

Your Ref: JIG Working Group – Single Character IDN TLDs

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ICANN
JIG Working Group
GPO Box 5104
Sydney NSW 2001

By email: bart.boswinkel@icann.org

Dear Chairs of the JIG Working Group

INTERIM PAPER – POLICY ASPECTS ON INTRODUCTION OF SINGLE CHARACTER IDN TLDs

I write to you on behalf of the Queensland Law Society (QLS) in relation to the JIG Working Group Interim Report on Policy Aspects regarding Introduction of Single Character IDN TLDs.

The QLS is the peak professional body for the State's legal practitioners. We lead a profession of more than 8,500 members throughout Queensland. The QLS is comprised of several specialist committees who provide advice to the QLS Council on law reform and areas of concern to the profession. This response has been compiled with the assistance of the Technology and Intellectual Property Sub-Committee (TIPS) who have a wealth of expertise and practice in this area.

1. SYNOPSIS

While ICANN's expressed intentions to promote competition and choice in the domain name marketplace are to be encouraged generally, the Society's concern is that in seeking to do so by implementation of the proposals set out in the Draft Applicant Guidebook Version 4 ("**DAG4**"), ICANN has not adequately ensured the protection of the rights of intellectual property and other rights holders from undue erosion or abuse, and has in some respects significantly reduced the availability and likelihood of redress against infringement of their rights by unscrupulous operators.

We are concerned also that there is significant potential for consumers, businesses and rights-owners to be misled by a number of aspects of the proposed procedures.

It is our submission that further consideration of these issues is necessary in order to avoid broad scale loss of confidence in the Domain Name System moving forwards.

2. GENERAL RISKS TO BE ADDRESSED

The focus of our submission is on the risks associated with registration and use of gTLDs in trade or commerce potentially diluting intellectual property rights validly held by parties other than those applying to register the relevant gTLDs.

2.1 Exponential Increase in Potential Breach of Trade Mark Rights

If someone's trade mark or subdomain is allowed to be registered as a gTLD, all future registrations of subdomains under that gTLD instantly further dilute (at least online) the goodwill the earlier owner may have built up in that subdomain / trade mark, and make it that little bit less unique.

At the same time, despite any good intentions of the registrars-in-waiting seeking to register a new gTLD, the reality for trade mark owners, for example, especially those with an internet presence using their trade mark as a domain name (or vice versa), is that if a gTLD similar to the trade mark owner's trade mark is allowed to be registered, the trade mark owner no longer faces only a small number of potential breaches by registrants of similar domain names.

To date, there have only been a small number of domain name combinations which could breach that trade mark owner's rights, and there was usually only one registrant at a time able to use the domain name in an infringing way.

However, if a gTLD similar to the owner's trade mark is allowed to be registered, there could potentially be hundreds of thousands of parties otherwise "innocently" using this gTLD in a way which would otherwise infringe upon the owner's trade mark rights, making enforcement a major and perhaps unachievable undertaking for that trade mark owner.

2.2 Necessity for Defensive Registration

Non-ICANN-accredited registrars and larger businesses may be forced for defensive reasons to seek to register gTLDs similar to their own marks or other valuable names associated with their business which they will obviously wish to protect.

However, this course would not be available to small or medium enterprises given the current estimated price tag is around USD\$200,000.

2.3 De Facto Worldwide Trade Mark

While the price tag is fairly high and the intention is that the successful applicant uses the gTLD as a gTLD granting licences as a registrar to other applicants for sub-domains under that gTLD, the end result is that the party ultimately granted the right to administer a successfully registered gTLD may treat it effectively as a worldwide "internet trade mark", denying registration of sub-domains as it pleases, while at the same time diluting the prior valid trade mark rights of registered trade mark owners around the globe.

2.4 Promotes Confusion Amongst Consumers and Other Internet Users

Many consumers and other internet users already find it confusing that entirely different businesses may be found by changing the URL they are browsing for between .com, .com.au, .co.uk, .co.nz, .biz, .net, .org ... and so on. The relief for those users is that there have been only so many combinations available and fairly soon they will find the place they were looking for as long as they know at least the subdomain they are after.

However, when that subdomain is ultimately allowed to become a gTLD, in turn opening up potentially millions of combinations of use of that subdomain, it may become very difficult indeed

for the average internet user to locate the website they are after unless they precisely remember the whole URL.

3. SOME SPECIFIC ISSUES

3.1 Uniform Rapid Suspension

The URS model in DAG4 has significantly changed since the IRT recommendation. While the IRT report on 29 May 2009 stated that the model was designed to provide a cost effective and timely mechanism for protection of intellectual property rights and to promote consumer protection, many of the changes are to the opposite effect.

The proposed process also seems now unnecessarily convoluted and likely quite expensive for its participants, with the likely result, we submit, that very few will use that procedure at all as presently framed.

Some more specific concerns, which we note have been raised in other submissions to ICANN, include the following.

3.1.1 Long Word Limit on Complaints

In DAG4, the original IRT proposal to accommodate a pro-forma complaint has changed to allow a complaint up to a 5,000 word limit.

In our submission, this change places undue pressure upon panellists, does not encourage precision in the framing of a complaint, and will often prevent the timely resolution of the relevant dispute.

3.1.2 Two Year Availability of de novo Review

DAG4 proposes to allow a two year period during which a *de novo* review of the decision can be requested.

We submit that this will leave the successful party with an unsatisfactorily significant degree of uncertainty.

3.1.3 Panellist Experience Requirements

The original IRT proposal required that panellists be experienced in intellectual property laws, but this has now changed in DAG4 to require only that they have a "legal background".

It is submitted that this risks a lower standard of decision making by lesser experienced panellists.

3.1.4 Standard of Evidence

The original IRT proposal recommended, suitably, that decisions by panellists be "*based on a preponderance of the evidence*". This was suitable as it closely reflects the civil standard of proof applied by courts.

DAG4 changes this standard so that decisions instead be “based on clear and convincing evidence that there is no genuine contestable dispute”.

It is submitted that this unsatisfactorily burdens a disputing party to go beyond the standard of proof required by courts in civil law matters.

3.1.5 Default Decisions

DAG4 proposes that panellists faced with a defaulting party may dismiss the case if the panellist forms the view that “a defence would have been possible”.

It is submitted that this places an unfair burden on non-defaulting disputants to disprove defences that have not been and will not be raised by the other side.

3.2 Trade Mark Clearing House

DAG4 proposes, sensibly we submit, that certain extra measures be taken in Sunrise procedures to scrutinise applications based upon trade marks registered solely in jurisdictions which do not undertake any “substantive review” process.

However, this proposal is only sensible if ICANN properly defines what is meant by “substantive review”.

Until that is achieved, the proposal remaining only in those terms risks inconsistent approaches by registrars and therefore unfair and unpredictable results.

3.3 String Similarity Reviews – Deceptive Similarity

The string similarity review approaches proposed in DAG4 appear to involve tests as to what is “confusing” which differ markedly from tests applied in most jurisdictions to determine whether two trade marks are deceptive similar or substantially identical.

It is submitted that the presently proposed tests fail to afford a satisfactory level of trade mark protection to which registered trade mark holders should be entitled.

No requirement to act objectively is expressed and no statement of the law to be applied is made. This makes the whole process uncertain and is very likely to lead ultimately to a loss of faith in the DNS by IP owners and other parties who believe their rights are being infringed.

3.4 String Similarity Reviews – No Consistently Defined Test

It is submitted that whatever the test is to be, it should at least be a consistently defined test. DAG4 fails to define the test consistently. In particular:

- Paragraph 2.2.1.1.1 on page 2-4 suggests the test is “to identify any strings that are so similar that they create a probability of user confusion”;
- In several other places such as in paragraph 2.2.1.1 on page 2-3 adds a further “detriment” element by expressing the test as “so similar ... that it would create a probability of detrimental user confusion”;

- At the top of page 2-5 another variation appears, namely that the competing strings are “identical to one another or so similar that string confusion would result”.
- Paragraph 2.2.1.1.2 on page 2-6 states that one of the initial tests for confusion will be the application of a (presumably computer-based) algorithm to the competing strings, producing a so-called “algorithmic score” which is said to “provide one objective measure for consideration by the panel, as part of the process of identifying strings likely to result in user confusion”. However, there is significant potential for there to be application comparisons which would produce:
 - a low algorithmic score (indicating less likelihood of confusion) which would still be confusing to the public by reason of factors such as other associations the public might make with the strings, not solely based on their arrangement of letters, such as a comparison between, say, “GIVEME” and “DONNEZMOI” – which would produce a low algorithmic score but would probably cause confusion as they mean the same thing in different languages;
 - a high algorithmic score (indicating high likelihood of confusion) but which would not be confusing to the public because of those other factors, such as “IPOD” and “DOPI” which might score highly as they are a simple reversal of letters, but which might not confuse the public because “IPOD” is a well know brand name internationally unlikely to be confused with the relatively unknown “DOPI” brand.

There are other arguments which might apply to the examples referred to above, but the point sought to be made is that an algorithmic test is of extremely limited utility in a true comparison of anything other than lexical similarity – to extol it as useful is to presume that lexical similarity will cause confusion and that a lack of lexical similarity will not.

- At the end of the same paragraph 2.2.1.1.2, the “standard for string confusion” to be applied is expressed thus: “*String confusion exists where a string so nearly resembles another visually that it is likely to deceive or cause confusion. For the likelihood of confusion to exist, it must be probable, not merely possible that confusion will arise in the mind of the average, reasonable Internet user. Mere association, in the sense that the string brings another string to mind, is insufficient to find a likelihood of confusion*”. This is yet another test inconsistent with the other examples referred to above. These tests must be reformulated and at least made consistent.

3.5 Dispute Resolution Processes

Parties who object to a proposed registration are forced to go to a DRSP, but are only given two weeks after the initial evaluation result is posted in which to object.

The dispute resolution process fees will be prohibitive for some – starting the process involves estimated costs of USD\$5,000, adjudication fees are estimated at USD\$8,000 or more, and hourly rate based fees for a dispute are estimated at USD\$122,000 or more.

While making the loser pay, as proposed, will likely discourage meritless complaints, these sorts of costs prevent access to justice by confining likely participants only to the wealthy.

This is exacerbated by the apparent requirement that if you object on multiple grounds, you can be forced to have each different ground heard in a different forum. Paragraph 3.1.3 of DAG4

provides that “[f]o trigger a dispute resolution proceeding, an objection must be filed by the posted deadline date, directly with the appropriate DRSP for each objection ground.

- *The International Centre for Dispute Resolution has agreed in principle to administer disputes brought pursuant to string confusion objections.*
- *The Arbitration and Mediation Center of the World Intellectual Property Organization has agreed in principle to administer disputes brought pursuant to legal rights objections.*
- *The International Centre of Expertise of the International Chamber of Commerce has agreed in principle to administer disputes brought pursuant to Morality and Public Order and Community Objections.”*

3.6 Grounds for Objection

The only four available grounds for objection to a gTLD application, and those with standing to make those objections, are expressed as follows in paragraphs 3.1.1 and 3.1.2 of DAG4:

- **String Confusion Objection** – The applied-for gTLD string is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications. Only an existing TLD operator or an applicant in the current round for a gTLD may use this objection. This limitation may be unduly burdensome on parties who might not be able successfully to prove under the Legal Right Objection that their rights are infringed simply because of the likelihood of confusion. It is submitted that gTLDs deceptively similar to registered and unregistered trade marks in which a party can prove they have rights should not be registered, and that those rights-holders should have standing to object accordingly, whether or not that likelihood of confusion infringes their legal rights.
- **Legal Rights Objection** – The applied-for gTLD string infringes the existing legal rights of the objector. This is open only to the holder of those rights. It is submitted that exclusive and non-exclusive licensees of such rights (and not just owners) should also have standing to apply under this objection.
- **Morality and Public Order Objection** – The applied-for gTLD string is contrary to generally accepted legal norms of morality and public order that are recognized under international principles of law. Anyone may use this objection but it can be resolved in a summary way if the panel think the complaint is frivolous. We have no objection to this proposal.
- **Community Objection** – There is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted. This objection may only be taken by established institutions associated with clearly delineated communities. We have no objection to this proposal.

3.7 Public Comment Forum

DAG4 sets out a proposal to open a public comment forum which will culminate in posted public comments being tagged to a particular application. However, DAG4 sets out that it is not intended that this forum be used by disputants to air their arguments that go more to their legal rights and do not go to the considerations ICANN is to undertake in deciding gTLD applications otherwise on their merits.

It is submitted that this is very likely to be confusing to the public to the extent that it excludes from ICANN's consideration any public comments which ICANN decides (and it will be up to ICANN to decide) go outside the evaluation criteria and stray instead into "formal objection" territory based, say, on IP rights.

There is significant potential here to confuse members of the public that the public comment forum is where they should object to the application for reasons of infringement of their rights in some way. Their penalty for getting that part wrong is that they miss the two week window for formal objections and even if they have posted their comments otherwise within that same period in this incorrect forum, ICANN will then simply ignore the comments.

This will mean that those members of the public are left at best with the unlikely prospect of somehow becoming involved in a formal dispute procedure brought within the relevant period by someone else, in the hope that their objection will then be considered by an expert panel.

4. CONCLUSION

The Society acknowledges that ICANN has gone to elaborate lengths and exerted very significant effort to balance the rights and obligations and interests of all stakeholders in the new gTLD proposal.

It is hoped that ICANN will continue in that manner to take into account the further comments that have been raised in further submissions on DAG4, including in these submissions, and seek to find the right balance of all relevant interests without compromising the valuable intellectual property rights of relevant stakeholders.

Thank you for the opportunity to provide submissions on this issue.

Yours faithfully

Noela L'Estrange
Chief Executive Officer