Markwell

Ms Jo Lim
Chief Operations and Policy Officer
auDA
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30 September 2015

Dear Ms Lim,

SUBMISSIONS ON 2015 NAMES POLICY PANEL DRAFT RECOMMENDATIONS

Thank you for the opportunity to comment on the Draft Recommendations of the 2015 Names Policy Panel.

Markwell is a boutique intellectual property firm that provides trade marks, domain name and intellectual property law advice and representation to Australian and overseas brand owners.

Our submissions on each of the Draft Recommendations appear below.

Draft Recommendation 1A: The Panel recommends in principle that .au should be opened up to direct registrations.

We submit that .au should not be opened up to direct registrations.

There is no evidence that there is any market demand for direct registrations or that direct registrations would provide any benefit to users. It is likely that direct registrations would result in additional costs to businesses in the form of defensive registrations and actions against bad faith registrants.

The Draft Recommendations assert that the "*strongest rationale*" for opening up the .au domain space to direct registrations is the superiority of shorter domain names. However, the existing 2LDs, particularly .com.au, are well known, accepted and trusted among businesses and consumers. Given the maturity and strong reputation of the .au domain space, the Panel's suggestion that the 2LDs are deficient or less appealing because of their length seems hard to justify. Further, as users are accustomed to the existing 2LDs, the introduction of direct registrations would not make things simpler for users but would be likely to cause confusion.

If .au is opened up to direct registrations, the implementation must ensure that the rights of trade mark owners are sufficiently protected. In this regard, we note that the Panel is not in favour of a trade mark sunrise period for direct registrations. The Panel's reasoning is that the recognition of trade mark rights conflicts with the "*no hierarchy of rights*" principle that underpins the .au domain space. We agree that the no hierarchy of rights principle is an important one, however the opening up of .au to direct registrations is a special circumstance which has the potential of causing user confusion and putting trade mark rights holders at additional risk and expense. Accordingly, the recognition of trade mark rights should override the no hierarchy of rights principle in this special circumstance. Further, we note that the Panel's view that there should be no recognition of trade mark rights is inconsistent with its view that "*special measures*" may be needed to deal with bad faith direct registrations. In our

submission, a sunrise period for trade mark holders should be one of these special measures.

It is not clear from the Draft Recommendations whether the Panel also considers that there should be no recognition of the "rights" of registrants of existing 2LDs. We submit that the no hierarchy of rights principle should apply in this case and registrants of existing 2LDs should not be given a first right of refusal or similar rights. Otherwise, there is a very high likelihood that direct registrations would simply mirror the existing 2LDs and not serve to open up the .au domain space.

Draft Recommendation 1B: The Panel recommends that the same policy rules which currently apply in the existing 2LDs should also apply to direct registrations.

If .au is opened up to direct registrations, we agree with Draft Recommendation 1B subject to our comments below in relation to Draft Recommendation 2A.

Draft Recommendation 2A: Subject to draft recommendations 2B and 2C below, the Panel recommends that the eligibility and allocation criteria for open 2LDs be retained in their current form.

We generally agree with Draft Recommendation 2A subject to the following comments:

1. The "*close and substantial connection*" rule provides flexibility which is commercially necessary (for example, in the case of descriptive domain names). However, with that flexibility comes a degree of uncertainty as to how the rule is applied. The fact that auDA's decisions in relation to eligibility complaints are not always consistent and are not published adds to this uncertainty.
2. It remains unclear whether the close and substantial connection rule entitles a registrant, who may not otherwise satisfy the eligibility criteria, to hold a domain name that is being used by another party who does satisfy the criteria. A common example would be where the domain name is held by a parent company but used by its (eligible) subsidiary. It would be helpful if the eligibility and allocation criteria for open 2LDs clarified this issue.

Draft Recommendation 2B: The Panel recommends that the fixed two year licence period be changed to a variable 1-5 year period.

We agree with Draft Recommendation 2B.

Draft Recommendation 2C: The Panel recommends that auDA and/or AusRegistry should make the appropriate changes to the policy and/or registry database fields to reflect the nationalised business names registration system, ensuring that there is no disadvantage to registrants.

We agree with Draft Recommendation 2C.

Draft Recommendation 3A: The Panel recommends that the Reserved List Policy be retained in its current form.

We agree with Draft Recommendation 3A.

Draft Recommendation 3B: The Panel recommends that the Prohibition on Misspellings Policy be retained, but that auDA should revise the audit list provisions to provide more flexibility in the way the policy is enforced

We agree with Draft Recommendation 3B.

Once again, we thank you for the opportunity to make submissions on the Draft Recommendations and trust that our comments are of assistance.

Yours faithfully,
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