
HYDERABAD – GAC session on the TMCH Review
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HENRI KASSEN:

Good morning, ladies and gentlemen, colleagues, friends.

My president used to say, back home in Namibia where I come from, he said he doesn't like to be president in the office. He likes to go out in the field because in the office he's told -- he's being told to do everything. Stand there, sit here, say this.

So this morning when I came now, I was advised that our chair will be a bit delayed. We are never late, but early or a bit delayed. He will be join us, but I don't want to keep the distinguished colleagues and the important people waiting.

So as vice chair, I will start the session, and then hand over to the chair when he arrives, unless you feel that I do not have the authority to do this.

I want to get the session going. So welcome to the session where we will be discussing the trademark clearinghouse. We'll have a session on trademark clearinghouse review. Hope you feel welcome to the GAC room. And as I said, my name is Henri

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Kassen. I'm the GAC vice chair who will be introducing the session.

I think on the high table here we have our usual support staff, our secretariat and members from the trademark clearinghouse. The lead for our discussion is Mark Carvell from the U.K.

So with your permission, then, I will immediately hand over because we have a Digital India presentation in about a half an hour.

Thank you very much. I hand over to Mark.

Thank you.

MARK CARVELL:

Thank you very much, Henri, and good morning, everybody, and thanks very much for arriving so promptly for this short session, 30 minutes. And I see our chair has just arrived.

Do you want to say good morning or something, Thomas?

CHAIR SCHNEIDER:

Good morning.

Thank you.

MARK CARVELL: This was wonderfully concise as we're on a pretty tight schedule, as you all know.

So as Henri was saying, this is agenda item 11 with regard to the review of the trademark clearinghouse. And you've had a briefing paper from ACIG, our secretariat, about this, which provides the background and context. And that also incorporated my email do you all going -- back in August, when the draft report of the review of this very important rights protection mechanism came out, the draft report. It was put out to consultation, and the consultation continued until -- 3rd of September? Is that right? About the 3rd of September.

So I hope you've had a chance to look at that draft report. And if you're not familiar with the whole area of rights protection mechanisms, which I guess if you sum it up, the primary aim is to mitigate the risks of abuse, cybersquatting, in the domain name space by protecting trademarks, the owners of trademarks through the creation of a database. I was involved in the GAC engagement with ICANN and the other parts of the stakeholder community engaged in writing the Applicant Guidebook -- was that four, five years ago now it all started?

It was a very intense period. And on rights protection mechanisms, quite a very detailed and intensive area of work for the GAC. And it was one of the big issues that was on the agenda

of the intersessional meeting, which the GAC had with the Board in Brussels. We actually had a meeting, a physical meeting, with the Board to resolve a lot of the issues that the GAC was raising in relation to the Applicant Guidebook at that time.

We met with the Board in Brussels. It was an open session but it was a Board-GAC interaction, and rights protection mechanisms was one of the key areas for that meeting.

So that gives you -- If you're new, that -- I just wanted to underline, it was a major area of work for the -- for the GAC. And, indeed, this review was one of -- is an outcome, a follow-on, if you like, from the GAC because we asked for review to be undertaken of the trademark clearinghouse as one of the key rights protection mechanisms. Not the only one but one of the key ones, after the launch of -- and delegation of domain names in the current round.

So this report, draft report, is very much a consequence of GAC engagement with the rest of the community on key rights protection mechanisms.

So what -- just to illustrate how colleagues might go about this, I've followed up on the draft report with our intellectual property office in the U.K. They are still looking at the details of the trademark clearinghouse, its operation, its scope, and its -- the guidelines for that, for the trademark clearinghouse. I've

also talked to companies in the U.K. We had a working session with companies to -- so I could get a sense of what brand owners were thinking about the trademark clearinghouse. Broadly, they were very supportive of it as an effective mechanism, but they had a lot of issues which they raised.

The cost of using the trademark clearinghouse is one issue. The lack of enforceability of claims service notifications. The desirability of perhaps a single global protected mark list, which was one of the proposals at the time of constructing the rights protection mechanisms but not adopted. U.K. companies are saying, well, maybe there's value now in looking again at that idea of a global blocking mechanism, if you like, to prevent their trademarks being abused.

Exact matches rule, which is applied with respect to trademark clearinghouse, was another issue that was raised.

So a number of points have come up in mind with my interaction with companies about the trademark clearinghouse. And I'm consulting with our intellectual property office, the policymakers, if you like, on intellectual property in the U.K.

So that's what I'm doing, and I hope other colleagues will be similarly approaching this important issue of rights protection mechanisms in order to gain a sense of the public interest aspects here that we should be focusing on.

So that's enough from me.

Now we're very fortunate in having one of the authors of the report of the review, Greg Rafert, who is here on my left. And he is going to make a presentation about the review and explain again very briefly, because we're very short of time, the key elements of the trademark clearinghouse mechanism which are now in operation.

We also have with us Eleeza Agopian from ICANN staff on my far left who is assisting from the ICANN side.

So enough from me. I think I'll turn over now to Greg Rafert to start his presentation.

Thank you, Greg.

GREG RAFERT:

And thank you, Mark. Good morning, and it's a real pleasure to be here with all of you. I will do my best to keep this brief because I know we're on a relatively short timeline, and so I really do encourage any of you who are interested to take a look at the full report.

We've already received a number of comments from the community at large, but we, of course, would love to hear

anything else that you all think that we should be thinking about as we go forward.

So next slide, please.

So my name is Greg Rafert. I am an economist is vice president at Analysis Group which is a private economic consulting firm in the U.S.

My co-authors are -- on this report are Katja Seim who is a professor at the Wharton School of Business. She is kind of a data geek just like myself. And then Jiarui Liu, who is -- he kind of comes from more the UDRP and URS world and has done a lot of work with disputes in the domain name space, and he is affiliated with the Stanford Law School.

So next slide would be great.

So we are commissioned by ICANN to undertake an independent review of the TMCH services based on the GAC recommendation, as I think Mark mentioned, that a thorough, comprehensive post launch review be undertaken.

I think one thing that's worth noting just before I kind of start diving into our work, this is not designed at all to kind of come up with any policy recommendations. We're really trying to take kind of an agnostic look at the TMCH and think about what the strengths and weaknesses of that service might be.

So there's a lot of aspects associated with the TMCH. Our review is focused on three primary components, and these are the sunrise period, the claims service, and then the matching criteria, I think all of which Mark alluded to and mentioned.

So with respect to the sunrise period, as I'm guessing most of you are aware, all new gTLDs are required to hold a priority registration period, sunrise period of at least 30 days which represent -- and then this kind of precedes the gTLDs general availability period. And during the sunrise period, only marks that are verified in the trademark clearinghouse are available to actually be registered.

So here we focused on a couple of aspects of the sunrise period. We were interested in knowing to what extent trademark holders actually valued the services and also how frequently they were actually used.

Moving on to kind of the second subbullet on the slide, with respect to the claims service -- so this is a 90-day period that follows the sunrise period and is designed to reduce sort of infringing activity in the domain name space through kind of two prongs. The first is that if I'm a registrant and I go to a registrar and I attempt to register a domain name that matches a mark within the TMCH, I'm going to get a notification. I might get it when I register or it might come a little bit later in the process.

The second aspect is then if I actually register that domain name, the trademark holder who is enrolled in the TMCH then receives a notification that someone has registered this domain name.

And here we looked at two, once again, kind of primary or main areas. We wanted to get a sense for the extent to which the claims service period should be extended. There's been some interest, I know, and discussion related to that. And we also wanted to get a sense for whether or not the notifications that were being provided to individuals were having kind of any unnecessary deterrent effect.

Moving now to kind of a third subbullet there, we also looked at matching criteria. And here we were most interested in getting a sense for the extent to which the current set of matching criteria should be expanded beyond the set that currently exists. And we'll kind of talk about some of our initial findings with respect to that.

Being kind of data geeks, I think we really wanted to take a data-driven approach to assess the strengths and weaknesses of the TMCH, so we relied on both TMCH data and a variety of third-party data sources as well as interviews and surveys of TMCH stakeholders and some broader members of the community.

So if we could go to the next -- the next slide, that would be great.

Just to give you a little bit of a sense for the data that we relied on. So the first bullet there, one of the key components that we needed for our work was data from the TMCH itself. This is -- was supplied by Deloitte. And for each trademark that is registered in the TMCH database, there's a variety of information that comes along with it. So, for example, who the trademark holder is, where they're located, what their industry is. And to the extent that they used an agent to help them kind of navigate the TMCH process, who the agent was.

We also relied on claims service data which is maintained by IBM. And this gives you a sense for when registrars are essentially pinging the TMCH system to see whether or not a claim notification should actually be sent.

The one kind of caveat I will add to that is that in discussions with IBM, it became clear that registrars could ping the TMCH system even if there wasn't an attempted registration attempt. And so that makes some of our results a little bit more difficult to interpret. And I'll kind of call that out when we get to those.

And then there's kind of a variety of other data sources that are listed down below. We collected UDRP and URS dispute data. There were about 17,500 disputes during that time period. We

also contracted with a company by the name of Domain Tools to obtain WHOIS data, and here we obtained a variety of information, but we were most interested in who is registering the domain name and when. And we'll see why in a little bit, I think.

And as I mentioned earlier, there's a variety of interviews and surveys that we undertook. We tried to reach out to the community at large to get as much kind of feedback as possible, but we also targeted a number of registries, registrars, trademark holders, TMCH agents, law firms, and nontrademark holder registrants. So basically anyone we could think about who might potentially be interested in -- in this work.

So next slide, please.

So I just want to give a really high-level overview of our findings, and I'll start with the sunrise period.

Here what we found is that right around 20% of trademark holders who were eligible to use the sunrise period ever made a sunrise registration. So about a fifth. And of those who used the sunrise period, right around 7% of the registrations were sunrise as opposed to general availability registrations. So the converse would be of those who use the sunrise period, 93% actually wait until the general availability period.

We also found, and I don't think that this is terribly surprising, that trademark holders with more trademarks submitted in the TMCH tend to have a little bit higher usage of sunrise periods themselves.

So if I were going to kind of back up a little bit and just think about what these results mean, so there's certainly some interest in the sunrise period among trademark holders. We saw that in the interviews and surveys as well. Whether or not you would describe it as significant or insignificant I think is a little bit in the eye of the beholder, and I'll let you make your own decisions.

If we can go to the next slide, please.

Moving on to the claims service. And I just want to caution and caveat this result because this is the result that relies on the IBM data that I mentioned before.

So what we found, if you assume that every time a registrar essentially pings or connects to the TMCH to see whether or not a trademark should trigger a claims notification, you assume that this is all kind of in good faith. Then what you find is that it looks like about 94% of registrations that trigger a claims notification are abandoned.

That seems high. I think there's two big caveats to that. One is this issue that I mentioned earlier that the registrars themselves sometimes just ping the database for reasons not related to registration activity. So this 94% is, therefore, inflated and we're not really able to tell how inflated it actually is.

And I think the second caveat that's worth mentioning or noting is that this is only for -- we don't know what abandonment rates look like for registration attempts that don't trigger claims service notifications.

So this is a purely hypothetical. I don't necessarily -- I certainly wouldn't attest to this being correct, but if it were the case that for registration attempts that didn't trigger a claims service notification, if you saw a 94% abandonment rate there, then there's really no incremental effect of getting a claims service notification in this instance.

And then I think in terms -- this goes to the second bullet that's on this slide. We don't really see that many exact match registrations that occur after the claims service period ends and they tend to decline over time as well so we're able to see when people register a specific exact match relative to when the claims service period was. And I think this suggests that extending the claims service period

is unlikely to have significant benefits, especially in a world where you have ongoing notifications. So, if you go to the next slide.

Then there's a fair amount of detail in the report. So, once again, I will encourage you all to take a look if you're interested. With respect to the matching criteria analyses that we undertook, we didn't really find that many registrations that were made around non-exact matches. So, for example, plurals, character removal type of -- fat finger -- those types of changes. And then, of the non-exact matches that we identified in the data -- and this is using the WHOIS information that we obtained from domain tools, the most common typos that we did see were these plural end character removal typos. Once again, I would note and I think it's important to note that there really weren't that many that we were seeing within the data. And then next slide, please. Thanks.

Our goal is to have a final version of a report done by -- this is Q4 2016. I think that's certainly our hope. It might run a little bit into the first quarter of 2017 in part because we received a really good amount of thoughtful feedback from the community. And it's still coming in. So I think we want to make sure that our report is kind of as comprehensive as possible in response to as much of the feedback as possible as we received.

And there's kind of two areas that we're trying to push further on in particular with respect to data gathering and our work. The first is reaching out to registrars to attempt to get data that allows us to have a little bit better of a sense as to how big of an issue this abandonment problem actually is, given that the IDN data doesn't really allow us to adequately address that question. And then we want to flesh out some of our sunrise service analyses as well. And, as part of that, we're collecting additional pricing data both for the general availability period but then also for the sunrise period. And there's kind of just other general revisions that we're making to the report as we kind of continue this data collection effort.

So I think with that -- I think I've done pretty well on time. I'll pause. And we'll see if there are any questions or comments.

MARK CARVELL:

Thank you, Greg. That's a great summation of the genesis of the report and what it covered and the issues that have come up in the consultation period that finished in September. So appreciate that very much. And also the next steps.

Could you also just on next steps describe how this report connects with the PDP working group on the rights protections mechanisms which is going to cover all the rights protections mechanisms, of course, not just the trademark clearinghouse.

How the report will connect with that. And also with the competition and consumer trust review, which is also looking at issues of rights protection? Thank you.

GREG RAFERT:

So I'll do my best to answer that question. But I'm still coming up to speed somewhat on kind of the ICANN internal organization.

So, with respect to the first group, I know they've been looking at it closely. And my understanding is that, especially kind of going forward, I'll be involved in active discussions with them to make sure that we've kind of given them the information that they need and they understand fully kind of the set of results that we provided.

And then, with respect to the review team, I'm actually not as sure how it interacts with their work. I know there's a component of their work that touches on this. But my sense is that there's -- and Eleeza might be able to kind of add to that. I think they're probably a little bit less focused on this area. But --

ELEEZA AGOPIAN:

This is Eleeza Agopian from ICANN. Thanks, Greg. For the CCT review team, there's a subteam focused on safeguards and consumer trust. I know this is an area of interest to them. I

don't know how detailed they might be looking at this report. But I know it's one of the inputs they're considering.

MARK CARVELL:

Thank you, Eleeza. Okay. We've got five minutes to react to this. You know, it's quite a detailed area, of course. It might appear quite complicated. But, of course, the objective is a pretty basic one of protecting the interests of companies with trademarks.

And I'll just kick off one question. And then I'll turn to colleagues here to invite them to ask questions. And on one point that came up, in my consultations with U.K. companies, was that on the claims notification, there's no enforcement element of that. You know, the registrant may get a response back saying this is a registered trademark and trademark clearinghouse. So you ought to know that. But, actually, there's no enforcement of that.

Did you have a particular view on that, whether that, in fact, the trademark clearinghouse needs that additional sort of enforcement impact? Thank you. Greg, yes, thank you.

GREG RAFERT:

Yeah. Thanks, Mark. It's a good question. And it's something we certainly saw in the feedback we received, especially from some of the trademark holders themselves. You know, I think some of

the data that we've -- and analyses that we've included in the report touch on that. One thing we looked at were dispute rates around completed registrations that triggered a claims notification. And there we actually saw exceedingly low dispute rates. I think it was something like .3% is what we found looking at the data. So I think it's suggestive that it's -- one may not need an enforcement mechanism, especially if, when we, hopefully, get data from the registrars, if you were to see that there's kind of this large deterrent effect combined with not a large number -- or relatively small number of disputes -- sorry -- on these completed registrations, I think it would suggest that you probably -- it's maybe not needed.

MARK CARVELL:

Okay. But that's subject, as you say, to collecting for the data. But a key point is that there is an acknowledged deterrent effect, which is -- has that -- has an impact.

Okay.

Let me open it out. And I think there was a hand raised at the back, first of all. And then over there. And then Kavouss and couple others. So yes, thank you. At the back, please.

JAIFA MEZHER: Hi, I'm Jaifa from Colombia. And I have a question. What are the most used dispute resolution mechanisms?

GREG RAFERT: So that is a very good question. I don't actually have the numbers right in front of me. But, in terms of a UDRP versus URS, my recollection was that UDRP is used more frequently than URS. Obviously, there's a number of components associated with each of those. And I, unfortunately, don't recall the exact break down. But it is, I believe, in the report. And, if it's not, I would be happy to provide those numbers to you.

MARK CARVELL: If I could just add, of course there is the PDP, GNSO PDP on rights protection mechanisms. The working group for that has been chartered. And it's starting to pick up on issues relating to all the rights protection mechanisms, the URS, the Uniform Rapid Suspension mechanism, and UDRP and the post delegation dispute regulation procedures, PDDRP, if I got the acronym right. Greg, you wanted to add something?

GREG RAFERT: Yeah. I'll quickly jump in. I do have the report in front of me. If you restrict the dispute procedures to just UDRP and URS, you see many more occurring within the UDRP system. So, on the

data that we have from 2014 through 2015, there's about -- it looks like almost 17,000 UDRP disputes and just a little bit north of 500 for URS.

MARK CARVELL: Okay. We'll have to move quickly through the questions. I have Iran next. Kavouss, yes, please.

IRAN: Yes. Good morning to you all. Thank you very much, Tom, for the briefing document as usual. Thank you, Mark, for the information provided.

To shorten the discussions, I see it is mentioned that this simple motion to be inputted to the process, to the PDP process. And we heard yesterday that among the 10 PDP there are currently in 74 of them, one of them is the RPM. So inputted -- how we input it. And then it is not sufficient only to be inputted. When will be discussed at the group involving on that -- I have participating in that group -- the chairman or one of the co-chairs presented documents and sometimes going word by word. And then ask comments. And there should be someone from those who are presenting or submitting that to, first of all, provide additional information and, second, provide answer to any comments that

are made. Usually, there are comments from sides because this is a very active group. So those are my questions.

And I forgot to say something. You provided many statistics. Are they supported by some formal information? 70%? 3%? 7%? 94%? That is a simple -- I'm not asking any question now. But this may be asked at the level of the PDP process and will be discussed. So how we present that and who will defend that and who participates. And GAC needs to participate in that PDP actively. Thank you.

MARK CARVELL:

Thank you, Iran. I'm putting my name forward to join the working group. I haven't done that yet due to other pressures. But that's my part. Greg, did you want to comment on statistics?

GREG RAFERT:

Yeah. So, with respect to the statistics that we've cited in this presentation, they all are drawn from the report. If you want to see more tables than you probably would like to look at and more documentation that you would probably like to see, then there's kind of that -- that level of detail exists in the report, I think, for the reader that's interested.

MARK CARVELL: Thank you, Greg. I think there was a hand raised at -- towards the back. Yeah, please, yeah.

Thanks.

ENG ALAN SALAHADEEN: Good morning. Eng Alan Salahadeen from Palestine is speaking.

There are three -- there are so many trademarks that are well known on the world level. We are here working to protect these trademarks or protect the only main trademarks, assuming that there is a well known name for a commercial company. But this company has not reserved that name or -- does it mean this name should be kept for that company?

Another question is there are some countries are allowed to use the some big names. But -- and different sectors like the IT sectors. How can we address this problem?

MARK CARVELL: Greg, would you like to respond?

GREG RAFERT: Yeah. I'd be happy to respond. This is something we didn't address within the context of this particular review. We tried to, I think, stay away from deciding or commenting on the trademarks that are allowed or not allowed within the TMCH

itself. But I think it's an interesting issue, and I think it's something that the broader community will need to discuss.

MARK CARVELL: Thank you, Greg. If I may beg the indulgence of our colleagues from India and take two more questions. I have U.S. and WIPO, yes. I'm sorry if there was somebody else who wanted to raise, but I think we have to draw the line after two more. So U.S., please.

UNITED STATES: Thank you. We appreciate this very informative presentation and are glad to hear you're going to be continuing to do data collection and analysis.

One question: Has there been any look in the pricing and fees to register in sunrise? And, if so, have you seen any indication that it's been a deterrent to pursuing registration in sunrise? Thank you.

GREG RAFERT: That's a great question.

That is actually something that we didn't have a chance to do in putting together the draft report. But in particular, based on some of the comments we received, we now are doing that. And

I think it will be informative in thinking about why certain trademark holders decide to potentially not engage in the sunrise period.

MARK CARVELL: Thank you, Greg. WIPO. Brian, please.

WIPO: Thank you, Greg. I think that dovetails nicely on to a comment I wanted to make, which is, first of all, thank you for the report. It's very informative and I'm sure will be very useful going forward. I think there are a lot of underlying assumptions made in the report and I would like to just record here today. There's a lot of discussion in the report about the negative externalities to contracted parties in terms of extending the claims notices in duration in terms of the scope of what they cover, et~cetera.

But I think largely this ignores the broader negative externalities to brand owners in looking at the new gTLD program on the whole. Just to give you one particular example, the cost of registering an infringing domain name is wildly disproportionate to the enforcement cost that brand owners face. And, in terms of extending the claims notices in figure 1 in the reports, if you actually look at the data, there's about 100,000 names at the first 90 days and actually more after the last 90 days. So I think

maybe that challenges the presumption that there's no benefit in extending the claims notices beyond the 90 days. But, on a more substantive note, in both the URS and the UDRP cases, one of the elements that's often looked at is whether the registrant had knowledge of the brand owner when they undertook an infringing registration.

So it's looking at it less in quantitative terms and more in qualitative terms. Certainly that can factor into the decision-making process in whether a particular registration is infringing or not. In the interest of time, I'll just say I'll speak with you afterwards, and thank you very much again for the report

MARK CARVELL:

Thank you, Brian. We'll have to draw a close to the discussion here. So many issues are, obviously, of direct interest here and within also the wider scope of rights protection mechanisms. So this is just a start, I think. And I hope colleagues will reflect on today's discussion and consult as necessary internally and with stakeholders in order to develop the GAC's interaction on the review and also the wider rights protection mechanisms.

So thanks very much, Greg and Eleeza, for joining us today. It's very much appreciated. And I think we've moved a valuable way forward on this. I'll finish there. Thank you very much for questions as well. Over to you, Thomas. Thank you.

THOMAS SCHNEIDER: Thank you, Mark for conducting this session very ably and everybody who contributed to this substantive exchange.

We'll move on.

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