpret existing contractual provisions, including the existing Applicant Terms and Conditions – where there is a disagreement as to the effect of these Terms and Conditions that would be the role of the court or appropriate arbitral forum. However, INTA does not consider that it would be appropriate for ICANN to claim the right to reject any future application without reason, or for a reason which conflicts with the AGB, law or policy. To do so would be inconsistent with ICANN's Bylaws obligations, including section 1.2(a)(v) the commitment to apply policies consistently and neutrally; section 2.3, non-discriminatory treatment; and section 3.1, the obligations of openness and transparency. Since this matter is being debated within the PDP and some might interpret Section 3 of the Terms and Conditions as giving ICANN an absolute right to reject, INTA would suggest that the provision warrants redrafting to make it absolutely clear that ICANN cannot unilaterally reject an application for reasons other than as specifically set out in the AGB.

### **2.5.2 – If ICANN had an effective appeals process to challenge the decisions of ICANN staff, board or any entities delegated decision making authority over the assignment, contracting and delegation of new gTLDs, would a covenant not to sue be more acceptable?**

INTA believes that an appeals process would be beneficial. In the previous round it was decided not to allow appeals from most decisions. However, in practice this has resulted in extensive use of time consuming and complex requests for reconsideration and independent reviews. In order to allow fair recourse for applicants, independent appeals processes should be identified prior to future releases of new gTLDs, with clear criteria for appeal identified.

### **2.5.3 – Do you think that ICANN should be limited in its ability to make changes to the Applicant Guidebook after an application procedure has been initiated?**

There is a need for predictability for all concerned. It should be an aim of this PDP WG to endeavor to surface likely issues and address them wherever possible, so as to minimize the prospect of late changes to the AGB. To the extent that change is unavoidable, applicants should be permitted to make corresponding changes to their application to address them without penalty, and be granted the time to do so, even if this means extending the application window. Applicants should also be permitted to withdraw their applications, with full refund, if the changes

are such that it is no longer attractive to them to proceed with their application, and this should be a decision for the applicant alone, i.e., not at ICANN's discretion.

## **2.6 Registrar Non-Discrimination & Registry/Registrar Separation**

**2.6.2 - Specification 13 grants an exception to the Registry Code of Conduct (i.e., Specification 9 in the Registry Agreement) and specifically from the vertical integration restrictions. In addition, Registry Operators may seek an exemption from the Code of Conduct if the TLD string is not a generic term and if it meets three (3) other specified criteria set forth in Specification 9 of the Registry Agreement. Are there any other circumstances where exemptions to the Code of Conduct should be granted?**

**2.6.3 - Some have argued that although we allow Registries to serve as both as a registry and as a registrar, the rules contained within section 2.9 of the Registry Agreement and in the Code of Conduct prohibit the integrated registry/registrar from achieving the economic efficiencies of such integration by not allowing a registry to discriminate in favor of its own registrar. Do those arguments have merit? If yes, what can be done to address those claimed inefficiencies? If not, please explain. What safeguards might be required?**

Many brand owners will choose to work with one or two specialist corporate registrars, with whom they have a close contractual relationship, to action new domain registrations, acquisitions, and generally manage their domains portfolio. Even where this is not the case, perhaps in the case of smaller or less sophisticated brand owners or those with fairly small portfolios, best practice would tend to be to keep domain name holdings with a single registrar to ensure the efficient management of the portfolio, minimize the risk of missing renewal dates, and ensure that names are held through a trusted third party. Whether brand owners wish to register names defensively or for live use, therefore, dispensing with the obligations on registries to allow equal, non-discriminatory access by all registrars would present a potential risk to brand owners of being unable to acquire names through their trusted registrar.

INTA does not therefore support dispensing with the code of conduct requirements altogether. Nevertheless, not all registry business models in future are likely to follow the “.com model” of an open registry, selling domains to all-comers without restriction, and so there may be justification for permitting registries to seek an exemption to the Specification 9 code of conduct on a case by case basis, even in circumstances not currently covered by section 6 of Specification 9, where this would not serve to unfairly discriminate against brand owners.

## **2.8 – Contractual Compliance**

**2.8.1 - Noting that the role of Contractual Compliance is to enforce the registry agreement and any changes to that role are beyond the scope of this PDP, the WG is not anticipating policy development related to this topic. The WG expects that any new contractual requirements would be made enforceable by inclusion in the base agreement. Do you agree with this approach?**

INTA agrees that any new contractual requirements should be enforceable in the base RA. However, INTA and its members, have long called for greater transparency from Contractual



Compliance with both the need for more granular and meaningful data on the activities of the department and the nature of the complaints dealt with; and better communication with complainants about the steps taken in response to complaints reported to the department.

There have been a number of troubling operational practices engaged in by registry operators during the first new gTLD round. These practices include arbitrary and abusive pricing for premium domains targeting trademarks; use of reserved names to circumvent Sunrise; and operating launch programs that differed materially from what was approved by ICANN. These troubling practices seem to violate the spirit, if not the letter, of various contractual obligations in the RA, and must be addressed by the PDP-WG in order that they are clearly and specifically prohibited in subsequent procedures.

### **3.1 - Objections**

#### **3.1.1 – Do you think that Recommendations 2, 3, 6 and 20 require any modifications?**

Recommendation 2 forms the basis for evaluating String Similarity and Recommendation 3 forms the basis for the Legal Rights Objection (LRO). While INTA does not recommend amendments to the Recommendations themselves, INTA does recommend that the AGB be amended to be more precise in the definitions of string similarity and trademark rights as they apply to the LRO. INTA also recommends that the AGB be amended to include fundamental principles of international trademark law (e.g., trademark fame or well-known status, doctrine of foreign equivalents, etc.).

#### **3.1.4 – Do you believe there is evidence of decisions made by objection dispute panels that were inconsistent with other similar objections, the original policy recommendations, and/or the AGB?**

Review of the LRO decisions in the first Round showed that demonstrating bad faith before a registry launches is virtually impossible. In addition to the three factors outlined in the AGB, LRO panels consider eight non-exhaustive factors in determining whether the applied-for string meets one or more of these three grounds for sustaining the objection. In determining intent of the Applicant, the evidence is limited to (a) the use of the applied-for gTLD string or actions by Applicant at the time of the filing of the Application in relation to the applied-for gTLD string, and (b) the Application itself. For additional background, see INTA's analysis on the ICANN Legal Rights Objection [here](#).

INTA recommends additional work to add additional factors directly into the AGB that would guide Applicants and LRO panels on the concepts of bad faith, including, but not limited to history of the Applicant and the individuals behind the applicant, whether the underlying trademark rights acquired by the Applicant were filed solely with respect to supporting the business of the Application.

### **3.4 String Similarity (Evaluations)**

#### **3.4.1 – Should the standard of string confusion that the evaluation panel used by updated or refined?**

INTA recommends that singular and plural versions, and foreign equivalents, of the same type of string be evaluated for string confusion, with the intent that where an applied for string is the singular/plural, or the foreign equivalent, of an existing string the application will not proceed unless the applicant is also the registry operator (or an affiliate) of the prior blocking string. Further, where there are multiple applications for the same term and/or its singular/plural these should be placed into a single contention set. INTA has concerns that allowing further singulars and plurals and foreign equivalents of the same string to coexist at the top level will expose the Internet community to potential abuse, consumer confusion, and the need for additional defensive registrations. Applicants may feel compelled to apply for additional strings, thereby unnecessarily increasing the cost for TLDs, complicating the launch process for Applicants, and crowding the root zone with largely unused or unwanted TLDs. INTA encourages that a review of the string similarity reviews be conducted.

Additional time needs to be allowed for possible objections between the String Similarity Review, and the deadline to file a String Confusion Objection. In the First Round, only 2 weeks were allowed for parties to consider filing a String Confusion Objection based on the results of the String Similarity Review. INTA recommends exploring additional ways of tolling the deadline (e.g., tolling the deadline to file a String Confusion Objection by 30 days from the issuance of a decision in a String Similarity Review).

#### **3.4.3 – What guidance should be developed on nearly identical single and plural TLDs?**

Please see response in 3.4.1.

#### **3.5.2 – Should there be appeal mechanisms, specific to the New gTLD Program, introduced into the program?**

INTA believes that an appeals process would be beneficial. In the previous round it was decided not to allow appeals from most decisions, however in practice this has resulted in extensive use of time consuming and complex requests for reconsideration and independent reviews. In order to allow fair recourse for applicants, appeals processes should be identified prior to future releases of new gTLDs, with clear criteria for appeal identified and those who made the initial decisions are not part of any appeals panel.

### **4.4 Name Collision**

#### **4.4.1 – What general guidance for namespace collisions would you like the community to consider for subsequent procedures?**

Many terms that were included in the name collision list in the First Round included trademarked terms, and terms that were registered in the TMCH. This resulted in many brand owners being unable to register domain names that included their brands during Sunrise periods, and after. In retrospect, it is questionable as to the value these terms had in being included within the Name

Collision list, and the detriment to brand owners and the New gTLD program was not insignificant. Many of these blocked domains had a deleterious effect on planned marketing campaigns early in the life of new gTLDs, and raised questions as to their value with marketers. Further uncertainty occurred as these names were released from Name Collision, as registries were unsure as to whether the names should be offered in a 2<sup>nd</sup> Sunrise Period.

Should there be a 2<sup>nd</sup> Name Collision exercise, INTA urges for ICANN to (a) consider not including names registered in the TMCH on such lists, and/or (b) provide registries a clear process with which to release these names under additional Sunrise periods.

### **About INTA**

INTA is a 139-year-old global, not-for-profit association with more than 7,000 member organizations from over 190 countries. One of INTA's goals is the promotion and protection of trademarks as a primary means for consumers to make informed choices regarding the products and services they purchase. During the last decade, INTA has also been the leading voice of trademark owners within the Internet community, serving as a founding member of the Intellectual Property Constituency of the Internet Corporation for Assigned Names and Numbers (ICANN). INTA's Internet Committee is a group of over 200 trademark owners and professionals from around the world charged with evaluating treaties, laws, regulations and procedures relating to domain name assignment, use of trademarks on the Internet, and unfair competition on the Internet, whose mission is to advance the balanced protection of trademarks on the Internet.