

Update on Minimizing HARM

Updated proposal to reduce the need for defensive registrations in new gTLDs

Prepared by Melbourne IT as a Community Discussion Paper.

13 November 2012

Executive Summary

In August 2012, Melbourne IT published a paper with a set of proposed additional rights protection mechanisms for High At-Risk Marks (HARM) (http://www.melbourneit.info/news-centre/Releases/Minimizing_HARM_Aug_2012.pdf) to stimulate discussion in the Internet community on the topic of defensive registrations at the second level of new gTLDs.

Since the publication of that paper:

- Melbourne IT hosted a workshop in Washington, DC to discuss rights protection proposals
- The ICANN business constituency (BC) and the ICANN intellectual property constituency (IPC) reached agreement on a set of eight proposed enhancements to the rights protection mechanisms for new gTLDs
- The ICANN CEO hosted a meeting in Brussels to discuss implementation of the trademark clearinghouse
- The ICANN CEO has announced a follow-up meeting in Los Angeles to discuss amongst other issues the enhancements proposed by the BC and IPC

The purpose of this update is to provide feedback on the BC/IPC proposed enhancements in advance of the meeting in Los Angeles, and tie these enhancements back to Melbourne IT's proposal of August 2012.

Melbourne IT believes it will be difficult to get ICANN community consensus on the BC/IPC enhancements that apply to all trademarks. Melbourne IT continues to support the idea of identifying High At-Risk Marks (HARM) that have been subject to abuse online, and where the current rights protection mechanisms may not be sufficient. In response to community feedback, Melbourne IT has simplified the criteria for classifying a mark as a High At-Risk Mark.

Melbourne IT supports the following key additional protections for HARM marks:

- A mechanism for trademark owners to prevent second-level registration of their marks (exact matches) across all registries, upon payment of a reasonable fee, with appropriate safeguards for registrants with a legitimate right or interest.
- The requirement to validate at least two elements of a registrant's contact details: phone number, email address, or postal address
- The extension of the Trademark Claims process indefinitely
- Requiring a Response Fee to be paid equivalent to the URS fee paid by the complainant (with the winner of the dispute receiving a refund on their fee), if the respondent requests an extension of time

- Expanding the Trademark claims service to cover strings previously found to have been abusively registered (e.g. “paypalpayments” or “microsoftsupport”).

Melbourne IT continues to support activities to foster industry best practices across gTLD registry operators and gTLD registrars to implement the mechanisms as described above. With respect to making such mechanisms mandatory, Melbourne IT supports using the policy development process (PDP) to fine tune the approaches, and demonstrate a consensus in the ICANN community so that these mechanisms can be made mandatory across both existing and new gTLDs. Prior to initiating a PDP, Melbourne IT supports the approach of the ICANN CEO to arrange more substantive inter-sessional discussions among stakeholders to help iron out the details of proposed improvements to the rights protection mechanisms.

1. Introduction

In August 2012, Melbourne IT published a paper with a set of proposed additional rights protection mechanisms for High At-Risk Marks (HARM) (http://www.melbourneit.info/news-centre/Releases/Minimizing_HARM_Aug_2012.pdf) to stimulate discussion in the Internet community on the topic of defensive registrations.

The paper proposed a set of criteria for identifying marks that should be considered High At-Risk Marks, and proposed the following additional protections for High At-Risk Marks:

- The ability to pay for a Once-off Reservation Fee (ORF) during the sunrise process
- The requirement of new gTLD registries to validate at least two elements of a registrant's contact details: phone number, email address, or postal address
- The extension of the Trademark Claims process indefinitely
- Rapid take down within 48 hours of a Uniform Rapid Suspension (URS) complaint, unless a Response Fee is paid equivalent to the URS fee paid by the complainant (with the winner of the dispute receiving a refund on their fee).

Some of the feedback Melbourne IT received on the paper included that the bar was set too high for marks to be considered High At-Risk Marks, that 48 hours may not be enough time for a legitimate registrant to respond to a URS complaint, and that the administrative overhead of adding a response fee may add to the average cost of a URS complaint.

Melbourne IT then hosted a workshop in Washington D.C. on 18 September where 130 attendees (both in-person and online) from the business, intellectual property, marketing and domain communities gathered to discuss various proposals for rights protection mechanisms (http://www.melbourneit.info/assets/DiscussionSummary_gTLD_event.pdf).

Key proposals discussed at the workshop included:

- Make the trademark claims process a part of ongoing registration rather than just the first 60 days
- Email authentication of registrants and possible centralization of other forms of validation (e.g. address validation)
- Various forms of criteria for rights holders to take a reservation (without annual renewal) out across multiple open gTLDs, or have a centralized sunrise process
- Extend the eligibility to register in the trademark clearinghouse beyond exact match of trademarks (e.g. including terms related to the class of service of the trademark such as "PayPalpayments") and then using these names in sunrise or trademark claims processes. The choice of such terms could be based on terms used in a trademark registration, or terms frequently associated with a brand in online infringement decisions (e.g. UDRP, court cases).

- Various improvements to the URS process (e.g. stronger ‘loser pays’ mechanisms, faster or cheaper processes in cases when a registrant does not respond). There was common agreement that the costs of URS should stay within the limit recommended by ICANN.
- Need a RAPID suspension for security issues – in minutes, not hours or days. The half-life of a phishing scam is currently 24 hours and current suspension processes often rely on personal industry contacts. There is no standardization of processes across the industry.
- Registrants need to be considered. May be setting bars too high for new gTLDs. Should let registry operators implement additional mechanisms and then determine what to make mandatory for the next round
- Need to think about impact of protecting dictionary words that include trademarks. What would Oprah Winfrey (who trademarked the letter “O”) think?

At the end of the workshop, Melbourne IT emphasized the need for various stakeholder groups to meet together to agree to a common set of mechanisms at a principle level, and to flesh out the implementation details that will work in high volume and high reliability environments.

2. Joint Business Constituency (BC) and Intellectual Property Constituency (IPC) proposals

At the ICANN meeting in Toronto in October 2012, the ICANN business constituency and the ICANN intellectual property constituency published a set of eight improvements and enhancements to the rights protection mechanisms (<http://www.icann.org/en/news/correspondence/metalitz-to-pritz-17oct12-en.pdf>).

1. Extend Sunrise Launch Period from 30 to 60 days with a standardized process
2. Extend the TMCH and Claims Notices for an indefinite period; ensure the process is easy to use, secure, and stable
3. Complete the URS as a low cost alternative and improve its usefulness - if necessary, ICANN could underwrite for an initial period
4. Implement a mechanism for trademark owners to prevent second-level registration of their marks (exact matches, plus character strings previously determined to have been abusively registered or used) across all registries, upon payment of a reasonable fee, with appropriate safeguards for registrants with a legitimate right or interest
5. Validate contact information for registrants in WHOIS
6. All registrars active in new gTLD registrations must adhere to amended RAA for all gTLD registrations they sponsor
7. Enforce compliance of all registry commitments for Standard applications
8. Expand TM claims service to cover at least strings previously found to have been abusively registered [or used].

Subsequent to the publication of this set of rights protection mechanisms there has been push back from groups such as ICANN's non-commercial, registry and registrar stakeholder groups that these proposals go beyond the consensus reached in the ICANN community on rights protection mechanisms and should be subject to a policy development process (PDP) before being implemented. On the other hand, the business constituency and intellectual property constituency believe many of these are implementation details of the current rights protection mechanisms and should be added to the applicant guidebook for new gTLDs as part of the framework of mandatory rights protection mechanisms.

The ICANN CEO, Fadi Chehadé announced on 5 Nov 2012 (<http://www.icann.org/en/news/correspondence/chehade-to-icann-community-05nov12-en.pdf>) that a key priority for him was working to advance the dialogue on implementation of the Trademark Clearing House. He noted he will enable more substantive inter-sessional discussions among stakeholders on challenging issues -- with particular focus on the new gTLD program -- and will encourage participants to see issues from the viewpoints of others. He will encourage consultation, collaboration and even negotiation among stakeholder groups on an ongoing basis, with an aim toward arriving at ICANN public meetings with more consensus.

Subsequently Fadi Chehadé held a meeting in Brussels in early November 2012 to discuss some of the implementation details of the trademark clearinghouse. In his blog post which summarized that meeting (<http://blog.icann.org/2012/11/building-a-secure-and-reliable-trademark-clearinghouse>), Chehadé stated a follow up meeting will be held in Los Angeles in the week of 12 Nov 2012 to cover the recent IPC/BC proposal, strictly focusing on implementation versus policy issues.

As input to subsequent discussions, Melbourne IT offers the following feedback on the IPC/BC proposals building on Melbourne IT's original proposed additional rights protection mechanisms for High At-Risk Marks (HARM) .

3. Melbourne IT feedback on the IPC/BC proposals

3.1 Extend Sunrise Launch Period from 30 to 60 days with a standardized process

Melbourne IT notes there is a wide variation in the types of new gTLDs being proposed. Some new gTLDs, such as those relating to brands, are likely to only register a few domain names at the second level and the range of potential registrants will be very limited. There is little value for these gTLDs to operate a 60 day sunrise period versus a 30 day sunrise period. For gTLDs that are operated on a more open basis, a significant amount of early registrations are likely to come during the sunrise period and it may be in their commercial interests to operate a longer period to ensure a smooth launch of the gTLD. The 60 day period for collecting sunrise registrations could also commence before the gTLD has gone live in the root.

At this stage, Melbourne IT recommends the length of the launch period remain at the discretion of the gTLD operator beyond the current minimum of 30 days, but an industry best practice document could be produced which recommends that gTLDs expecting thousands of sunrise registrations should operate a 60 day period to submit registrations.

On the proposal to develop a standardized process for the sunrise period, Melbourne IT strongly supports this idea. With many new gTLDs going live in the next two years, it will be important to establish common practices across gTLDs as much as possible. In fact, ARI Registry Services has taken a lead in this area by hosting an event in Toronto amongst major registry operators and registrars to establish a set of industry best practices in this area.

3.2 Extend the Trademark Clearinghouse (TMCH) and Claims Notices for an indefinite period; ensure the process is easy to use, secure, and stable

Melbourne IT had proposed extending the trademark claims process indefinitely only for High At-Risk Marks. Examples of these would include marks like Red Cross. The BC/IPC has recommended extending the process for all trademarks.

Extending the process for all trademarks would have significant implications on the operation of new gTLDs for registry operators, registrars, and domain name holders (registrants). As discussed during the workshop in Washington, it could also be inequitable and anti-competitive if new gTLD operators were required to implement a trademark claims process indefinitely, whereas existing gTLD operators like .com were not required to implement trademark claims.

Melbourne IT continues to support identifying High At-Risk Marks which could be held locally by each registry operator and extending the trademark claims process for these marks.

Melbourne IT notes it may be difficult to reach a community consensus that the trademark claims process should be extended indefinitely for all marks, and recommends this proposal be taken through a policy development process to identify a community consensus which would then be mandatory for all gTLD operators. The biggest benefit of such a process would mean that the largest gTLD registry, .com, would also be subject to the same rights protection mechanisms.

3.3 Complete the Uniform Rapid Suspension (URS) as a low cost alternative and improve its usefulness - if necessary, ICANN could underwrite for an initial period.

Melbourne IT agrees with the vast majority of the ICANN community that it is critical URS remains as a low cost and faster alternative to the existing UDRP process. Melbourne IT also recognizes appropriate due process must be followed before suspending a domain name.

One approach to reducing cost could be for a URS provider to retain their own in-house trademark experts and allow them to make a judgement in cases where the registrant does not respond to the complaint. A short one paragraph response that explains the reason for suspending a domain name should be sufficient. This would reduce the cost of using an external panellist where the registrant has not submitted a response that needs to be reviewed.

Melbourne IT continues to support some notion of “loser pays” in cases where High At-Risk Marks are involved. The simplest method for doing this could be in cases where a registrant requests an extension of time (e.g. an additional seven days). In such cases it would be reasonable to request that the registrant submit funds to pay for the dispute should they be unsuccessful. The URS provider could charge a reasonable admin fee for managing such a payment, and this could be subtracted from the portion of the fees returned to the successful party.

3.4 Implement a mechanism for trademark owners to prevent second-level registration of their marks (exact matches, plus character strings previously determined to have been abusively registered or used) across all registries, upon payment of a reasonable fee, with appropriate safeguards for registrants with a legitimate right or interest.

This idea was discussed at the workshop in Washington, DC. Some registry operators, such as Donuts, have offered such a mechanism across the gTLDs they manage.

Melbourne IT notes this is a significant change to the current rights protection mechanisms agreed by the ICANN community. Organizations like Red Cross, the International Olympic Commission (IOC), and inter-governmental organizations (IGOs) have been lobbying for such protection for some time. There is currently an activity within the GNSO to look at this issue for Red Cross and IOC.

Melbourne IT believes it will be difficult to get consensus in the ICANN community that this mechanism should apply to all trademark owners, most of whom do not suffer any trademark abuse. Many trademarks also relate to generic dictionary words that would be inappropriate to block across all gTLDs.

Melbourne IT supports the idea for protecting High At-Risk Marks (HARM) provided there is an appropriate mechanism for registrants with a legitimate right or interest to register their domain name. The most appropriate mechanism to implement this proposal is through the GNSO policy development process. Again the benefit will be that this mechanism can apply to all gTLDs (including .com, .net, .org, .biz, and .info), not just new gTLDs.

There is still an opportunity for registry operators to get together and agree an industry best practice approach to this issue, and developing a list of High At-Risk Marks could be one mechanism to get more widespread acceptance.

3.5 Validate contact information for registrants in WHOIS.

Melbourne IT continues to support improved validation of contact information for registrants, and notes this is part of the registrar accreditation agreement (RAA) discussions. The registrar stakeholder group is currently advocating checking at least one of the phone number and email address.

Melbourne IT continues to support enhanced validation for HARM marks. This would include validating at least two items of contact data.

3.6 All registrars active in new gTLD registrations must adhere to amended RAA for all gTLD registrations they sponsor.

Melbourne IT notes this has the potential for inequitable or anti-competitive treatment across existing gTLDs and new gTLDs. A better approach is for ICANN to investigate mechanisms to ensure all ICANN accredited registrars have signed the new form of the registrar accreditation agreement to ensure a level playing field. Examples of such mechanisms could include lower per domain name fees if the registrar is using the new form of the registration agreement.

3.7 Enforce compliance of all registry commitments for Standard applications.

Melbourne IT notes the current registry agreement requires a registry operator to warrant all information was true and correct in their application at the time the registry operator has signed the agreement. The agreement does not currently appear to have mechanisms to cover changes to the operation of the gTLD from that stated in their original applications. Melbourne IT supports a review of the registry agreement to ensure new gTLDs are operated consistently with the original ICANN application.

3.8 Expand TM claims service to cover at least strings previously found to have been abusively registered [or used].

This idea was discussed at the workshop in Washington D.C.

Melbourne IT agrees the trademark claims process could be extended to cover strings that have previously been found to be abused. It will be important the claims notice contains the underlying trademark – rather than the string that contains the trademark – to allow the registrant to make an informed decision with respect the legal rights on the string. The trademark holder will be informed of the registration of the string, and will be able to monitor its use.

Melbourne IT believes the trademark clearinghouse could offer to store such strings based on evidence of previous abuse being supplied, and registry operators could voluntarily include such strings in their trademark claims process.

Melbourne IT believes making this a mandatory requirement for rights protection mechanisms should be subject to a policy development process – particularly with respect to agreeing the criteria for how strings containing trademarks can be considered as previously being the subject of abuse.

4. Criteria for High At-Risk Marks (HARM)

Melbourne previously proposed a set of objective criteria to identify a High At-Risk Mark, with two requirements to be met – a minimum number of the objective criteria need to be satisfied, as well as attainment of a minimum score against those criteria.

The proposed minimum criteria were:

- Legal protection (via trademark laws or other legal protection of the name) in at least three of the five ICANN regions (North America, Europe, Africa, Asia/Australasia/Pacific, Latin America/Caribbean). All trademark registrations must have been issued five years before the date of validation into the clearinghouse.
- The second level domain name for the organization’s primary online presence must match the High At-Risk Mark (e.g. if the mark is “example”, then a corresponding domain name would be example.com).
- The High At-Risk Mark must be distinctive and must not match common words (e.g. in dictionaries of 10,000 common words) used in the six UN languages (English, Arabic, Chinese, Spanish, Russian, French). (For example, marks like Apple or Gap may not be eligible)
- The organization should demonstrate the High At-Risk Mark has been the subject to misleading and deceptive conduct online as evidenced by a minimum of five successful UDRP actions, court actions, or documented suspensions by a top ten registrar (which will have formal processes for determining when to suspend a domain name).

Melbourne IT received feedback that the criteria set the bar too high and could be complex to administer. In response to that feedback, Melbourne IT has a new simplified set of minimum criteria without the need for a scoring methodology.

The new proposed minimum criteria are:

- Legal protection (via trademark laws or other legal protection of the name) where there has been some form of substantive review to gain that protection (e.g. a trademark office substantive review, or court review).
- The second level domain name for the organization’s primary online presence must match the High At-Risk Mark (e.g. if the mark is “example”, then a corresponding domain name would be example.com).
- The High At-Risk Mark must be distinctive and must not match common words (e.g. in dictionaries of 10,000 common words) used in the six UN languages (English, Arabic, Chinese, Spanish, Russian, French). (For example, marks like Apple or Gap may not be eligible)
- The organization should demonstrate the High At-Risk Mark has been the subject to misleading and deceptive conduct online as evidenced by a minimum of a successful UDRP action or court action.