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**Monday, July 06, 2009**

## ICANN

4676 Admiralty Way, Suite 330  
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**RE:** *Comments to IRT Final Report on Trademark Protection.*

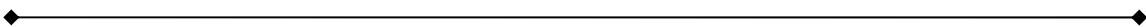
The following comments are provided in connection with the IRT Final Report noted above.

### About the Author

Paul Keating is an attorney licensed by the State of California. He has actively practiced in the field of intellectual property since 1983. Since 1997 Mr. Keating has been active as an attorney in the domain name industry and regularly represents both registrants and registrars. Mr. Keating has a full-range transactional practice that includes mergers and acquisitions of registrants and registrars, million dollar domain name sales and structuring/documentation for non-registrar domain name service providers (including auction and escrow sites). Mr. Keating also regularly appears as counsel in numerous UDRP, ADR, and DRS matters as well as formal litigation proceedings involving intellectual property and particularly trademarks and domain names. He has also completed a number of arbitration courses at WIPO. Formerly an equity partner in Carroll, Burdick & McDonough, LLP in charge of the Business Group, Mr. Keating sold his interest in the firm in 1999 and relocated to Barcelona Spain where he maintains an active practice in the domain name industry.

### GLOBAL COMMENT

The theme of the IRT surrounds trademark rights protection based entirely on a text vs. text basis. This has been largely developed only by UDRP panel precedent. This concept is foreign to traditional international trademark protection and seems to have its foundation in the simple fact that when the UDRP was created, few domain name



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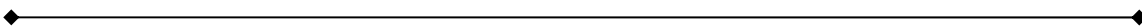
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extensions existed. The argument at the time was that consumers inherently thought to enter their “favorite brand” as a domain name and did not appreciate the legal limitations of trademark law (marks registered based upon classifications of goods/services). I know of no consumer behavior study to support such an assumption and it seems to contradict consumer behavior in the Internet as shown in several articles by Ron Coleman of [www.likelihoodofconfusion.com](http://www.likelihoodofconfusion.com) fame. The foundation of the Final Report was also built upon the reaction to early domainers who regularly attempted to hold trademark owners for ransom. No such activities prevail today. Further, as tlds expand, the entire argument for a text vs. text comparison becomes weaker as the domain extension becomes more and more of a meaningful distinction to the root domain name. In other words, trademark holders now know how to market in the Internet and consumers are increasingly “not stupid”.

## **COMMENTS ON IRT FINAL REPORT**

Executive Summary. This brief note will cover the following areas of concern relative to the Final Report. Due to the size of the Final Report, the absence of any particular comment herein should not be taken as any form of approval or endorsement thereof.

- (1) The IRT’s Open Cover Letter to the Final Report reveals numerous factual assumptions that are incorrect and lack foundational support.
- (2) Many of the RPMs suffer from an apparent US-centric approach that does not incorporate the legal standards and customs in place in other jurisdictions.
- (3) I support the creation of an IPCH, but not as suggested. Participation should be limited to registered word marks that can be independently verified. The costs should be borne by the trademark holders and the data set should be made publicly available.
- (4) ICANN should drop the Globally Protected Marks List (GPML) as it is ripe for abuse. The GPML seemingly creates a “super” trademark status, duplicates other database services in existence, and the costs would outweigh any benefits.
- (5) The URS fails to address the majority of issues raised by the IRT and is not consistent with their foundational “guiding principles”; it is not cost-effective, it shifts all burdens to the registrant, creates a “new” set of rules that are inconsistent with the UDRP, creates a new burden of proof standard that is unfamiliar in many jurisdictions outside of the United States and is subject to clear abuse by trademark holders.
- (6) I *propose* a far simpler approach that uses the existing UDRP structure, creates a faster form of relief for trademark holders, and eliminates the cost-shifting inefficiencies and potential for abuse.



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- (7) ICANN should drop the Post Delegation Dispute Mechanism entirely. Among other things it would support the desire of trademark holders to create a third-party beneficiary status to agreements between ICANN and its registries or to otherwise force ICANN to undertake any action in connection with such agreements.
- (8) I do *not* support the WHOIS RPM as it will conflict with the legal standards imposed by many non-US jurisdictions relative to privacy rights. I suggest instead the ability for privacy companies to register with ICANN and escrow their data for ICANN verification purposes only (not third party use).

*Introduction.* In general, I support the effort to refine ICANN policy to help brand owners with respect to legitimate efforts to protect established trademark rights. However, any solutions must balance (1) the need to prevent the creation of systems that unfairly increase costs to trademark holders; (2) the need/responsibility of trademark holders to bear the cost of policing their rights; and (3) the dollar and rights costs to third parties. I have supported the interests of trademark holders and have spoken openly on the need for reform (on both sides of the isle). I have suggested that trademark owners engage in “tasting” (to proactively register domain names thereby gaining customers and precluding domain registration by registrants – who are simply monetizing the existing traffic). I have suggested that UDRP providers initiate an “opt out” (check-box) system to allow registrants to transfer domain names to trademark holders immediately upon filing of a UDRP complaint (with commiserate refunds to complainants). I counsel clients who have “problematic” domain names to transfer them to the trademark holder immediately (and without condition) when they become aware of the problem. I have criticized complainants who seek only cancellation as opposed to transfer because cancellation only causes repetition of the problem<sup>1</sup>. I have openly called for a centralized database (even if subscription based) where registrants can go to easily check for potential trademark conflicts (existing sources are unbelievably difficult to use). The idea is to reduce the cost/benefit on both sides – so that domainers are no longer incentivized to register offending domains and trademark holders are themselves proactively participating to limit the scope of the problem. While none of these suggestions represent a “silver bullet”, they could certainly form a part of the “tapestry solution”.

However, the Final Report does not present any form of viable solution and its “tapestry” violates at least two of its own guiding principles – for example, - “that it should protect the existing rights of trademark owners, but neither expand those rights nor create

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<sup>1</sup> Cancellation is warranted only when the domain name has no traffic.



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additional legal rights” (Final Report, p. 11). It also conflicts with most of the benchmark checklist (Final Report p. 7).

While the IRT and its members should be recognized for their efforts in preparing the Final Report, both the manner of its undertaking and the content of the Final Report render their work largely unsatisfactory. While not professing to be an expert in the “ICANN Process”, I am deeply concerned by the apparent secrecy in which the IRT conducted its work<sup>2</sup>. There was seemingly little, if any, publication of the committee formation and little to no input was requested from the other ICANN constituencies.

The Final Report itself is based upon faulty factual references and its underlying logic is questionable. A few of the more egregious examples are set forth below.

(1) “Before that in July and September 2006, the .eu registry, waged a battle in the courts with three Cypriot companies after it blocked 74,000 domain names it alleged were being hoarded for resale in contradiction of the .eu regulations.” (Cover Letter, p. 2). In truth, the Cypriot companies prevailed entirely in their action<sup>3</sup> against EURid (the .eu registry) and were awarded a substantial damage claim of many million of dollars (currently on appeal). If anything, the EURid action reflects a clear abuse of the system by the one charged with its operation.

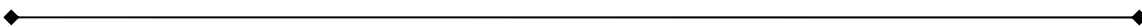
(2) “Last year the World Intellectual Property Organization reported on a 7% rise in the number of UDRP cases it processes. Since this scheme started in December 1999, WIPO has processed more than 15,000 UDRP or UDRP-based cases, covering around 27,000 separate domain names – and they are just one of four UDRP panel providers.” (Cover Letter, p. 2). This is a gross over-exaggeration intended to incite. First, the rate of UDRP filings as compared to the overall growth of domain name registrations has constantly fallen. This can be seen by simply comparing the number of UDRP complaint filings against domain registrations. (See ENOM Comment: <http://forum.icann.org/lists/irt-final-report/msg00081.html>).

(3) “Lurking in the darkest corners of cyberspace are the unscrupulous, the dishonest and the dangerous who prey on the unwary. Malicious behaviors like spamming or phishing abound; lucky is the internet user whose in-box is not full with offers that are too good to be true.” (Cover Letter, p. 1). While recklessly inciting, this comment is irrelevant to the issue of domain name registrations. Spam is

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<sup>2</sup> The “minutes” are somewhat less than elucidating and the obligation to maintain “confidence” leads one to imagine the ultimate backroom filled with the sell of cigars.

<sup>3</sup> EURid placed a hold on every domain name registered by the Cypriot companies, did not provide notice, and did not even name the registrants in the litigation. The court found EURid’s action to be without any legal basis.



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appropriately handled by the laws of separate jurisdictions. Spam filters abound and are effective. Spammers do not generally use the type of domain names at issue in the Final Report – they tend to use nonsense domain names and mask their identity using other technology. The IRT proposals do nothing (and should do nothing) to protect those foolish enough to respond to the offers that “are too good to be true”. (See ENOM Comment: <http://forum.icann.org/lists/irt-final-report/msg00081.html>). The comment as to *spam* is interesting given that the Final Report restricts URS notification to email and disregards fax (an opt in system) as being too costly and cumbersome.

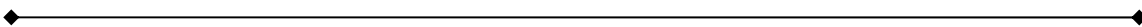
(4) “For most of us, it is a reasonable assumption that the owner of a trademark in the real world that you rely on to provide authentic goods or services is also the owner of a website that you find under the corresponding domain name.” (Cover Letter, p.1). This disregards the simple fact that millions of trademarks exist throughout the world and that trademark rights are based upon the laws of individual countries, each with its own rules and judicial system. Trademarks are granted (and recognized) based upon classification of goods/services and are by no means universal; no “Global” trademark right exists. Marks have multiple owners, each with different needs. Owners can also have conflicting uses but operate under a co-existence agreement that “divides the world” in an effort to resolve conflicts. In the global Internet, which, if any, holds the rights? While the domain world has been hampered with the concept of resolving trademark disputes without regard to actual use, the “real world” recognizes that trademark conflict goes well beyond a simple text vs text comparison. In fact, domain names represent the only instance in which trademark analysis is performed in such a limited and unrealistic manner.

(5) The dire consequences of blatant trademark infringement noted by the IRT in its Final Report are undertaken by the same trademark holders screaming for reform. Verizon is a primary culprit here as they monetize any non-resolving browser entry by producing a webpage that is identical to that used by any PPC domainer<sup>4</sup>. Is there any substantive difference between what Verizon does and the average PPC page? From my view the only difference is that the PPC page is generated from a domain name whereas the Verizon page is somewhat (but not much) more “urethral”.

I also have difficulties with the “Benchmarking checklist” against which the IRT measured its proposals. There was no apparent attempt to balance the national rights of trademark holders against the rights of others operating in the ICANN Community. In

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<sup>4</sup> An example is documented in the ENOM comment at <http://forum.icann.org/lists/irt-final-report/msg00081.html>.



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light of such a stark absence, and in the face of the secrecy in which the IRT operated, one must immediately question the proposals.

**IP CLEARING HOUSE & THE GPML.** While the ICH presents several interesting ideas, as proposed there are simply too many holes that will increase costs, uncertainty and litigation. The primary purpose of the ICH is allow a trademark holder to deposit trademark registration data, allow for verification, and allows reference to the verified database entries in connection with a sunrise application process<sup>5</sup>. However:

- (1) participation is not limited to registered marks – (anyone can jump in a claim anything including *geographical names, family and personal names, etc*),
- (2) The verification process seems entirely reliant upon affidavits submitted by the trademark holders without any independent verification.
- (3) Both the Final Report and many trademark holder comments seek to unload the cost upon third parties (ICANN, registries, and registrars). This seems at odds with the major benefit wherein trademark holders may avoid the task of submitting materials on their own as to each sunrise process.
- (4) The Final Report makes it clear that the ICH database will not be public and thus is not open to scrutiny.

In my view a system such as the IPCH could be acceptable only if:

- (a) It is managed by a governmental agency or NGO that establishes its neutrality in the process and is well-versed in rights verification of this nature<sup>6</sup>;
- (b) The costs are borne entirely by the participating trademark holders,
- (c) participation is limited to registered “word” trademarks<sup>7</sup> existing *only* in those jurisdictions that allow for a USPTO-type pre-registration substantive review process<sup>8</sup>, and,

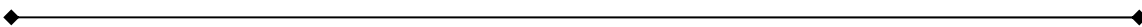
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<sup>5</sup> See: Microsoft comment: <http://forum.icann.org/lists/irt-final-report/msg00099.html>.

<sup>6</sup> Thus, private entities who earn their living providing services to trademark holders would not be acceptable due to the inherent bias in their approach.

<sup>7</sup> Inclusion of figurative or semi figurative marks will overly burden the system, defeat its primary goal and lead to abuse.

<sup>8</sup> Given the intended use, inclusion of unregistered marks and even those based on claimed descriptiveness (Lanham Act §2(f)) are inherently problematic and should be rejected.



- (e) Trademark information that exists in other public database sources should be publicly available<sup>9</sup>.

The GPML is perhaps well intentioned but very bad idea. It smacks of an attempt to rights holders to impose by contract what they could not obtain during decades of trademark treaty negotiation. It would create a “super” trademark scheme that flies in the face of Community Rights, public consensus and expert reports (such as the 1999 WIPO Final Report on the UDRP) confirming that the domain dispute process was not intended to expand trademark rights that exist under established law. The GPML presumes that creation of tlds or domain names that are identical or similar to the textual aspect of a trademark is impermissible. Trademark laws do not grant such rights. Trademark rights are limited by jurisdiction and therein by classification of goods/services. As such, a text vs. text approach is inconsistent with the legal norm. Moreover, the suggestion that figurative marks should grant rights in text found within the figurative mark is offensive. Under the proposed system, one could register:



CARS

as a figurative mark for selling automobiles and thereafter claim a “trademark” in the word “cars”. Similarly, neither the IPCH nor the GPML take into consideration the impact of disclaimers or the inherent weakness of the “claimed descriptiveness” concept under Section 2(f) of the Lanham Act<sup>10</sup>

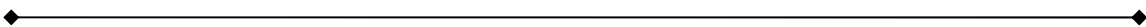
Both the IPCH and the GPML are ripe for abuse. As but one example, it is very likely that the mere presence of a trademark in such systems will be used by trademark holders as evidence of “fame” or the like, or to establish some sort of prior-knowledge standard to which the world outside of the US largely does not subscribe. Dispute panels have become a “law unto themselves” and render decisions that are not subject to independent review<sup>11</sup>. They have found trademark rights based on common law asserted by a claimant in a civil law jurisdiction that precludes such rights (as a matter of law). They have imposed the burden of proof upon the respondent based upon the complainant’s merely regurgitating UDRP defenses in the negative. They have found the absence of

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<sup>9</sup> The IRT provides no indication of the nature of data provided to the IPCH. TO the extent it is duplicative of information contained in the public trademark registration upon which the submission is based, there is no logic to restricting access.

<sup>10</sup> Under which claims of “substantially exclusive” use are accepted in an ex parte process relying almost entirely upon evidence submitted by the applicant and judged on a prima facie basis.

<sup>11</sup> As noted below in connection with the URS, post-UDRP litigation is most often judged on completely different standards and UDRP panel rulings are disregarded. Further, post-UDRP litigation is often not even available to a respondent as many jurisdictions simply have no legal basis for asserting a claim.



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freedom of speech defenses in disputes involving US complainants/respondents and instead based their decision upon illusive standards of “international legal principles”. They have refused to apply the phrase “bad faith” in the same way with regard to respondents (domain transfers) and complainants (reverse domain high jacking). They have succeeded in establishing a set of laws beholding to one (e.g. WIPO Panel Views). Panelists have been selected largely from trademark practitioners<sup>12</sup>. All of this has been without regard to the language of the UDRP or the foundational principals and factual circumstances under which it was formed. I simply do not accept that adequate language could be created to prevent panelists from referencing the IPCH or GPML as a source of “absolute” registration rights or implied knowledge.

## **PRE-LAUNCH (SUNRISE).**

I entirely support the creation of a definitive fully vetted pre-launch system intended to balance the interests at issue. Businesses thrive under known standards and the domain registration business is no exception. It is counterproductive to create a different set of rules for each extension. The IRT suggestions, however, add nothing to the existing structure.

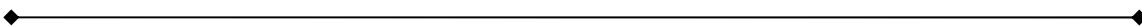
## **SECOND LEVEL RIGHTS PROTECTION.**

Here the Final Report seeks to turn the existing standards on their head and shows what the IRT really intends with its IPCH and GPML. At page 15, they suggest that the GPML be used to adjudicate URS disputes that are brought *pre-registration* (Final Report, p. 15). Given that trademarks are protected based upon use (goods/services classifications), this pre-supposes that any registration is impermissible if the domain is identical or confusingly similar to *text* included in the asserted mark. In connection with pre-launch claims, the Final Report replaces the 1<sup>st</sup>-come-1<sup>st</sup>-served policy with one in which a registrant may only register a domain name that includes an IPCH listed mark if they make additional representations and *warranties*<sup>13</sup>. Included are 2 related exclusively to “bad faith use” (legitimate interest is not referenced). The UDRP is already incorporated by reference within the standard registration agreement and if adopted, the URS will also be incorporated. Both the UDRP and the proposed URS require (a) the lack of legitimate interest AND (b) *BOTH* (bad faith registration and bad faith use. The Final Report clearly creates a separate and conflicting standard under which trademark holders may obtain a domain name (and damages in litigation) merely by claiming a breach of the suggested bad faith warranty.

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<sup>12</sup> I have the dubious distinction of being rejected as CAC panelist even though I never applied and become the unwelcomed guest at WIPO conferences to which only trademark holders’ counsel were invited..

<sup>13</sup> A warranty is an absolute assurance and is effective notwithstanding a lack of knowledge by the registrant or reliance. The current registration agreement speaks of the knowledge of the registrant.



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With respect to competing trademark holders, the IRT proposes “superstar” status upon marks in the GPML. At page 24, the Final Report states that if a GPM owner does not apply for a sunrise registration and a non-GPM owner does, the GPM owner benefits from the exclusive blocking/appeal process in which the issue is limited to a text vs text comparison. Thus, the GPM participants seek to avoid well established legal principles as created by the various national jurisdictions pursuant to which their trademark rights are recognized! In short, the Final Report seeks to off-load all pro-active litigation costs from the trademark holder to a third party so as to benefit from the limited “infringement test” they believe should be applied whenever a domain name is involved. Such a limited test is unique to domain names; I know of no other “infringement” that is measured by such a weak standard.

More importantly, however, is that both the IPCH and the GPML violate a foundational principle established by the IRT: “that it should protect the existing rights of trademark owners, but neither expand those rights nor create additional legal rights” (Final Report, p. 11) and conflicts with its benchmark checklist (Final Report p. 7). Various other Benchmark tests are also violated such as “does it accommodate territorial variations in trademark rights”, does it conform to extent of actual legal rights”, “can it be gamed and abused”, “is it the least-burdensome solution.”

**UNIFORM RAPID SUSPENSION.** I am wildly in favor of creating a system that provides trademark holders and registrants with the ability to resolve matters quickly and inexpensively in a transparent system. Any such system must be above reproach in its integrity. I am *not* in favor of the URS as suggested.

The foundational basis of the URS is suspect, if not entirely faulty. Domain disputes are not spiraling out of control. In fact, UDRP complaints have steadily fallen as a percentage of domain name registrations. Disputes in non – com/net/org extensions are much lower than in com/net/org. There is no factual basis to presume that merely expanding the number of extensions will substantially increase disputes. Cyber squatters target domain names with traffic. Extensions (or domains therein) with little to no traffic will not be registered and thus no “dispute” will arise.

(1). *Rapid Solution?* The need to rapidly take down clearly abusive sites is clear. However, the URS suspension will not occur until *after* the ultimate decision. No deadline is imposed for the decision. Given the complex issues that must be addressed (whether a genuine issue of material fact exists) it is unrealistic that the remedy will be any faster than the average default UDRP. It is not a 5-minute oil change solution.



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The URS suggests that a single complaint can deal with 200+ domain names all stemming from multiple “related” complainants “allegedly” holding rights in a trademark.

A single complaint may incorporate multiple registrants if the complainant can establish that the registrants are “one in the same”. Piercing a corporate veil is a complex process and always entails a review of complex factual circumstances based on the legal authority of various jurisdictions. Exactly how this is accomplished in a “simple” process where the panelist is to determine that there is “no genuine contestable issue” is rather beyond the point.

(2) *Suspension vs Transfer.* While entirely the prerogative of the trademark holders, the suspension-only solution merely ensures repetition of the same problem in the future as expired names are rapidly registered for the simple reason that they have traffic. The IRT’s comment that the transfer process of the UDRP burdens trademark holders with domains the “do not want”, the evidences (and logic) dictate otherwise. For example, Verizon, an aggressive complainant, claims to have obtained 9 MILLION new customers from the domain names recovered through the C&D, UDRP and litigation process<sup>14</sup>. If you are claiming the situation is dire and that immediate solutions are required, don’t build into your solution a system that guarantees that the problem will continue.

(3) *Multiple Service Providers & Independent Arbitrators.* The Final Report spends little time on discussing the service provider or the arbitrators. The service providers must compete. There are inherent dangers in any monopolistic provider award (the ongoing litigation with VeriSign being but one example). Multiple service providers will ensure cost efficiency and comprehensive consistency of decisions. Arbitrators should be truly experienced and neutral. URS cases should be randomly assigned a URS provider and arbitrator to preclude forum shopping. Vetting an arbitrator’s qualifications should be required. Arbitrators should bring significant experience to the table and no arbitrator should have served as an advocate for a complainant or respondent in any UDRP/URS process (we are far removed from the days when qualified internet legal advisors were hard to come by). If advocates are permitted to act as arbitrators, a single abusive case as an advocate should disqualify the individual from forever serving as a URS or UDRP arbitrator.

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<sup>14</sup> See:

<http://www.computerworld.com/action/article.do?command=viewArticleBasic&taxonomyName=Networking+and+Internet&articleId=9134605&taxonomyId=16&pageNumber=1>



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(4). *Notice by email & Registered Letter only?* The IRT limits notice to email and registered mail. It forecloses fax as overly complex and costly. As the IRT itself noted as one of the reasons for its proposal, SPAM is a prominent problem in the Internet. Registered correspondence will not adequately ensure notice to those using non-standard physical mail addresses. Fax is a perfect opt-in solution for communication and eliminates issues of spam and postal boxes. Given that fax transmission is virtually cost-free these days using a VOIP solution, and any email can be easily sent as a fax using any number of inexpensive software solutions, the lack of notification by fax is unreasonable. Given the importance of notice, and the IRT's desire that fairness prevail, all forms possible should be undertaken. Cost should certainly not be a sufficient reason to foreclose legal rights.

(5) *New confusing standard of proof.* We have all seen the clear-cut standard of proof in the UDRP dissolve into a requirement that the complainant merely state a "prima facie" case. Even that lower standard is now regularly met by complainants who merely state the defenses in the UDRP in the negative<sup>15</sup>. What was envisioned as a dispute mechanism for "clear-cut" cases has developed a life of its own – outside of any judicial or legislative review process. The Final Report describes the URS as being used when there is no "genuine contestable issue" as to whether a domain name registration and use is an abusive use of a trademark. (Final Report, p. 26). HOWEVER, the standard as appearing in the actual proposed rules differs importantly from that stated in the introduction. The actual rules require that 3 principals be satisfied by "clear and convincing" evidence and that there be "no genuine contestable issue". The problems with this approach include:

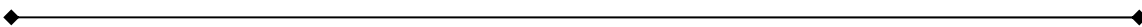
(i) It is human nature to believe that your decisions are based on "clear and convincing evidence" – otherwise you would not have rendered a decision. The only people I know how clearly understand the distinctions between standards such as: "more likely than not", "clear and convincing" and "beyond reasonable doubt" are judges - and given the rate of appeals one could conclude that even they are not so good at it. Given that current UDRP panelists include a wide-range of unvetted "experts"<sup>16</sup>, how are we to trust the system?

(ii) The UDRP (having been drafted following the clear-cut bad behavior of the likes of John Zucarinni (sic) has now been interpreted to allow a complainant to satisfy the first element (establishment of a trademark in which the complainant has rights) when his trademark did not exist when the respondent

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<sup>15</sup> The absence of a defense is not the same as proving your affirmative case.

<sup>16</sup> One of whom is purported to be a traffic court judge with no IP practice.



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registered the domain name, or better yet, when the laws of complainant's jurisdiction recognize no trademark right (e.g. common law marks in a civil law jurisdiction).

(iii) The UDRP expressly provides that the legitimate interest defenses are not exclusive but I have never seen a panel expand beyond those limited defenses stated. The URS makes no reference to what is or is not a legitimate interest.

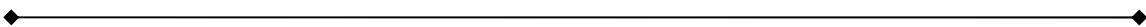
(iv) Conversely, the UDRP expressly states that the listed examples of bad faith are non-inclusive and I have yet to see a panel *not* go beyond what was stated to find other evidence as constituting bad faith. The new IRT URS proposal incorporates the non-inclusive standard as to bad faith. Notably, it provides no guidance as to legitimate interest. How is a panelist to determine that no genuine issue exists if there is an unlimited factual source from which to determine bad faith? How is a respondent to respond in such a case?

(v) How is a panelist to realistically determine that no "genuine" issues exist when the complaint and response are limited to check box filings?

It appears to me that the IRT is attempting to bootstrap a combination of the demurrer (and the FRCP Rule 12(b)(6) motion to dismiss) and the "summary judgment" standards into one ball of wax. The problem is that they described neither standard correctly. Under the demurrer (motion to dismiss) standard, a motion (the complaint) fails if the opposing pleading (in our case the response) alleges any set of facts that supports its claims. All allegations in the opposing pleading (response) are presumed to be true. In a summary judgment situation, the motion is denied if there is any issue regarding any material fact. The court in a summary judgment is not permitted to investigate or consider the quality of any evidence; such matters are reserved for the trial court or jury. In the URS, the IRT has made the single arbiter the judge and the jury, being obviously able to weigh the evidence and reach a conclusion. This is entirely inappropriate.

(6) *Burden on Respondents.* Nowhere in the Benchmark checklist or in the URS is consideration given to the "proper" respondent. Every respondent is presumed to be guilty upon presentation of the complaint and any expense incurred is foisted upon the respondent without rational or comment.

(7) *Incomplete answers are a default?* What is the reason for preventing the neutral panelist from considering whatever may have been filed in the shortened 14 day period?



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(8) *Shear Number of Domains/Parties.* To think that any complainant's counsel could, in 14 days, cope with a complaint that dealt with 200+ trademark infringements is wishful thinking. Measured on a preliminary injunction standard, such a claim would be denied based on sheer volume alone.

(9) Use of Trademark "Representatives". The likelihood that the URS will be used by the likes of Citizen Hawk (or others practicing law without a license) is breathtaking and add to the potential for substantial abuse. Citizen Hawk is known to recover domain names only to use them for PPC purposes in "affiliate" programs. As such, the potential for conflict and abuse caused by a clear profit motive attempting to extinguish potentially substantial non-trademark rights is more than likely.

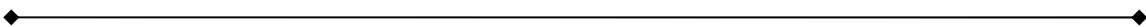
(10) *Fixing the Evidence.* The IRT espouses that the panelist will be experienced and neutral. At the same time they imply that all respondents are bad people and all complainants are fundamentally good people. For example, the URS precludes the respondent from various arguments and the panelist from considering them. For example, should a respondent default, the respondent is precluded from altering the site and claiming that use as legitimate. While at first blush this seems obvious, doesn't the IRT believe that its experienced and neutral panelists will be able to see through such conduct to determine the truth? And, what of the innocent registrant who registered the domain name and used it in PPC only to have the Complainant bid the price up at Yahoo or Google so as to have their advertisements appear immediately before filing the URS? Can a registrant not bring this to light? The world is not made up of inherently good or bad people but rather people that are generally good who may be susceptible to doing bad things. Panelists should not be proscribed from viewing evidence. If panelists are to be entrusted, we should entrust them with all<sup>17</sup>.

(11) *What is a Trademark?* The URS presumes to apply a rigid standard for trademarks – one issued by a jurisdiction that conducts a substantive examination of trademark applications prior to registration" (Final Report, p. 33). However, this standard does not take into account issues related to:

- (i) Claimed Descriptiveness - Marks in which an applicant, when faced with an objection of descriptiveness, may (under USPTO standards) claim to have used the mark in a substantially exclusive manner over a 5 year period. Such evidence is submitted ex-parte and the USPTO regularly grants such applications if the applicant can establish a *prima facie* case. Such applications are hardly the subject of substantive examination. Examples of marks registered

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<sup>17</sup> E.g. panelists have seen fit to disregard the legally and customarily protected privilege of settlement communications.



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by the USPTO under such a standard include: “cheap auto insurance” for the sale of automobile insurance (Reg. No. 3576266).<sup>18</sup>

(ii) **Figurative Marks.** Marks in which the applicant has intentionally registered a figurative element and *not* a word mark. These should not be trademarks for UDRP or URS purposes. After all, the applicant intentionally limited themselves by filing the figurative. Further, in most cases the figurative mark was filed to avoid rejection for the underlying text aspects of the mark.

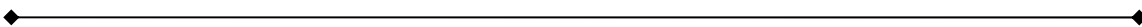
(iii) **Rights where Mark Exists.** Where must the “rights” exist as to the trademark? Trademarks are inherently national in application. Their rights exist only under the laws of the nation that recognizes them. The URS does not deal with this issue and presumes that a right “anywhere in the world” would suffice. Again, this rule reflects no balance; the rights of the registrant in its jurisdiction are to be considered – after all that is where the “claim” sounds as that is where the action is largely undertaken. The converse is to ignore the jurisdictional nature of trademarks and make them “global” in nature – which they are not absent filing in each jurisdiction.

(12) *Legitimate Interest Forgotten.* The URS entirely avoids any discussion of legitimate interest. Even the exemplar language from the UDRP is missing. The most obvious exclusion is a right held by a respondent by way of competing trademark. One would have thought that would have made it onto the check-the-box response as an absolute reason for denial given the supposed standard to be applied.

(13) *All inclusive Bad Faith Standard.* While professing to be a simple quick fix with a very high standard of proof, the URS contains a non-exclusive listing of bad faith factors. This invites panelists to find bad faith using facts not immediately obvious to a respondent given the short 14 day response deadline. It also invites panelists to find bad faith by assembling complaint allegations in a unique and interesting way that was not even perhaps envisioned by complainant’s counsel. Yet another example is the inclusion of a “likelihood of Confusion” test within the bad faith test. The tendency of panelists will be to use the same text vs text comparison as used with the first element whereas this factor speaks of intentional conduct which requires analysis of the manner and method of use of the domain name regardless of the text vs. text “rule”.

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<sup>18</sup> This trademark holder filed at least 2 UDRP complaints *each* consisting of over 2,500 pages. The claims were denied (as against *cheapautoinsurance.com* (FA0905001261545) and *cheapautoSinsurance.com* (FA0905001261538) but only at great expense to the respondents. Because the USPTO had granted a trademark, the panelists in each case refused to find Reverse Domain Name High Jacking even though the complaint “could be said to be harassing”.



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(14) *Examples Pre-suppose Bad Faith.* The URS uses a reference to PPC as an example of bad faith. “if the trademark in question is BRANXYZ for use in connection with computers and the domain name in question is BRANDXYZ.[glt] and is used in connection with an abusive pay-per-click site, the domain would be frozen” (Final Report, p. 34). I am not certain what is meant here by an “abusive PPC site” but believe the IRT should be more forthright so as to disabuse the community that all PPC sites are abusive or that the presence of an advertisement (perhaps placed intentionally by the complainant) renders a PPC site for a generic term abusive.

(15) *URS Appeal.* I find it curious (or perhaps I am misinformed) that the IRT is suggesting an appeal process as a cure-all for procedural and substantive defects here while opposing such a process in the UDRP. I am all in favor of appeals assuming the bar is high enough so as to prevent everyone from doing so (thus defeating the purpose). In this case, however, the ombudsman is not defined adequately and no reason is provided for limiting an appeal to an “abuse of discretion” standard as opposed to a *de novo* review. After all, a failing complainant is entitled to file a UDRP (or litigate) on a *de novo* basis. I also object to limiting the jurisdictions for litigated “appeals” to the jurisdictions of the registrant or registrar. Appeals should be permitted in any forum where jurisdiction and a proper cause of action exist. This is one of the failings of the UDRP as many respondents find themselves wanting to “appeal” but find that none of the “mutual jurisdictions” allow them to do so. There should be no filing fee to preserve the pre-URS status quo on appeal. That some jurisdictions are slow is not an excuse for vigilantism. The trademark holders themselves take advantage of every litigation benefit available to them in trademark litigation; they should not fault their domain name opponent for doing the same.

(16) *Abusive Conduct.* I agree with the statement that the URS should have a low tolerance for abusive complaints. (Final Report, P. 36). However, while they could have hit the ball out of the park, the Final Report unfortunately pays only lip service to such a statement.

I am personally astounded by the overall failure of UDRP panelists to apply the clear language of the UDRP as to abusive filings. I am certain that the URS standard would suffer a similar fate. In the UDRP context, I have faced 26 pound complaints (in cheapautoinsurance.com) and had a panel deny a reverse domain name high jacking request simply because the complainant was able to prove the existence of a trademark.

In *CheapautoInsurance.com*, the 3-member panel unanimously stated:



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“It thus does not appear that the Complaint was prosecuted in bad faith notwithstanding the smothering volume of irrelevant and marginally relevant material filed by Complainant’s counsel, and notwithstanding counsel’s disregard of the spirit of both the applicable Rules addressing page limitation and the UDRP’s underlying objective of brevity of process might be characterized as harassing.”

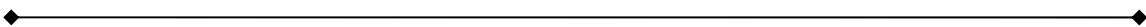
The panel cited *Gallup, Inc. v. PC+s.p.r.l.*, FA 190461 (Nat. Arb. Forum Dec. 2, 2003) (finding no reverse domain name hijacking where complainant prevailed on the “identical/confusingly similar” prong of the Policy as authority).

If a complainant can bring a “colorable” claim (not brought in bad faith) as to the domain name *cheapautoinsurance.com* based upon a trademark to sell auto insurance when the registrant is using the domain name to provide links to those selling “cheap auto insurance”, then I cannot see how the community at large can have much faith in the URS with its “new” standards. This is all the more true when the new system only moderately penalizes the trademark holder if the claim is “without merit”. This is all the more true when the penalty does not extend to “related” companies or the trademark counsel who are all free to bring similar claims in the future.

Decisions such as that noted above occur when a RDNH ruling has no adverse consequences at all. We all know that establishing a trademark in the UDRP context is something that a 1<sup>st</sup> year law school student should be able to do. To refrain from finding RDNH simply because this 1<sup>st</sup> element was found mocks the foundational basis for the UDRP which is intended to address “clear” cases of cyber squatting. The reticence to find RDNH is starkly contrasted with the presumed lack of legitimate interest and bad faith findings of UDRP panelists who regularly engage in speculation (admittedly often warranted) on behalf of complainants but never do so on behalf of respondents.

The “without merit” standard in the URS means there will never be a finding of abuse since all complaints must be based upon a registered trademark. The standard must be based upon the totality of evidence vs elements and the same presumptive standard applied to respondents must be applied to complainants.

Similarly, the suggested penalty is far too lax. The penalty merely precludes participation and (providing the standard is realistic) should be based upon 2 findings. The penalty should apply equally to anyone asserting the mark as well as to the representative attorney and its law firm. Otherwise the “penalty” will be easily avoided through use of the related complainant rule and the fact that the attorney has his/her



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associate complete the next filing while remaining in complete control of its content. Abusive filings should be reportable to the bar association of the respondent attorney's state of licensure.

Once denied, a complainant must be precluded from filing a second URS against the same domain name unless there is a change in registration.

Changes in the name of registrant should be disregarded if occurring pursuant to recognized successor-in-interest standards. This will preclude claims of "new registrations" when all that has occurred is a run-of-the-mill acquisition or merger transaction, let alone a simple change of name or business structure.

No supplemental filings whatsoever shall be permitted.

No panelist shall be permitted to request *any* supplemental filings.

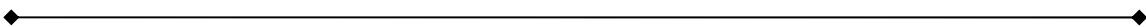
No panelist shall be permitted to investigate any facts outside of the complaint and response.

URS Conclusion. Simply put, the URS allows a complainant to test the waters. A "real" respondent must file a full-blown response as it would in a UDRP. The risk of doing otherwise is to risk losing the name and incurring the costs and upside down "appeal" process. A complainant may terminate a URS at any time prior to decision. Thus, the complainant gets a free-peek at any response without running the risk of an adverse or abusive finding. They may then take all the time they want to prepare a UDRP filing addressing each of the defenses raised by the respondent in the URS. All for the inviting price of \$200 and the cost of having their attorney file a check-the-box complaint.

I would invite any of the members of the IRT to subject their clients to such a "judicial" process.

## **PROPOSED URS SOLUTION.**

My parents always taught me never to criticize unless I was willing to suggest a proposed solution that I thought was better. Parents always come back to haunt you and thus I have spent considerable time considering the following proposal. I have vetted the proposal with others within the registrant/registrar side of the isle. I speak for no one but myself but feel that the suggestion goes a long way to address the common complaints that I have seen on the ICANN website and within the Community.



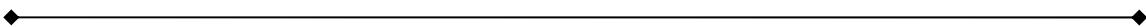
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The proposal suggests the use of the existing UDRP structure with minor modifications in procedure with one modification to the substantive UDRP rules (the suspension mechanism). It attempts to meet what I perceive to be the most important aspect of the IRT Final Report – rapid suspension while eliminating the need to create an entirely new system.

The steps would go like this.

1. Complaint filed (normal UDRP complaint)
2. Notice to Respondent (same as UDRP) BUT with all exhibits sent electronically to respondent via WHOIS address.
3. Election of Defense. Within 14 days post notice, Respondent has 3 choices:
  - a. elect to defend and pay a nominal fee (\$50 - \$100).
  - b. elect to surrender the name.
  - c. do nothing and proceed to either default on the UDRP or defend it.
4. If a defense election is filed (with fee), the domain stays up and running and the UDRP proceeds as normal.
5. If surrender is filed, then the domain is transferred to the Complainant and the process ends with Complainant entitled to recovery of all filing fees, less those attributed solely to the ADR provider (e.g. all panel fees are recovered).
6. If defense election is NOT filed (or fee not paid) AND there is no surrender election, webpage is suspended - name servers are altered so as to produce a blank page but (assuming technically possible) preserving non-webpage functions such as email, etc. and the UDRP proceeds as normal. If no response is filed under the UDRP rules, then the matter proceeds as a default.
7. In a surrender or failure to elect situation, complainant can decide to accept transfer of the domain or suspension pending expiration of current registration.
8. Failure to file a defense election is not a default - it merely means the webpage no longer resolves until the decision is rendered by the panel.
9. Failure to file a surrender notice cannot be evidence of bad faith.



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10. If respondent files a formal response, credit is given for the Defense Election fee.

This addresses the speedy resolution issue for those respondents not wanting to defend or pay the fee. While the fee is nominal, under the IRT as proposed it would be 0 (for up to 25 domains). Further, whereas under the above a "default" - failure to opt in - results in the name coming offline, under the IRT there is no suspension until the decision is made. It is unlikely that true tm domains (unless they are making a great deal of money) will be defended as the revenue (less reg fees) is not worth the filing fee to prevent suspension of the domain. The above seems to address all of the "claims" put forth by the IRT. It also eliminates the double dip (do-over) of allowing a losing complainant to proceed with a UDRP.

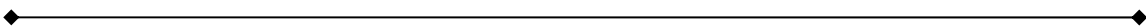
The above is by no means perfect. However, it is intended to address the rapid suspension request of the IRT (deemed most important given their comments) and shares the expense burden. It obligates a serious respondent to come forward early and elect a defense and pay a fee. This is intended to eliminate the vast majority of "clear" cyber squatting cases the Final Report is premised upon. In such cases the respondent will not likely invest the money to continue using the site.

While Complainants are obligated to file a formal UDRP complaint and pay the fees, the complainant is entitled to recovery of a majority of those fees presuming the presumption in the IRT Final Report is correct – that the majority of disputes are defaulted. This is a fair and balanced response to the URS in which the respondent must pay to file two full responses – the 1<sup>st</sup> in the URS and the 2<sup>nd</sup> following the Complainant's revised complaint.

While a formal UDRP complaint is required, such precludes the "free=peek" or "do over" nature of the URS by committing the complainant to the UDRP process.

While many trademark holders may object to the perceived "get-out-of-jail-free" card envisioned by the default or surrender process, they are asked to consider (a) what is most important – the domain or the decision, and (b) that panelists may freely take into consideration such factors of bad faith as they deem appropriate – including an undue number of surrender responses to conflicts.

There may be ways to blend the above with the URS (as corrected) so as to permit a respondent the right to opt out of the URS and force the complainant to proceed with a UDRP. I believe that the Community should consider all of the various approaches and not simply those suggested by the IRT. There is time for considered reflection and there is a need to balance the rights of all in the Community. The IRT's asserted urgency and



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the factual underpinning set forth in both their cover letter and the Final Report are faulty. Logic based upon false presumptions is suspect and hardly ever leads to a sound conclusion (other than sheer luck). I request that ICANN fully investigate the manner in which the IRT was formed and the manner in which it operated. ICANN should in any event re-open the issue for consideration consistent with the ICANN process authorized by its bylaws so that the decision of the Community (and not simply those of a single constituent body) can be implemented.

All parties concerned can find fault in the existing UDRP system. While the common desire to fix the system prevails, the parties are disinclined to propose solutions for fear of endangering what rights they have (real or perceived) under the existing com/net/org solution. Perhaps the NEW TLD environment will present the entire Community with a sufficient non-threatening environment in which to openly discuss and solve the various problems associated with the current dispute mechanism.

**POST DELEGATION DISPUTE MECHANISM.** Without inferring agreement to the remainder, my main concern is the apparent attempt by a single constituent body to inject itself (or its members) into contract negotiations and/or disputes that may arise as between ICANN and its various contracting registries and other service providers. The suggestion creates a third-party beneficiary situation in which ICANN itself could be found liable for not “appropriately” enforcing the rights of trademark holders. The basis for liability includes ICANN’s not having “adequately enforced” the domain name infringement standard that has unfortunately become prevalent in our industry (text vs text comparison, etc).

Thank you for your consideration in reading this far. If anyone should have a response please post it on the ICANN website.

Paul Keating

