

*Posted via e-mail to Working Group B
of the Internet Corporation of Assigned Names and Numbers*

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From: eric.menge@sba.gov
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Re: Small Business Impact of Famous Mark Protection

The Office of Advocacy of the U.S. Small Business Administration has the following comments on a proposal under consideration of Working Group B on the Internet Corporation for Assigned Names and Numbers ("ICANN"), which is tasked with the project of determining famous mark protection. Advocacy has serious concerns regarding the proposal and wishes to work with the Working Group to address them. We fear that the proposed protections for famous marks would preclude small businesses from using common, everyday words, like apple, ford, fox, and bell, as well as common family names like Hoover, McDonald, and Warner as domain names on the Internet.

Advocacy will be addressing these concerns and exploring solutions during a roundtable discussion on April 10 from 2 p.m. to 4 p.m. Advocacy posted an announcement of this roundtable on the working group list and invites all interested parties to participate. Please contact Eric Menge at 202-205-6949 or eric.menge@sba.gov for more information.

To our understanding, the current proposal contains the following elements:

- (1) The World Intellectual Property Organization ("WIPO") would create a famous mark list using the criteria below, which were put forth in its report on the subject last year:
 - (a) degree of knowledge or recognition of the mark in the relevant sector of the public;
 - (b) duration, extent and geographical area of any use of the mark;
 - (c) duration, extent and geographical area of any promotion of the mark;
 - (d) duration and geographical area of any registrations of the mark;
 - (e) the record of successful enforcement of the rights in the mark;
 - (f) value associated with the mark; and
 - (g) evidence of registration of domain names that are the same or misleadingly similar to the mark.
- (2) Marks that are on the list would have the option of registering names during a "sunrise period" whenever a new general Top Level Domain ("gTLD") is added to the Internet. The sunrise period would be a brief period of time before the new domain is available for the general public to register.

- (3) During this sunrise period, famous marks could register the domain name identical to the famous mark and either five or 10 variations of the famous mark.
- (4) The owner of the famous mark would have to pay for each registration.
- (5) Once registration is opened to the general public, famous marks do not receive any further benefit. There would be no use of filters on domain name registrations.
- (6) The sunrise period would be inapplicable to gTLDs designated for personal and non-commercial use.

Advocacy questions the need for the famous marks proposal, because the 1999 Anticybersquatting and Consumer Protection Act passed by the U.S. Congress last year and the Uniform Dispute Resolution Process already address much of what the proposal is attempting to rectify. In addition, Advocacy questions the legal basis for a supra-legal process. Therefore, we recommend that Working Group not adopt at this time a mechanism that would create or enforce additional protections for famous marks. Advocacy's position is focused on the following concerns.

First, ICANN effectively is delegating policy-making authority to WIPO, which will expand that organization's responsibility beyond its treaty-based duties. WIPO is a private body, its decisions are not subject to oversight or review, and its role by treaty is advisory. However, this proposal will give WIPO quasi-governmental decision-making authority, which will substantively affect a trademark holder's rights by expanding the rights of those considered "famous" and contracting the rights of those who are not. What is proposed is seriously flawed. Any process that is adopted must be subject to checks and balances.

Furthermore, Advocacy questions whether ICANN has the mandate and authority to defer to a third party on this issue. A WIPO panel of intellectual property attorneys deciding which names are available for domain name registrations is far removed from the bottom-up consensus process envisioned by the Commerce Department's White Paper. Democratic participation must play a role in formulation of rights of stakeholders in the Internet. ICANN cannot delegate the task given to it without insuring that the principles under which ICANN operates are met.

Second, assuming any protection is given to famous marks, that protection must be limited to the segment of industry in which the mark is famous. Advocacy recommends that the Working Group define the scope of the industry in terms of the classes of goods and services associated with the mark. Classes should be based upon the International Classification of Goods and Services.

Although the degree of prominence in the relevant market sector was one of the criteria that WIPO enumerated, Advocacy notes that the "sunrise" period allowing famous marks to pre-register will allow a mark to be registered without limitation

across all market sectors, thereby substantially expanding the famous mark holder's substantive rights under the mark. For example, if "McDonald's Hamburgers" is considered a famous mark under the proposal, the McDonald's Corporation would have the opportunity to pre-register the word "McDonalds" (as a variation of "McDonald's Hamburgers") in every new gTLD. Even if non-commercial and individual gTLDs were exempted, no person named McDonald could use their own name for a small business's domain name, regardless of the type of industry and even if such party's goods or services were totally unrelated to fast food goods and restaurant services. It is Advocacy's position that any protection for famous marks must be limited to a particular mark's industry sector.

Third, the criteria for determining a famous mark are too vague and easily could result in a countless number of famous marks on the list. The proposal does not specify the degree of proof needed to be considered a famous mark and gives too much discretion to the WIPO. Advocacy believes that the standard must be set very high. Furthermore, Advocacy believes that additional criteria are needed, such as a requirement that the famous mark must be arbitrary for its scope of business, and it must be a mark that other persons do not have a legitimate right to use (e.g., a surname, a generic, or a descriptive term). For example, "apple" is a generic term but is arbitrary when it is referring to computer hardware and software.

Advocacy believes that under the proposal, WIPO will have no constraints to limit the number of famous marks. Rather, it will be under immense and continual pressure to add marks, thereby diluting the meaning of "famous" designation and expropriating for famous mark holders exclusive use of a substantial proportion of available domain names. A vast number of trademark holders would consider their marks famous and would apply for this special status. There are slightly less than 1 million "live" registered trademarks in the United States. If just 25 percent of these apply, and only 25 percent of those are approved, that is approximately 62,500 famous marks from the United States. This number is just a fraction of the total number of global trademark registrations. With the apparent ease of application and the benefits given, the Advocacy believes that the number of marks on the list will likely mushroom not to just 1,000 or even 10,000 but to hundreds of thousands. The expansion of famous marks will create a barrier of entry to new businesses, both large and small, joining the Internet. If a famous marks proposal is to be implemented, the number of famous marks must be limited to a small number of truly famous marks.

In sum, Advocacy believes that the compromise proposal does not contain enough checks to prevent extensive abuse, will result in wholesale disenfranchisement of individuals and small businesses, and, furthermore, may be unnecessary. Advocacy recognizes that these are complex issues and does not have ready-made solutions. It does not enjoy being a nay-sayer who does not contribute to the solution. Therefore, we will work with you to identify workable alternatives to address these issues and achieve a satisfactory result.

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