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auDA Name Policy Advisory Panel

Response to the Public Consultation Report Review of Policies in .Au Second Level Domains



December 2000

TELSTRA CORPORATION LIMITED

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EXECUTIVE SUMMARY

Right Names: Appropriateness of name in relation to entity

Telstra generally supports proposal 4.1.1 and in particular, proposal 4.1.1(b) but considers that it is necessary to expand 4.1.1d to include other examples of lack of bona fides.

Telstra would like to see some flexibility in proposal 4.1.2. Perhaps an alternative would be to allow a limited number of domain name registrations per entity, rather than one or an infinite number.

Telstra supports proposal 4.1.3, but submits that the words '*direct semantic connection*' in 4.1.3(b)(ii) be clarified.

Telstra agrees with the principle behind proposal 4.1.4 but submits that it should go further. Telstra submits that the domain name licence applicant should have a positive onus to undertake reasonable inquiries and to warrant both that such reasonable inquiries have been made and that, to the best of its knowledge, the domain name applied for does not infringe any third party's rights.

Telstra strongly supports proposal 4.1.5.

Names with Fences: Restricted names

Telstra strongly supports the retention of the current policy restricting the licensing of objectionable names and the development of a reserved list. It is important, however, that clear rules be developed about (1) what is objectionable, descriptive or geographic for these purposes and (2) a fair review process. Telstra also submits that Australia should adopt a mechanism similar to that recommended by WIPO, with the result that famous names be added to the reserved list. (proposal 4.2)

New Names: Introduction of new 2LDs

Telstra submits it would be sensible to observe the ICANN experience of introducing new gTLDs and revisit the issue in light of that experience before pursuing the introduction of new 2LDs in the .Au domain space. Importantly, new

.Au 2LDs should not be introduced until an adequate dispute resolution policy is agreed upon. (proposal 4.3.1)

Telstra notes proposal 4.3.2 and agrees that further public consultation is necessary before a gateway structure is introduced.

Technical Names: Technical constraints on names

Telstra supports proposal 4.4.1.

Telstra supports proposal 4.4.2 to retain the prohibition on domain names that match existing or new gTLDs. However, rather than prohibiting all two character alpha domain names, Telstra submits that the proposal should be modified to prohibit only those two character alpha domain names that match existing or new ccTLDs.

Implementation Issues

Telstra generally supports proposal 4.5.1. However, Telstra submits that the proposal should be clarified so that (1) existing domain names that would no longer be able to be registered due to policy changes will be able to be renewed by the existing domain name holder; and (2) changes to the policy apply to all domain names, new and existing, at the time it is adopted, not at the time of re-registration.

Telstra supports the development of a dispute resolution procedure at the first (due process) level at least for the open 2LDs and generally agrees with the terms set out in proposal 4.5.2.

Telstra strongly supports the development of a dispute resolution procedure at the second (bad faith) level at least for the open 2LDs. However, Telstra questions some aspects of the model set out in proposal 4.5.2.

First, Telstra does not agree that the dispute resolution procedure should be binding.

Secondly, Telstra submits that a sensible and simple solution would be for the .Au 2LDs to adopt the ICANN UDRP (as several other ccTLDs have).

Finally, Telstra strongly urges the Panel to recommend that Australia consider the implementation of anti-cybersquatting legislation to reduce the proliferation of cybersquatting currently being experienced. Cybersquatting is a serious financial and commercial burden for business and exposes consumers to real issues of deception and confusion. If a legal regime is introduced in Australia that can be enforced in the courts, impose real penalties and award costs, then the .AU domain name system will have greater integrity and people will at least be able to operate in 'Australian cyberspace' with a much greater degree of certainty.

INTRODUCTION

Telstra Corporation Limited (“Telstra”) in consultation with its wholly owned subsidiary Pacific Access Pty Ltd (“Pacific Access”) is pleased to make this submission in response to the November 2000 Public Consultation Report for the Review of Policies in .Au Second Level Domains released by the auDA Name Advisory Panel.

Telstra itself and by its controlled entities is Australia’s principal telecommunications company. Telstra offers a broad range of telecommunications and information services in all telecommunications markets throughout Australia. Its principal activities include providing telephone exchange lines to homes and businesses, supplying local and long distance telephone calls in Australia and international calls to and from Australia, supplying mobile telecommunications services and providing a comprehensive range of data, Internet and *OnLine* services and, through its affiliates, pay television.

The matters canvassed by the Public Consultation Report are relevant to Telstra in several respects.

First, Telstra (under the brand BigPond®) is the largest Internet service provider in Australia with over 700,000 Australians now using its services. Telstra also provides wholesale services to other telecommunications carriers and carriage service providers.

Second, Telstra is the principal provider of directory services and related products in Australia through its subsidiary Pacific Access including the *OnLine* directories www.yellowpages.com.au, www.whitepages.com.au, the interactive mapping site www.whereis.com.au and the search engine www.goeureka.com.au.

Third, Telstra is a user of the domain name registration system and has domain names registered to it in gTLDs, .Au 2LDs, and many other ccTLDs around the world. The website www.telstra.com.au now resolves to www.telstra.com which includes electronic customer services for its fixed line and mobile phone customers, news and other entertainment services as well as providing links to the White

Pages® *OnLine* and Yellow Pages® *OnLine* sites listed above. Use of Telstra's various websites is growing at a rapid rate. Telstra's websites received between 11 million and 22 million hits per month throughout the year 2000. During September 2000, the website www.telstra.com was the fourth most frequently visited website in Australia.

Fourth, Telstra is a substantial user of the registered trade mark system and the Australian company names and business names system.

Fifth, Telstra has significant experience in being the target of cybersquatting and has been successful in recovering gTLD domain names using both the court system and the ICANN Uniform Dispute Resolution Process. Despite this experience, Telstra is very positive about the development of the Internet and the many benefits it offers.

From these perspectives, therefore, Telstra and Pacific Access have a very real commercial and practical interest in the matters raised in the Public Consultation Report and Telstra appreciates the opportunity to contribute to discussion regarding appropriate changes to the .Au domain name space policy to improve upon the regulation and administration of the .Au 2LDs.

GENERAL COMMENTS

Telstra welcomes the Public Consultation Report's acknowledgment that domain names have become much more than a means to facilitate connectivity between computers. As stated in the Public Consultation Report, domain names are routinely used in advertising and are used as forms of authentication and identification.

4.1 RIGHT NAMES: APPROPRIATENESS OF NAME IN RELATION TO ENTITY

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.

- 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.
- d. It is not considered bona fide to license a domain name for the sole purpose of selling it.

Telstra Recommendation

Telstra generally supports proposal 4.1.1 and in particular, proposal 4.1.1(b) but considers that it is necessary to expand 4.1.1(d) to include other examples of lack of bona fides.

Telstra agrees that the onus of 'good faith' or 'bona fides' should rest with the domain name licence holder, not with the registrar.

The practice of many gTLD registrars operating overseas seems to be to provide a list of suggested domain names for an applicant to license, if its requested domain name is already registered.

Telstra strongly recommends that this practice not be followed in Australia. Legitimate, bona fide domain name applicant's should be able to choose a domain name without the use of automatically generated suggestions. On the other hand, such lists provide cybersquatter's with ideas to further exploit trade mark owners.

In relation to 4.1.1(d), Telstra agrees that licensing a domain name for the sole purpose of selling it is not a bona fide intention to use the domain name licence for the purpose envisaged by the relevant 2LD and welcomes this recognition of this principle. In addition, however, there are other purposes for licensing a domain name, other than for selling it, that should also not be considered bona fide. For example, licensing a domain name for the purpose of diverting trade from another business or website, deliberately registering misspellings of another trader's

company or brand names in order to trade on the reputation of another trader's goodwill or registering and then passively holding a domain name licence for the mere purpose of preventing another (eg, a trade mark owner) from licensing it.

Telstra is concerned that limiting 4.1.4(d) just to the currently stated purpose will lead to dispute that, because it is the only purpose specifically proscribed, other purposes like those listed above are bona fide. This must clearly be wrong and it would be misleading for the policy to suggest otherwise.

Telstra also supports the introduction of an Australian registered trade mark as one of the alternative eligibility rules recommended in Schedule A for 4.1.1(b).

While Telstra supports in principal the recommendation that a trade mark application be introduced as evidence of eligibility, we would like to further understand how this would operate in practice, before making a final decision on the issue.

The recommendation raises a number of issues which would need to be considered; eg, Telstra recognises that, as stated in the Public Consultation Report, the time frame for the trade mark registration process (which takes at least six months but often much longer) makes it commercially unrealistic for an entity to wait until a trade mark is registered prior to licensing a domain name. From this perspective, the recommendation has merit.

However, it would be potentially damaging to a business if its trade mark application is not accepted and the domain name licence accordingly revoked. Revoking a domain name in these circumstances could be very damaging to a business that may have developed a reputation in the domain name and any corresponding website. This is not fair to the domain name licence holder nor is it practicable. In addition, this would not take common law trade mark rights into account.

An alternative may be to allow, at the time the domain name licence is to be renewed, the name to be renewed on a different basis (eg, if the trade mark application fails, the entity would need to register a business name).

4.1.2 One domain name licence per entity

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

Telstra Recommendation

Telstra would like to see some flexibility in this proposal, perhaps an alternative would be to allow a limited number, rather than one or an infinite number. While the number chosen (whether two, three or four) would be arbitrarily chosen to some extent, some degree of control is necessary to limit cybersquatting.

Telstra recognises that there may be legitimate reasons for businesses to desire more than one licence, although we submit that it is likely that two or three would be sufficient. On the other hand, the rule limiting each 'entity' (as defined in the policy) to one domain name licence has served a useful purpose of minimising occurrences of cybersquatting. See the comments made regarding proposal 4.1.1 in relation to registrars providing lists of suggested domain names.

Further, if Telstra's recommendation regarding proposal 4.1.1 is accepted, entities will be able to license a domain name for their registered trade marks, their business names and their company names.

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.

Telstra Recommendation

Telstra supports proposal 4.1.3.

Telstra agrees that it is vital that some sort of connection be required between a domain name and its licence holder, whether that be its company or business name or its registered trade mark.

However, the current direct derivation rule has produced some absurd results. Such as the example discussed in the Public Consultation Report of 'Designer Merchant Banner Kings' supporting the registration of banking.net.au.

Therefore, while Telstra agrees that the proposed "direct semantic connection" is likely to be difficult, it accepts that it should be an improvement on the current rule.

Telstra submits that the meaning of "*direct semantic connection*" be further clarified.

Please see comments regarding the introduction of Australian trade marks as evidence of eligibility made earlier in relation to proposal 4.1.1.

4.1.4 Conflict between domain names and trade marks

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.

Telstra Recommendation

Telstra agrees with the principle behind proposal 4.1.4 but submits that it should go further.

Telstra concurs with the Public Consultation Report that the onus to ensure that the licensing of a domain name does not contravene a third party's rights (such as trade mark rights) should be on the domain name licence applicant. Telstra understands that it is unrealistic to expect registrars to review domain name licence applications for any breach of third party rights.

However, domain name licence applicants should be required to do more than simply acknowledge that their entitlement to a domain name may be challenged by a third party with existing trade mark rights in the words forming the domain name. A statement of acknowledgment is passive, and is a lower threshold than that currently required for registration in the .com.au domain. Currently, domain name licence applicants must provide a warranty that their domain name does not infringe third party intellectual property rights.

Telstra submits that a warranty is required. The domain name licence applicant should have a positive onus to undertake reasonable inquiries and to warrant both that such reasonable inquiries have been made and that, to the best of its knowledge, the domain name applied for does not infringe any third party's rights.

In addition, the warranty should not be limited to trade mark rights, as in proposal 4.1.4, but should extend to all forms of intellectual property rights. For example, both registered and unregistered trade mark owner's have legal rights in their trade marks.

Ideally, Telstra would like to see the warranty extended to include all laws. Laws such as passing off are very relevant in the Internet context where domain name licence applicant's may seek to license a domain name for the purpose of diverting custom from a competitor.

Telstra's recommendation is consistent with Australia having a fair domain name space that is consistent with other rights. While it may be difficult to cover all fields of inquiry, this would be the sort of due diligence that a person setting up a new business or adopting a new trade mark would undertake. Telstra also submits that the extent of the inquiry expected is tempered by the word 'reasonable'.

Further, a person that is bona fide will have no difficulty signing an agreement warranting that they have conducted reasonable inquiries and that to the best of their knowledge they are not breaching any laws.

Telstra also submits that consideration should be given to the enactment of anti-cybersquatting legislation (such as that enacted in the United States of America) in Australia. Please see discussion below in relation to proposal 4.5.2.

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 of renewal.

Telstra Recommendation

Telstra strongly supports proposal 4.1.5.

All .Au domain name licenses should be subject to a renewal period. Further, the licence period should be the same for all domain name licence holders.

Telstra supports the view that at the time of renewal, a domain name licence holder should be required to demonstrate its continued eligibility to hold the domain name licence. A renewal period will provide regular review points where it is convenient to ensure the domain name licence holder is still eligible to license the domain name.

As to the length of the renewal period, there are a number of factors to be considered.

On the one hand, the administrative and cost burdens on licence holders and registrars should be considered.

On the other hand, it is important for the domain name register to be current and accurate, so that users of the Internet may be able to discover who is behind a domain name by conducting a 'whois' search using the widely available Internet tools. Longer licence periods may lead to a domain name licence holder's contact information becoming out of date and inaccurate. Regular renewal periods provide an opportunity for the accuracy of this information to be maintained.

The 'pro' listed in the Public Consultation Report - "*longer period domain name licenses may provide a measure of comfort for licence holders and cash flow benefits for registrars*" - is not a sufficient reason to allow lengthy renewal periods. First, bona fide licence holders who remain eligible for their domain name licences and who pay their renewal fees should feel no discomfort. Second, if licence holders allow their eligibility to lapse (eg by not renewing their business name) they should not benefit from longer licence periods. Third, greater short term cash flow for registrars does not outweigh the need for regular renewal periods to maintain the integrity and accuracy of the register. The DNS should be promoted as a system for allowing the community to register domain names consistent with other legal rights and obligations; artificial constraints to impede that which are subsidiary to the objective should not be cash focussed.

On balance, Telstra suggests an appropriate period would be 2 years.

4.2 NAMES WITH FENCES: RESTRICTED NAMES

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 definition of "generic", "geographic" and "objectionable" will be developed with reference to appropriate sources (eg Yellow Pages Index);
- 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 domain names 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 domain names on the reserved list, and auDA will determine whether the name should remain on the reserved list or whether changed circumstances mean the name can be licensed; 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.

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.

Telstra Recommendation

Telstra strongly supports the retention of the current policy restricting the licensing of objectionable names and the development of a reserved list. It is important, however, that clear rules be developed about (1) what is objectionable, descriptive or geographic for these purposes and (2) a fair review process.

Objectionable Words

Although the Public Consultation Report finds the definition of objectionable problematic, Telstra submits that there are many words that are clearly offensive (such as profanity) which should not be allowed to be licensed. To maintain consistency among registrars, objectionable words should be defined on the reserved list, which is both publicly searchable and regularly updated.

Geographic Words

In relation to the licensing of geographic words, Telstra appreciates the underlying rationale behind the current policy restrictions.

Telstra also agrees that geographic locations such as Australian States, regions, towns or cities and their common abbreviations should not be licensed in open .Au

2LDs because they give one entity an unfair competitive advantage and the fairer outcome is to prohibit their licensing.

Telstra notes that the reserved list of geographic names could be prepared using the Australian Surveying and Land Information Group's database of Australian place names.

Generic Words

Telstra acknowledges that generic words (such as those that represent commercial categories, industries, products, services and professions) have the potential to be overly representative and should not be allocated to one entity because they give one entity an unfair competitive advantage. However, the difficulty is to define what is descriptive in a meaningful and objective way and in a particular context, and to apply that in practice. Telstra questions whether the current policy is working in this regard.

For example, Telstra attempted to register the domain name fuse.com.au, but this application was rejected on the ground that it was generic, despite the fact that the brand was to be used for telecommunications services and not electrical apparatus (ie, in the generic sense). On the other hand, Telstra notes that the current policy allows the licensing of two generic words due to the technical constraints of the registrar. For example, Crane Hire is a Yellow Pages® directories heading, but cranehire.com.au is registered because it is two words. Such distinctions are arbitrary and unfair.

Telstra submits that using a dictionary is not an appropriate way to determine whether or not a word is generic. Modern dictionaries are continuously updated with trade marks and other unique or invented words, in addition to profanity and slang. As discussed above, whether a word is generic will often depend on the context in which it is intended to be used. Further, the reserved list should not exclude all of the hundreds of thousands of words that appear in a dictionary. If this was the case, only unknown or nonsensical words could be registered.

In addition, use of the Yellow Pages® directories headings is not an appropriate method to define generic words. The Yellow Pages® directories headings are not an exhaustive list of products, services and categories. The headings that appear differ from time to time depending on the businesses that are listed in them each year, and the current Pacific Access policy in relation to the structure of the headings. For example, if no medical doctors have listings in the Yellow Pages® directories the heading 'Doctor' would not appear. The advertising choices of businesses should not dictate whether or not the domain name doctor.com.au should be licensed.

It is noted that other countries use different heading listings in their business directories and further some headings in fact have 'special' meanings – ie, they are not generic descriptors.

Perhaps a more appropriate standard list could be the ANZIC codes.

Famous Names

In 'the Management of Internet Names and Addresses: Intellectual Property Issues' Report of the WIPO Internet Domain Name Process April 30, 1999, WIPO recommends that a mechanism for granting exclusions to famous and well known trade marks should be established in the gTLDs.

At page 61 of the Report, WIPO states: "*Famous and well-known marks have been the special target of a variety of predatory and parasitical practices on the Internet... because of the special attention that fame attracts, famous and well-known marks have for a long time been considered in intellectual property laws to warrant special protection, over and above that accorded to other, ordinary marks. That special protection is well established in widely accepted international agreements on the multilateral level... The proposed mechanism for exclusions was widely supported... as an appropriate means of reflecting established international principles in the DNS.. [as over] the last five years... owners of famous and well-known marks have had to invest large amounts of human and financial resources in defending their marks against abusive domain name registrations.*"

Telstra submits that Australia should adopt a mechanism similar to that recommended by WIPO, with the result that famous marks be added to the reserved list. Telstra envisages the mechanism operating as follows. Famous marks would be added to the reserved list if (on application by the entity or trade mark owner) an independent panel is satisfied that the mark is famous throughout Australia and across different classes of goods and services. Once a mark is placed on the reserved list, only the trade mark owner may license that mark.

The addition of famous marks to the reserved list should be considered and debated in Australia. While this may be a more difficult issue for the international community to resolve in the short term (as what may be famous in one country may not be famous in another), this is an issue that Australia can tackle successfully, because Australia need only decide if a mark is famous throughout Australia, not internationally.

4.3 NEW NAMES: INTRODUCTION OF NEW 2LDS

4.3.1 Introduction of new .au 2LDs

Introduce new 2LDs in the .au domain space, subject to the ICANN experience of introducing new gTLDs.

Telstra Recommendation

Telstra is not convinced by the accuracy of the perception that 'all the good names are taken' in the .Au 2LDs, nor has it seen any evidence to suggest this is true. It cannot be suggested that anything like the number of names registered in .com have been registered in .com.au or .net.au.

In any event, Telstra submits it would be sensible to observe the ICANN experience of introducing new gTLDs and revisit the issue in light of that experience before pursuing the introduction of new 2LDs in the .Au domain space.

Importantly, new .Au 2LDs should not be introduced until an adequate dispute resolution policy is agreed upon. See Telstra's comments regarding dispute

resolution in relation to proposal 4.5.2 below and regarding famous names in relation to proposal 4.2.2.

4.3.2 Introduction of a system of gateways

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

Telstra Recommendation

Telstra notes proposal 4.3.2 and agrees that further public consultation is necessary before a gateway structure is introduced.

Telstra notes the advantages of gateways in certain circumstances (for example, where two unrelated trade mark owners share the same trade mark but in different classes) but suggests that, in such cases, negotiation between the individual parties is the most appropriate solution. In these circumstances both parties have legitimate rights to the mark and both will be interested to reduce confusion and risk losing custom so have an incentive to negotiate a 'gateway' page.

What is now under consideration, however, is quite different and goes much further. Telstra suggests that there are several obstacles that will need to be addressed.

The main problem with the introduction of a gateway structure is the question of regulation and administration. If the sub-set model is adopted (for example, a generic word) several questions arise: who will set up and maintain the gateway? who will administer and regulate the entities that can license space within that gateway? will the gateway operator be able to charge fees? who will determine whether or not the entity is eligible? will the same policies apply? who will determine how the links to various different entities within that gateway are arranged?, etc.

Telstra notes that in many instances, the solutions offered by a gateway are to some extent already offered by directories (such as www.yellowpages.com.au) and search engines (such as www.goeureka.com.au).

A related problem that may occur with a gateway structure is knowing who is behind the name. One current example is that of the 'au.com' domain which operates in a similar manner. When domain names are licensed in the 'au.com' domain it is very difficult to discover who actually is the registrant of a particular domain name and important policies such as the ICANN UDRP do not apply to what is in effect a third level domain name.

4.4 TECHNICAL NAMES: TECHNICAL CONSTRAINTS ON NAMES

4.4.1 Domain names that begin with a number

Domain names that begin with a number should be allowed, however domain name licence applicants should be made aware of the potential problems.

Telstra Recommendation

Telstra supports proposal 4.4.1.

Entities who have a legitimate desire to license a domain name beginning with a number should not be prevented from doing so, provided they are alerted to the risk of problems with old software. This risk should decrease over time as software is continually updated.

4.4.2 Country codes and gTLDs as domain names

The prohibition on two character alpha domain names or domain names that match existing or new gTLDs should be maintained.

Telstra Recommendation

Telstra supports retaining the prohibition on domain names that match existing or new gTLDs. However, rather than prohibiting all two character alpha domain

names, Telstra submits that the proposal should be modified to prohibit only those two character alpha domain names that match existing or new ccTLDs.

It appears to Telstra that the reason for retaining the prohibition on two character alpha domain names to ensure they are not unfairly exploited is rather arbitrary, as three character domain names are also likely to be valuable yet have always been able to be licensed.

The 'pro' for this proposal in the Public Consultation Report - "*this proposal would minimise security risks arising from the misuse of two character alpha domain names*" - is still achieved by Telstra's modification to the proposal as it is Telstra's understanding that not all two character alpha domain names carry security risks, just the two character alpha domain names that match ccTLDs.

The 'con' for this proposal - "*having to continually update the reserved list*" if new gTLDs are added - is not a persuasive argument. Although there is current impetus for new gTLDs the current ICANN proposal is to allow six more. The administrative task of adding six names to a list is not unnecessarily burdensome.

4.5 IMPLEMENTATION ISSUES

4.5.1 Retrospectivity and prospectivity

Changes to domain name eligibility and allocation policies will not have retrospective effect for current domain name licence holders, and will only apply to existing domain name licences at the time of re-registration.

Telstra Recommendation

Telstra generally supports proposal 4.5.1.

It is sensible to apply the policy changes prospectively and to provide notice to those who may need to prepare.

However, Telstra submits that the proposal should be clarified. It currently states that “changes... will only apply to existing domain name licences at the time of re-registration”.

The Public Consultation Report states that existing domain names that would no longer be able to be registered due to policy changes, will be able to be renewed by the existing domain name holder. If this is the case (and Telstra suggests it should be) then the policy will not fully apply to the domain name licence at the time of re-registration. The wording of the proposal should take this into account.

Further, changes to the policy should apply to all domain names, new and existing, at the time of adoption, not at the time of re-registration. For example, the dispute resolution procedure should apply to existing domain names from their adoption. This is a fairer outcome and a much more practical one to apply in practice as each existing domain name holder will have a different renewal date and, for some .Au 2LDs, a different renewal period.

In relation to the domain names that may become available for registration that were previously prohibited, Telstra agrees with the Panel that as the DNS is a public resource, the ‘windfall’ financial benefits of policy changes should not accrue to registrars. If the auction approach is adopted, perhaps the funds in excess of the usual registration fee could be used to fund future policy reviews, or to enhance the dispute resolution process.

4.5.2 Dispute resolution procedure

- a. Dispute resolution procedures 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 procedure:
 - i. the first level should deal with due process – ie, where an applicant

- wishes to contest 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 registration and/or use of a domain name;
 - iv. the domain name should be frozen pending 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.

Telstra Recommendation

First (due process) level

Telstra supports the development of a dispute resolution procedure at the first (due process) level at least for the open 2LDs and generally agrees with the terms set out in proposal 4.5.2.

In particular, the binding nature is appropriate at the first (due process) level because the aggrieved party is an applicant who is applying for a domain name as opposed to at the second (bad faith) level where the aggrieved party is likely to be a third party with legal rights unrelated to domain names.

Proposal 4.5.2cii states that the second appeal should be to an independent arbitrator. However, proposal 4.2.1 discusses the situation where an applicant disagrees with a registrar decision to reject its domain name application on the basis that it is a generic word on the reserved list and in that case, states that the second appeal is to auDA. This inconsistency should be resolved. Telstra submits that auDA is the appropriate body to resolve disputes of this nature.

Second (bad faith) level

Telstra strongly supports the development of a dispute resolution procedure at the second (bad faith) level, at least for the open 2LDs, as reliance on the court system (and laws that were not developed with the Internet in mind) is often time-consuming and costly for all parties.

However, Telstra questions some aspects of the model set out in proposal 4.5.2.

First, Telstra does not agree that the dispute resolution procedure should be binding. Making use of a dispute resolution procedure should not exclude either party from subsequently taking court action if the circumstances are appropriate. Any dispute resolution procedure, by its very nature, will not be subject to the same evidentiary rules as a court and, should this prove detrimental to either party, the ability to commence court proceedings is an important safeguard for both parties.

So far as Telstra is aware, the current Melbourne IT and connect.com.au dispute resolution policies are rarely used. Telstra submits that this is due to: (1) its binding nature; and (2) understanding about who the arbitrators are, how they decide disputes and their familiarity with intellectual property rights.

Telstra submits that when considering the implementation of a (bad faith) domain name dispute resolution policy it is important to bear in mind the likely scope of such a process. As with the ICANN UDRP, it can only effectively address blatant cybersquatting.

Telstra is aware that there are situations in which second level disputes will arise between two genuine rights holders (eg, where the same trade mark is registered to different owners in different classes). Telstra submits that such situations should be left to forums best suited to resolve those disputes (whether that be negotiation, arbitration, or resolution through the courts or alternative dispute resolution) and those cases that do involve blatant cybersquatting should be subject to a domain name dispute resolution procedure.

Before implementing the ICANN Uniform Dispute Resolution Process (UDRP) significant international discussions and consultations were held. These revealed a level of discomfort in excluding the rights of parties to have recourse to litigation. It was recognised that the ICANN UDRP has the capacity to affect valued rights, not exclusively related to the domain name in dispute. Accordingly, when the WIPO Interim Report recommended that any dispute resolution procedure preserve the right to litigate (ie, it should not be binding) it was met with the support of virtually all commentators. Telstra agrees with this rationale.

Telstra submits that a sensible and simple solution would be for the .Au 2LDs to adopt the ICANN UDRP (as several other ccTLDs have), with some modification to take local eligibility criteria into account. Adopting the ICANN UDRP would have many benefits including the body of precedent and the administrative structure that has already been developed. In addition, different systems and rules are likely to cause confusion for licence holders and trade mark owners operating across or with interests/concerns in different domains.

If Australia does not adopt the ICANN UDRP but chooses to establish its own bad faith dispute resolution procedure, it may be difficult to convince parties in domain name disputes to take advantage of it.

The ICANN UDRP has also gathered an extensive list of eminently qualified experts in the area of the Internet, intellectual property and related laws. If an Australian dispute resolution procedure is to be successful, parties must have confidence in the arbitrators' ability to comprehend specialist areas of the law.

Telstra submits that a key part of a dispute resolution process is an accessible and accurate 'whois' register that allows the public to discover who is behind a particular domain name.

Finally, Telstra submits that consideration should be given to enacting anti-cybersquatting legislation in Australia.

Prior to the introduction of anti-cybersquatting legislation in the United States of America there were considerable concerns that trade mark law was being stretched too far in order to provide a remedy for the targets of cybersquatting.¹ Likewise, considerable questions are yet to be resolved in Australia, such as whether mere registration of a domain name is considered use as a trade mark or whether it is in trade or commerce for the purposes of trade practices and fair trading legislation. Telstra submits that specific anti-cybersquatting legislation is required to clearly define prohibited acts.

It seems extraordinary, for example, that people are far more ready to register another's trade mark as a domain name than ever do so as a business name or company name.

In addition, in Telstra's experience, there is a strong tendency among cybersquatters to regard the unauthorised registration of third party trade marks (and celebrity names, etc) as humorous or harmless. Such actions are not taken seriously even though they may have serious financial and commercial

¹ Solomon, Barbara A, "Two New Tools to Combat Cyberpiracy - A Comparison" 42 Intellectual Property Forum 32.

consequences for the target of the cybersquatter and raise real deception and confusion issues for users of the Internet.

To some extent, this attitude is borne out in the complaint system itself, where even a successful ICANN UDRP complaint ordering a transfer of the disputed domain name has no real consequences for the cybersquatter (only the minimal domain name registration cost).

The ICANN UDRP does not impose sanctions or penalties and does not award costs. Conversely, the ICANN process imposes significant costs on legitimate businesses (both in terms of filing fees and the time required to prepare the Complaint).

If a legal regime is introduced in Australia that can be enforced in the courts, impose real penalties and award costs, then the .AU domain name system will have greater integrity and people will at least be able to operate in 'Australian cyberspace' with a much greater degree of certainty.

Telstra strongly urges the Panel to recommend that Australia consider the implementation of anti-cybersquatting legislation to reduce the proliferation of cybersquatting currently being experienced. Cybersquatting is a serious financial and commercial burden for business and exposes consumers to real issues of deception and confusion.