Freehills

SUBMISSION IN RELATION TO AUDA PUBLIC CONSULTATION REPORT

1. Freehills welcomes the opportunity to comment on the Public Consultation Report (**the Report**) of the Review of Policies in .au Second Level Domains (**2LDs**) circulated by the auDA Name Policy Advisory Panel (**the Panel**).

2. The National Intellectual Property Practice of Freehills is one of the leading legal practices of its type in Australia. The practice incorporates a broad range of approaches to intellectual property and has an extremely diverse client base. The Intellectual Property Practice deals with intellectual property rights in three general areas. First, the Practice assists in the creation, registration and the prosecution of registrations (whether for trade marks, patents or designs). Secondly, the practice deals with the commercialisation of all aspects of intellectual property, acting on behalf of entities for which intellectual property is a significant asset, including licensing, research and development agreements and sales and other divesture. Thirdly, the Practice is involved in the enforcement and dispute resolution area, in disputes of all sizes, involving a variety of intellectual property rights.

3. The clients of Freehills' National Intellectual Property Practice range from large multi-national corporations, through to start-up technology companies and, in some cases, individuals.

4. Against this background, it is our view that we have gained considerable experience in relation to the issues raised by domain name eligibility and allocation policies in Australia. In particular, we have been involved in the application process for domain names (including advising clients where domain names have been rejected) and have advised on the eligibility of domain names to act as trade marks including applying to register those trade marks. On the commercialisation side, we

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This submission was prepared by Kathryn Everett, David Stone, Leiann Comben and Amalia Stone. The views expressed are those of the writers and do not necessarily express the views of Freehills' clients. This submission provides a summary only of the subject matter covered, without the assumption of a duty of care by Freehills. The summary is not intended to be nor should it be relied on as a substitute for legal and other professional advice. © Copyright is owned by Freehills.

have been involved in significant commercial transactions involving domain names. In relation to enforcement we have considerable experience in domain name disputes.

5. Freehills has acted for various clients in the types of matters outlined above and does not see itself as aligned with any particular interest group or approach in relation to domain name eligibility and allocation policies. Rather, this submission is presented on the basis that the broad range of our experience, for a variety of clients, puts us in a position to comment generally on those aspects of the policies which we see as giving rise to legal and commercial issues for our clients. In doing so, we clearly endorse the panel's criteria that the policies should be coherent, flexible, competitive, simple, robust, consistent with other rights, internationally benchmarked, participative, fair and transparent. We do not otherwise endorse any particular policy approach to domain name eligibility and allocation policies.

6. In the time available we have limited our comments to preliminary considerations of a number of specific areas in which we have had recent relevant experience. Comprehensive analysis would require considerably more time than was available. We have not, for example, commented on the complex issue of "generic" domain names. This is an area which we see as one of critical importance and, if the Panel considers it appropriate, we intend to gather our comments on that issue to submit in the proposed second public consultation period in early 2001. We recognise that this issue also has relevance for many of the other aspects of the policy and accordingly have made some comments in that context.

7. In general terms, we consider that the Panel's increasing recognition of the unique difficulties posed by the domain name allocation system and, in particular, the clear overlap with, and guidance which can be found in, the trade mark registration system to be a welcome development.

8. In our submission, policies relating to domain name eligibility and allocation do, as a result of their unique significance in relation to internet commerce, require particular consideration of the variety of complex issues which arise. It has long been the case that the distinction between company and business names and registered and unregistered trade marks was legally clear, but much misunderstand in practice. The relatively lengthy and expensive process which has developed over many years in relation to the registration of trade marks and the complex legislative and case law framework which

surrounds it, reflects the monopolistic and extensive rights which are granted to the owner of a registered trade mark (albeit limited to the goods and services and certain related goods and services in relation to which the mark is registered). The law of passing off (together with section 52 of the Trade Practices Act 1974 (Commonwealth) (**the TPA**) provides similar protection to marks which have acquired a reputation at common law. In contrast, business and company names have always been relatively simple and inexpensive to obtain, reflecting the fact that those company and business names do not provide to the holder (in themselves) any proprietary right in those names or any defence to infringement of another party's rights. Further, company and business names do not (in the same way as domain names) provide a quasi-monopolistic access to a particular medium.

9. Commercial use of domain names is a relatively new phenomenon. Domain names combine some of the attributes of both a registered trade mark and a business or company name. A domain name does not (of itself) give rise to legal proprietary rights in the name, nor does the grant of the domain name protect the licensee from a threat of infringement from a third party. Use of a domain name can give rise to rights at common law or under the TPA. In this respect, a domain name is not dissimilar to the grant of a business or company name. However, in practice the grant of a domain name (particularly in the current climate of limited 2LDs) can provide a form of practical monopolistic access to the internet. If not monopolistic, then certainly a considerable commercial advantage can be obtained by the allocation of a particular domain name.

10. It is our view that it is necessary for the domain name eligibility and allocation policies to provide a balance between the traditional approach of the allocation of business and company names where almost no restrictions are imposed, and the trade mark registration system which imposes a complex regime in that regard. In our view, it is clearly not appropriate that domain name eligibility and allocation policies seek to replicate the rules or processes applied by the Registrar of Trade Marks. This is neither economically nor practically efficient. However, in our view, it is appropriate that domain name eligibility and allocation policies look to, and are consistent with, the approach which is taken in relation to the registration of trade marks. While those policies may not be applicable in their entirety to the allocation of domain names, they provide a wealth of experience and learning with which to deal with many of the problems which arise in relation to domain name allocation.

11. It is against this background that we comment on the specific areas set out below. In each case, we adopt the numbering used in the Report, and repeat the Panel's recommendation before commenting on it.

4.1.1 Eligibility to apply for a domain name licence

(a) The proposed use of the domain name licence must fit the purpose envisaged by the relevant 2LD - refer to Schedule A.

(b) There must be a declaration of a bona fide intention to use the domain name licence for the purpose envisaged by the relevant 2LD.

(c) A bona fide intention to use the domain name licence for the purpose envisaged by the relevant 2LD should be demonstrated in accordance with the rules applicable in that 2LD - refer to Schedule A.

(d) It is not considered bona fide to licence a domain name for the sole purpose of selling it.

12. We have not commented on this Proposal in detail but note as follows:

    a) As a basic principle, a domain name should be appropriate to the entity licensing and using it. In our view, "cybersquatters", who seek to obtain domain names solely for the purpose of exploiting the ability to sell it to an "appropriate" entity, do not engage in a type of economically valuable conduct which should be encouraged.

    b) We agree that the Proposals in paragraph 4.1.1 relating to bona fide intention to use are appropriate. The Panel may also wish to consider within what period that intention to use must come to fruition. We note that the Trade Marks Act provides for a period of five years, which may be excessive in the context of domain names.

    c) It is not entirely clear to us how the eligibility criteria set out in Schedule A overlap with Proposal 4.1.3. As discussed below, we have approached Proposal 4.1.3 on the basis that compliance with the eligibility criteria in Schedule A is a pre-requisite and that the provisions in 4.1.3 are then a second criteria to be applied in addition to those eligibility criteria.

d) In our experience there would be wide support for the Proposal to extend domain name eligibility to encompass an Australian *registered* trade mark as a basis for domain name licence application.

e) Broadening this criteria to include trade mark *applications* clearly gives rise to some difficult policy considerations. While we agree that it would be ideal for a bona fide trade mark applicant to be able to establish a website and secure the domain name at the earliest possible time after brand selection, the time often involved in processing trade mark applications may become a mechanism for improperly securing a domain name for a period of eighteen months or two years with no other entitlement. It is also not clear that the non-use ground for removal of trade marks will provide much comfort given that it allows for a five year period before removal is available. Consideration should be given to a shorter period (such as say 6 or 12 months) being provided after which time if a domain name based on either a trade mark application or business name has not been "used" in Australia the domain name licence can be cancelled. Clearly a sensible definition of use (which avoids bad faith use to maintain registration) would need to be developed. This suggested process could be applied to business names as well in which case it would remove the current unacceptable practice (recognised in the Report) of entities registering multiple business names in order to obtain a domain name licence, where no bona fide intention exists to use the business names, other than for the purpose of domain name registration. Abuse of the right to have multiple domain names can be avoided by workable "bona fide intention to use" and non-use criteria as discussed above. auDA policy should not encourage or turn a blind eye to the current misuses of the business name registration system. Such a mechanism would help to avoid such misuses.

f) We strongly disagree with the suggestion that the value of the .au domain space would be devalued and freedom of speech reduced by allowing trade mark holders and applicants to hold domain name licences across all open 2LDs. In our view there is no substance or rationale to this approach and in fact the opposite effect is likely.

g) In our submission, the addition of trade marks as a source of domain name registration rights would not lead to a flood of false trade mark applications. Trade mark applications are more expensive than business name registrations, and the process is more exacting, involving examination by the Trade Marks Office, and periods during which oppositions may be filed by other interested parties. None of these steps currently applies to business name registrations.

h) In our view, while there are legitimate concerns as expressed above about the use of applications for registration of a trade mark as a basis for a domain name, it is our view that the difficulties in cancelling domain names are not an overriding disincentive. Any domain name allocation system with eligibility requirements and renewal requirements (as discussed below) will need to deal with cancellation. The failure of a trade mark application to proceed to grant will simply be one of many bases on which a domain name will be capable of being cancelled. Businesses will need to be educated and understand that they acquire domain names on that basis. Further, it is not necessarily incumbent on the domain name registrar (other than on renewal) to police issues such as "bona fide intention to use" or an appropriate cancellation policy for non-use. As is the case with the Trade Marks Register, such actions can be left to competitors wishing to obtain domain names. Such steps could include adopting the Internet Corporation for Assigned Names and Numbers (**ICANN**) Uniform Domain Name Dispute Resolution Policy (**UDRP**) (as suggested below) to deal cheaply and quickly with these disputes.

4.1.2 One Domain Name Licence Per Entity

The current rule of only one domain name licence per entity be removed.

13. As the Panel will be aware, many entities market their goods and services using a range of trade marks, which are not necessarily the same as, or derived from, their company name. In addition, consumers accessing the internet in many cases will be aware of the business name or trade mark, but may be unaware of the company name of the supplier of the goods or services. Indeed, many corporate entities actively differentiate parts of their business (eg high end through to low end

products) through the use of different business names or trade marks.

14. For example, a person seeking information on Tim Tam biscuits would not necessarily know that that information is to be found at <www.arnotts.com.au>. Internet users do not necessarily use search engines, but will often “guess” a domain name by combining the name of the product or company they seek, with the appropriate suffix: see *Brookfield Communications Inc v West Coast Entertainment Corporation* (2000) 46 IPR 259 at 265 (United States Court of Appeal for the Ninth Circuit). Where trade marks cannot be registered as domain names, this natural avenue of enquiry will not work.

15. In our submission, multiple domain name licences for single entities should be allowed, but only where each of those domain name licences reflects a company or business name *or trade mark* of the entity concerned, and the other eligibility criteria for registration (as set out in Schedule A) are met.

16. In relation to the Cons of Proposal 4.1.2 set out in the Report, in our submission:

    a) increased demand for domain name registrations that may result from implementation of this Proposal is a practical matter best dealt with by registrar/s adopting appropriate systems. Transitional arrangements should not adversely affect public policy;

    b) allowing entities to register more than one domain name will not mislead consumers or internet users as to the identity of domain name holders. A combination of the domain name register, and the Registers of Business Names, Company Names and Trade Marks enable consumers readily to identify domain name holders. Misleading or deceptive conduct is also remediable under section 52 of the TPA or the corresponding State or Territory fair trading legislation. Corporations Law provisions and regulations relating to GST also provide for the listing of ABNs on certain public documents, including tax invoices (receipts); and

    c) lower level domain names do not adequately address the issue concerned.

4.1.3 Direct Derivation of a Domain Name from an Entity Name

(a) ***There must be a connection between the domain name and the domain name licence holder.***

(b) ***A connection between the domain name and the name of the domain name licence holder can be demonstrated by:***

> ***(i)*** ***an exact match between the domain name and the name or trade mark of the domain name licence holder; or***
>
> ***(ii)*** ***a direct semantic connection between the domain name and the name of the domain name licence holder.***

17. In our experience, the proposed inclusion of registered trade marks as a ground for registration of a domain name will be widely welcomed. The other eligibility criteria in Schedule A appear to be largely uncontentious. In this section of our submission, we discuss the nature of the "connections", which, as discussed, we have assumed are a second "criterion" to be applied.

18. It is proposed that the requirement that a domain name be an exact match with an entity name or trade mark or have some "direct semantic connection" apply across all open 2LDs.

19. In relation to part (b)(i) of this Proposal, we consider that this will not add further protection for consumers. As discussed in relation to Proposal 4.1.2, consumers are able readily to identify domain name holders by referring to the details contained on the domain name register. These details can then be correlated to business name registers, or the Trade Mark Register.

20. By requiring exact matches with business names or trade marks, the policy requires that the domain name register serve as a imperfect replica of these registers. It should not be presumed that the proper use of the domain name registration system is as an adjunct to commerce or as an equivalent to an online Australian business directory. Such a use would be flawed in any event because of the potential for one business name to be registered by separate entities in different states and, without any bad faith element, for customers of one business in the offline world to believe that an online business connected to a particular domain name is connected to the offline business, when in fact no such connection exists.

21. At present com.au domain names can be registered that are abbreviations, or parts of business or company names. These registrations would not satisfy the proposed general 4.1.3(b)(i) test and it is submitted that this approach should be continued.

22. While a proposed registration of part of a business or company name or trade mark may satisfy the second test (4.1.3(b)(ii)), as discussed in a number of other submissions, it is not clear what "a direct semantic connection" is intended to mean. If for example, it means words having a directly analogous meaning (such as amazon/brazilian river/warrior or bacardi/white spirit), then the test will be very unclear and difficult to apply consistently. In addition the overlap of such a test with the proposed restrictions on generic names also needs to be considered. Would this involve reference to dictionaries, encyclopaedias or yellow pages directories (in the same way as suggested for restricting licences of generic names)? At present, registrars are not required to undergo any formal linguistic training or hold any formal qualifications in the field of semantics. We submit that it is inappropriate for domain name registrars to be making judgments as to whether a domain name is acceptable for registration on the basis of a semantic connection, when registrars may not be appropriately qualified to do so and the results are likely to be uncertain and difficult to predict.

23. The Cons of Proposal 4.1.3 also refer to a risk that the policy would be applied inconsistently by different registrars and that the policy may be abused. In our submission, this argument has some force: we refer to our comments above in relation to the lack of qualifications currently required to be held by domain name registrars and the uncertainty and difficulty in applying such a test.

24. It is also unclear how this requirement is intended to interact with, for instance, the portal Proposals or the opening up of generic and geographic domain names. Would such domain names be permitted to achieve registration on the basis of 'semantic' connections, where they have been previously refused?

4.1.4 Conflict between domain names and trade mark rights

Domain name licence applicants should acknowledge at the time of application that their entitlement to a domain name may be challenged by a third party with existing trade mark rights in the domain name.

25. As noted above, in our view the Panel’s recognition of the importance of trade mark rights in the context of domain name registrations will be generally welcomed.

26. In our comments above in relation to Proposals 4.1.1 and 4.1.2, we recommend that trade mark owners be able to register domain names which are a registered trade mark, subject to the other criteria of registration. We refer to those comments above.

27. We agree that it is not appropriate to duplicate the trade mark registration system in domain name licensing. However, whilst agreeing that domain names are not exactly the same as trade marks, in our submission, many domain names frequently function as trade marks, and with the addition of the relevant suffixes, trade marks can function as domain names. For example, we are aware of trade marks also functioning as company/business names, signage, marketing tools, identifiers and in other ways as noted in the Report. The following domain names have been registered as trade marks: <kangaroo.com.au>, <gil.com.au>, <centre.com.au>, <http://www.eamack.com.au>, <wineplantet.com.au>, <www.youthworks.com.au>, and <www.dljdirect.com.au>.

28. In our submission, as discussed above, it is not appropriate for the domain name registrars to conduct “full availability” trade mark searches before allowing registration of domain names: trade mark searching is a complex task involving specialist training and skills. The impact on costs for domain name registrations would also be prohibitive. However, an “exact hit” search is a relatively simple and low-cost exercise which may give some degree of comfort that flagrant trade mark infringements are not occurring. This would however require the registrar to have information outlining the goods and services in relation to which the domain name is to be used.

29. In our submission, the Report’s suggestion that it is appropriate for the onus to ensure that the licensing of a domain name does not contravene any third party’s rights to “be left in the hands of the domain name licence applicant” is appropriate, but should be balanced with a dispute resolution procedure which can address these issues. In our experience, domain licence applicants in Australia and elsewhere have shown themselves to be adverse to the notion of trade mark rights: see, for example, the recent decision under the ICANN UDRP in relation to the Sydney Opera House*: Sydney Opera House Trust v Trilynz Pty Limited*, 31 October 2000, WIPO D2000-1224. In our submission, some internet users have shown scant regard for the rights of trade mark owners, and, at

times, and in some circumstances, have prided themselves on their ability to appropriate those rights and profiteer from them: see *Electronics Boutique Holdings Corp v John Zuccarini* (unreported, 30 October 2000, United States District Court for Pennsylvania, Schiller J).

30. In our submission, the most appropriate system which best supports the listed ten desirable attributes of the Australian domain name registration system is one which ensures a rapid, inexpensive and accurate dispute resolution procedure. This retains the onus on trade mark rights holders to enforce their trade marks, as is the position currently with respect to the use of business or company names or imported goods, or good or services offered for sale. We comment on the proposed dispute resolution procedure below.

31. In addition, we suggest that the wording of the proposed acknowledgment be strengthened to note that the domain name registration will be transferred or cancelled if the trade mark owner can establish its case under the dispute resolution procedure. In our view, as presently worded, the Proposal needs to be stronger to achieve the “pros” referred to. The problems inherent in determining rights in unregistered trade marks are problems which are faced by all entities wishing to adopt a new name. Domain name licence applicants cannot (legally or practically) be exempted from this difficulty. This is not a matter a registrar should be expected to determine.

4.1.5 Renewal Period for Domain Name Licences

All domain name licences should be subject to a specified renewal period and domain name licence holders should be required to provide evidence of continued eligibility to hold the licence at the time for renewal.

32. Some of the comments set out in this submission are predicated on the need for frequent monitoring of the status of the registrations that support a domain name licence (for example, the need to prove an ongoing business name registration, or the need to show valid registration of a trade mark). Unless registrars are to conduct regular audits of the confirmed eligibility of a domain name holder (which we suggest is impractical), long periods of domain name registration should therefore be discouraged.

33. There is also no facility proposed to screen domain names for commencement or continuance of use. Is it proposed that all domain names which have not been delegated in a period of

two years after registration be removed or is the reference to "continued eligibility" intended only to refer to specific requirements of 2LD registrars?

34. Proposal 4.1.5 suggests that requiring regular renewal of domain name licences provides a review point so that the domain name registry is not cluttered with historical or lapsed domain names, which can be reoffered. In our experience, practice has not been to manage the domain name registry by removing historical or lapsed domain names. Domain names registered on the basis of business name registrations which have now lapsed are not removed from the registry. Given that Proposal 4.1.1 suggests that domain names could be obtained on the basis of trade mark registrations or applications, the currency of all registrations would have to be reviewed periodically to ensure that domain name registrations based on lapsed trade mark applications, or trade mark registrations which have been removed, are removed from the domain name register. In our submissions, this is best achieved by regular renewals, at which licensees are required to re-submit the basis of their licence.

35. We therefore support Proposal 4.1.5, but suggest that all domain name licences should be renewed over relatively regular periods (eg 2 years). In our submission, the cash flow of registrars is not a matter relevant to good public policy of maintaining the purity of the system. Regular renewal need not be costly or burdensome. Entities file Business Activity Statements (which require a great deal more detail) quarterly or monthly, their tax returns annually and the renewal of their Yellow Pages entry annually.

4.2.1 Restriction on licensing of generic, geographic or objectionable names

Retain the current policy restricting the licensing of generic, geographic and objectionable domain names and apply it across all open 2LDs. Adopt the following "reserved list" approach:

(a) clear definitions of "generic", "geographic' and "objectionable" will be developed, with reference to appropriate sources;

(b) domain names that have to date been rejected by the current registrars for being generic, geographic or objectionable will be placed on a reserved list;

(c) ***new applications for a domain name that may be considered generic, geographic or objectionable may be referred to auDA;***

(d) ***if the domain name is determined by auDA (according to the definition) to be generic, geographic or objectionable, then it will be added to the reserved list;***

(e) ***applicants can challenge a domain name on the reserved list, and auDA will determine whether the domain name should remain on the reserved list or whether changed circumstances mean the name can be registered; and***

(f) ***restrictions in relation to the registration of generic or geographic domain names should yield if the applicant seeking domain name registration can provide evidence of trade mark rights in the domain name.***

36. Although Proposal 4.2.1 covers generic, geographic and objectionable domain names, this submission focuses on the geographic names aspect of the Proposal.

37. We submit that there are reasonable grounds for retaining the current policy of restricting the licensing of geographic domain names. This policy accords with IP Australia's trade mark policy in relation to geographic names which, as is known, generally does not allow traders to obtain a monopoly in the name of a place or region with a reputation for the relevant goods or services unless overwhelmingly extensive evidence of use can be shown. As a result of the quasi-monopoly which a domain name gives to a licensee (as outlined above), it is our view that it is appropriate that the policies on geographic terms developed in the trade mark area be applied to domain names.

38. Further, it is presumed that the reserved list applies only to domain names comprising a geographic name and would not include geographic names used in conjunction with another term, eg *queenvictoriabuilding.com.au* (Victoria being a place and the words "queen" and "building" being generic). Clearly, any policy on geographic and generic names will need to consider the problem of combinations of such terms.

39. For this reason we endorse the reserved list approach to geographic names, subject to the following comments (which correspond to (a) - (e) in Proposal 4.2.1):

    a) A clear definition of "geographic" names is required.

b) The reserved list should be extended to include domain names which were registered prior to the introduction of the domain name policy, and comprise geographic names which would otherwise be prohibited from registration under the policy, and for which registration has now lapsed. The reserved list must be accessible to the public. The rights of existing domain name holders must be taken into account in applying any policy retrospectively.

c) A compulsory check should be made against the relevant database (eg AUSLIG) to avoid subjectivity by the Registrar. Where there is a match of the domain name against the database it should be the case that the new application must rather than may be transferred to auDA.

d) The process as to how auDA will determine names to be added to the reserved list should be clarified.

e) Where an applicant challenges the process by which auDA determines whether the domain names should remain on the list should be clarified. Please also see our comments below in relation to Proposal 4.5.2. Some consideration should be given as to whether the reserved list should be reviewed on an ad hoc basis as is currently proposed or whether it should be reviewed on a more systematic basis.

We assume that 4.2.1(e) would require the applicant to provide proof of trade mark registration and that the registrar will not enter into assessments of whether unregistered trade mark rights have arisen.

40. We provide the following comments in relation to the "Cons" of Proposal 4.2.1 (the paragraphs below correspond to each of the dot points in the Report).

a) The current domain name policy enables domain name registrations to be obtained for names which comprise geographic name elements together with other terms or elements. It is for this reason that we have assumed that such names would not be entered onto the reserved list on the basis that they are non-registrable. Accordingly, businesses operating in the relevant geographic locations, including many in regional and rural Australia, would not be barred from accessing domain names which contain geographic references for e-commerce and other purposes.

b) The underlying rationale of the current domain name policy in relation to geographic names is that no one domain name owner should have exclusivity over a domain name comprising a geographic name (eg www.melbourne.com.au). Accordingly, we agree in principle that such domain names "are scarce and valuable resources which may be used, shared and managed as a public resource in the public interest". It is not clear, however, how such a shared public interest would be achieved by individual owners registering and obtaining exclusive use of such domain names.

c) Definition of "generic" - not covered in this submission.

d) The Proposal should not be viewed in the negative sense of giving rise to disputes - rather, the Proposal is designed to facilitate challenges and provide a process for dealing with the challenges. It is well recognised in trade mark policy that geographical names become superseded and, where they have no connection with the goods or services in question, may be allowed through to acceptance. In the same way, the Proposal provides a mechanism which deals with geographic names on the reserved list which have become superseded.

e) It is questionable whether the Proposal would place a significant administrative and policy burden on auDA. If a database such as AUSLIG is accessible to domain name applicants, such applicants could refer to the database and establish whether or not a potential domain name is registrable. In other words, if all geographic names on AUSLIG are prohibited, this provides a very clear and unambiguous basis for the definition of a geographic name. Similarly, the exception for a registered trade mark is readily ascertainable.

f) Further information is needed as to the anomalies which are not addressed by the Proposal in the current policy and how the Proposal perpetuates such anomalies.

g) Relates to generic domain names - not covered in this submission.

h) A trade mark denotes an owner's exclusive right to the use of a particular word, device etc with respect to nominated goods and services. Given the proprietary rights contained in trade marks, it makes sense as a matter of policy to allow a trade mark owner of a geographic mark to exploit its monopoly right via a domain name. Company and business names do not necessarily grant the owner the proprietary rights which registered trade marks do.

i) Please see our comments above in relation to Proposal 4.1.2.

4.2.2 Licensing of generic and/or geographic names

Relax the current policy and enable licensing of generic and geographic domain names using an appropriate licence allocation system, such as a market-based one.

41. In our view, the Proposals for using gateways or a "market based" approach to licensing generic and geographic domain names are not sufficiently developed to enable us to comment. We reiterate our policy approach outlined above that, if domain names continue to provide a quasi-monopoly, then restrictions are appropriate. It remains to be seen whether gateway or market based approaches can adequately address these issues.

4.3.2 Introduction of a system of portals

Consideration be given to the introduction of a portal structure, following consultation, along the lines of one or more of the possible models.

42. We note that a further public discussion paper is proposed. As a result, our comments are necessarily preliminary.

43. In our submission, portal structures based on generic names and portal structures based on geographic names should be differentiated.

44. While portal structures based on geographic names could in practice be operated by local councils or State or Territory government bodies, and thus function as a domain name portal run by the community for the community, it is less clear that generic domain names should function in this manner.

45. In particular, "asn.au" domain names can be used by, for instance, associations for certified medical practitioners or associations dealing with particular subjects, such as beef. This is an existing alternative to such portal structures.

46. It is not clear that the proceeds from the sale of portal rights would be a benefit of the kind anticipated by the panel. It is not clear that the sale of geographic domain names to community groups or government should be on a commercial basis. Where a generic domain name relates to a service that benefits the community, such as health or legal professionals, it is also unclear that the sale of those rights should be on a commercial basis.

4.5.2 Dispute Resolution Procedure

(a) Dispute resolution processes should apply to:

- ***(i) all open 2LDs; and***
- ***(ii) closed 2LDs on an "opt-in" basis, with appropriate modifications if necessary.***

(b) There should be two levels of dispute resolution process:

- ***(i) the first level should deal with due process - ie, where an applicant wished to contact the implementation of a policy within a domain by a registrar; and***
- ***(ii) the second level should deal with bad faith registration and/or use of a domain name - ie, referral to a dispute panel for enforcement of third party rights.***

(c) At the first (due process) level:

- ***(i) there should be a first appeal initially to the registrar;***
- ***(ii) there should be a second appeal to an independent arbitrator;***
- ***(iii) the arbitration should be compulsory and binding on the applicant, the domain name licence holder and all registrars;***
- ***(iv) the domain name should be frozen pending arbitration;***
- ***(v) only an eligible applicant should have access; and***
- ***(vi) the remedy should be restricted to registration of the domain name.***

(d) ***At the second (bad faith) level:***

- ***(i)*** ***there should be an appeal to an independent arbitrator;***
- ***(ii)*** ***the arbitration should be binding on the applicant, the domain name licence holder and all registrars;***
- ***(iii)*** ***it should be restricted to "bad faith" registrations;***
- ***(iv)*** ***the domain name should be frozen pending the arbitration;***
- ***(v)*** ***only eligible applicants should have access; and***
- ***(vi)*** ***the remedy can be cancellation of the registration or transfer of the domain name to a successful applicant.***

47. This firm has had significant involvement in relation to advising on disputes between domain name licensees and trade mark rights owners.

48. In our submission, the international experience with respect to the top level domain names (.com, .net and .org) provides an appropriate reference for the Australian experience, particularly in relation to cybersquatting and other abuses of domain name registration.

49. In Australia at present, in our submission, legislation does not sufficiently address cybersquatting or other domain name abuse. Trade mark owners may have some recourse under the TPA (or State or Territory fair trading legislation) or, arguably, the Trade Marks Act 1995 (Commonwealth), although serious doubts must exist as to whether use in a domain name on its own is "use as a trade mark" within the meaning of the Act, and, if it is, what goods or services that use is with respect to (see section 120 of the Act).

50. We share the Panel's concern that there is currently no formal independent dispute resolution procedure in relation to any of the .au 2LDs. In our view, the present provision for an independent arbitration in relation to .com.au domain names is insufficiently detailed or clear to constitute an adequate dispute resolution procedure.

51. In relation to the proposed first (due process) level of dispute resolution, in our view, the Proposal for an appeal to an independent arbitrator from a decision of a registrar not to register a domain name will attract significant support. We initially considered the need for other interested parties (such as, for example, trade mark owners) to be able to intervene in

these proceedings, however, we have come to the view that such intervention is better made at the proposed second (bad faith) level of dispute resolution.

52. In relation to the second (bad faith) level of dispute resolution, we submit there is much to be learnt from the experience to date of the ICANN UDRP. We therefore submit that the Panel should give some thought to adopting the UDRP in its present form.

53. A number of countries have adopted this course: Ascension Island, Antigua and Barbuda, American Samoa, Cyprus, Guatemala, Namibia, Niue, the Philippines, St Helena, Tuvalu and Western Samoa. In our submission, the ICANN UDRP has, to date, been largely successful in correctly arbitrating disputes between domain name licensees and trade mark owners. The developing jurisprudence of UDRP Panel decisions provides some guidance. There is also much to be said for not creating a further, and different, dispute resolution procedure when one is already available: as the internet is an international medium, national boundaries or organisations should not be created to replicate existing, functioning, international systems.

54. If the ICANN UDRP were to be adopted for second level domain names in Australia, it might then be appropriate to request, as part of adopting the UDRP, for ICANN to appoint a dispute resolution service provider based in Australia, with appropriate panellists and filing fees (although it is noted that, for example, several Australians are available as panellists appointed by the World Intellectual Property Organisation (**WIPO**) dispute resolution service).

55. In our view, the low cost and high speed of ICANN UDRP procedures are to be aspired to for any system proposed for Australian second level domain names.

56. Freehills supports the criteria set out in paragraph 4.5.2(d)(i) to (iv) and (vi) of the Report. In relation to 4.5.2(d)(v), in our view, any party with a legitimate interest should have access to the dispute resolution procedure, not only "eligible applicants". The "eligible applicants" rule would, for example, exclude from the dispute resolution procedure an American corporation which is not currently "registered and trading" in Australia, but may, for example, have trade mark rights in Australia.

57. We suggest that some further development is needed prior to further community consultation. In particular, consideration

should be given to widening the remit of a dispute resolution process to dealing with some aspects of eligibility (as discussed above) other than bad faith.

For more information in relation to this submission, please contact:

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