

## Freehills Submission in relation to auDA Second Public Consultation Report

- 1 Freehills welcomes the opportunity to comment on the Second Public Consultation Report (**the Second Report**) in relation to Changes to Domain Name Eligibility and Allocation Policies in .au Second Level Domains (**2LDs**) circulated by the auDA Name Policy Advisory Panel (**the Panel**).
- 2 In our submission (**our First Submission**) in relation to the First Public Consultation Report (**the First Report**), we made a number of comments expressed on the basis of our considerable experience in relation to the issues raised by domain name eligibility and allocation policies in Australia.
- 3 We are gratified that there was some consensus amongst those parties who made submissions to the Panel in relation to the First Report, and that many of those recommendations have been adopted by the Panel in preparing the Second Report.
- 4 For ease, we therefore do not reiterate here comments made in our First Submission. Rather, we have commented here in relation to additional matters we wish to raise on the basis of new comments made in the Second Report.
- 5 For a description of Freehills' experience and a background to our First Submission and this our Second Submission, please see paragraphs 1 to 11 of our First Submission.
- 6 In this document, we comment on the specific areas set out below. In each case, we adopt the numbering used in the Second Report, and repeat the Panel's recommendation before commenting on it.
  - 3.1.1 **There should be no restriction on the number of domain name licences that may be held by a single entity or individual.**
- 7 Subject to the other controls set out in the Second Report, we agree with this Recommendation (see paragraphs 13 to 16 of our First Submission).

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**3.1.2 All domain name licences should be subject to a renewal period, to be specified by auDA, or by the relevant 2LD administrator subject to ratification by auDA. The domain name licence holder should be required to provide evidence of continued eligibility to hold the licence at the time of renewal.**

8 In our First Submission (paragraphs 32 to 35), we commented 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).

9 As set out in our First Submission, we support this Recommendation, but suggest that all domain name licences should be renewed over relatively short periods (for example, two years) at least initially. Once the proposed changes to the domain name eligibility and allocation policies have been in effect for some time, and any difficulties have been corrected, it may be open to auDA then to allow domain name licence periods to become a point of competitive difference between registrars in the open 2LDs.

10 Regular renewal will also become less necessary if a rapid and inexpensive dispute resolution procedure is in place.

**3.1.3 In order to licence a domain name in the .au domain space, the following conditions should be satisfied:**

**(a) The domain name licence applicant must be an Australian entity.**

11 Subject to one exception, we agree with this Recommendation. However, in our view, whilst the ordinary meaning of “Australian entity” includes a company or business registered in Australia, an Australian citizen and an Australian resident, that expression does not, on its ordinary meaning, include the owner of an Australian registered trade mark. In our view, the expression “or Australian registered trade mark owner” should be added to the end of paragraph 3.1.3(a) so as to clarify in the policy what the Panel intends.

12 We note that the expression used in the Recommendation restricts eligibility to *owners* of Australian registered trade marks, as opposed to Australian trade mark *applicants*. This is contrary to the comments made in the Second Report in relation to Recommendation paragraph 3.1.3(d).

**(b) The proposed use of the domain name licence must fit the purpose envisaged by the relevant 2LD. Schedule A lists the existing .au 2LDs and their purposes as currently stated.**

13 At this stage, we do not comment on this Recommendation.

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

14 At this stage, we do not comment on this Recommendation.

(d) **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. Schedule A lists the eligibility criteria for the current 2LDs.**

15 Freehills supports the extension of domain name licence eligibility criteria to include Australian registered trade marks in the commercial 2LDs com.au and net.au. We refer to our comments in our First Submission at paragraphs 13 to 16 and 25 to 31 .

16 In relation to trade mark *applications*, we repeat our comments in paragraph 12(e) of our First Submission. We agree that it would be preferable 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. However, the time often involved in processing trade mark applications *may* become a mechanism for improperly securing a domain name for a period of 18 months or 2 years with no other entitlement. Such a circumstance would mirror the current situation of persons registering business names in order to obtain a domain name: the cost of registering a trade mark is, however, more significant. On balance, an appropriate dispute resolution procedure would avoid this difficulty.

(e) **Purposes that would not be considered bona fide include but are not limited to:**

- (i) **licensing a domain name for the sole purpose of selling it;**
- (ii) **licensing a domain name for the purpose of diverting trade from another business or website;**
- (iii) **deliberately licensing misspellings of another trader's company or brand name in order to trade on the reputation of another trader's goodwill; and**
- (iv) **licensing and then passively holding a domain name licence for the sole purpose of preventing another (eg an Australian registered trade mark owner) from licensing it.**

17 We generally agree with this Recommendation. However, in light of experience with the interpretation of “sole purpose” tests in relation to evidentiary material, we strongly suggest that the appropriate test in each of paragraphs 3.1.3(e)(i), (ii), (iii) and (iv) should in each case be the “dominant purpose”. This would prevent a “cybersquatter” from arguing that it had more than one of the impugned purposes set out, thereby avoiding the

sole purpose test. We also suggest that the word “deliberately” be removed from paragraph 3.1.3(e)(iii) as this would expressly introduce an examination of intent which is not present in the other tests and may be difficult to establish.

- (f) **The domain name licence applicant must acknowledge at the time of application that their entitlement to a domain name may be challenged by a third party with superior legal rights in the words forming the domain name.**

18 As set out in our First Submission, we support the Recommendation that it is appropriate for the onus to rest with the domain name licence applicant to ensure that the licensing of a domain name does not contravene any third party’s rights. However, as noted in our First Submission, some domain name licence applicants in Australia and elsewhere have shown themselves to have scant regard for the rights of trade mark owners. This section of the policy therefore needs to be balanced with an appropriate dispute resolution procedure.

- (g) **The domain name licence applicant must agree to be bound by any Dispute Resolution Procedure specified by auDA.**

19 As set out in paragraphs 52 to 57 of our First Submission and above, Freehills supports the urgent need for the adoption of a dispute resolution procedure to apply to all open 2LDs.

20 We again submit that the Panel should give some thought to adopting the Internet Corporation for Assigned Names and Numbers (**ICANN**) Uniform Dispute Resolution Procedure (**UDRP**). The ICANN UDRP has now been operational for in excess of twelve months and has, by and large, shown itself to be swift, inexpensive and accurate: see Rebekah Gay and David Stone, “Evicting Cybersquatters: A Practical Guide to the Uniform Domain Name Dispute Resolution Policy” (2000) 42 *Computers and Law Journal* 22; David Burnstein and Sheri Raliner, “Lessons from the new dispute resolution procedure for domain name disputes” *New York Law Journal*, 21 August 2000.

21 With the increasing effects of globalisation, and the growing jurisprudence created by ICANN UDRP panellists, there is much to be said for not creating a further, and different, dispute resolution procedure where one is already available. As noted in our First Submission, as the internet is an international medium, national boundaries or organisations should not be created to replicate existing, functioning, international systems.

22 If the ICANN UDRP were to be adopted for 2LDs in Australia, we suggest that ICANN be asked to appoint a dispute resolution service provider based in Australia, with appropriate panellists and filing fees.

**4.1.1 There must be a substantial and close connection between the domain name and the domain licence holder.**

23 We agree with this recommendation but refer to our comments in relation to Recommendation 4.1.2.

**4.1.2 A connection between the domain name and the domain name licence holder can be demonstrated if the domain name:**

- (a) exactly matches the name on which the domain name licence application is based (eg. company name, trade mark, etc.);
- (b) is a name by which the domain name licence holder is generally known (eg. an acronym, abbreviation, nickname or alias) or is otherwise derived from the name on which the domain name licence application is based.

24 We note the Panel’s express intention that paragraph 4.1.2 is designed to “translate” the broad principle of Recommendation 4.1.1 into “a workable rule”. As presently drafted, Recommendation 4.1.1 is based on a test of “substantial and close connection”, whilst 4.1.2 is based on “a connection”. In our submission, if 4.1.1 is to be retained as a separate rule, it and 4.1.2 should be consistent. We prefer the “substantial and close connection” test.

25 We have no additional comments to make on paragraphs 4.1.2(a) and the first part of paragraph 4.1.2(b). However, we recommend that the words “is otherwise derived from the name on which the domain name licence application is based” become a new sub-paragraph (c) to paragraph 4.1.2. If the Panel accepts this, any difficulties in the objective application of the “substantial and close connection” test would only be with respect to paragraph 4.1.2(c), as paragraphs (a) and (b) are exact matches with existing names, acronyms, abbreviations, nicknames and aliases which would be proved by registration or statutory declaration. This appears from the commentary to have been the intention of the Panel, although the words “substantially and closely” have been omitted from paragraph 4.1.2(b).

**4.2.1 Domain names that begin with a number should be allowed.**

**4.2.2 Two character alpha domain names that match existing or new country code top level domains (ccTLDs) should not be allowed. Domain name licence applicants should be**

**advised that if they licence a two character alpha domain name that is subsequently allocated as a ccTLD, then the licence may be revoked.**

26 We have no comment on recommendation 4.2.

**4.3.1 Until an appropriate licence allocation method has been devised, the licensing of generic domain names should be prohibited and following “reserved list” approach should be adopted:**

- a. a definition of the term “generic” will be developed;**
- b. domain names that have to date been rejected by the current registrars for being generic will be placed on a reserved list;**
- c. new applications for domain names that may be considered generic will be referred to auDA;**
- d. if the domain name is determined by auDA to be generic then it will be added to the reserved list; and**
- e. applicants may 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.**

**4.3.2 Until an appropriate licence allocation method has been devised, the licensing of geographic domain names should be prohibited, using the same reserved list approach outlined in 4.3.1 (substituting “geographic” for “generic”).**

**4.3.3 The licensing of objectionable domain names should be prohibited, using the same reserved list approach outlined in 5.3.1 (substituting “objectionable” for “generic”).**

27 At this stage, we do not comment further on Recommendation 4.3.1, 4.3.2 or 4.3.3 but look forward to being given the opportunity to comment on the Panel’s proposal on allocation methods for generic or geographic domain names and the ways in which transition to a new policy may be managed, once available following the Panel’s meetings in March 2001.

**5.1.1 A limited number of new 2LDs should be introduced in the .au domain space.**

**5.1.2 The Name Policy Advisory Panel will undertake a separate public consultation process to determine what the new 2LDs should be, and how they should be managed.**

28 We look forward to commenting on this Recommendation as part of the proposed separate public consultation process.

**6.1.1 Changes to domain name eligibility and allocation policies should not have retrospective effect for current domain name licence holders, and should only apply to existing domain**

**licences if the licence is registered to a different entity, or when the existing licence holder's licence expires.**

29 We suggest in relation to this Recommendation that it be noted that re-registration to a related entity (such as a parent company or a different company in a corporate group) should not trigger the application of the changes to domain name eligibility. Corporate restructures and the transfer of assets between companies in a group happen for many reasons: this should not impact on domain name licence holdings.

**6.2.1 Dispute resolution procedures should apply to all 2LDs, and to closed 2LDs on an opt-in basis, with appropriate modifications if necessary.**

30 We reiterate our comments in paragraphs 19 to 22 above.

**6.2.2 Uniform dispute resolution procedures should be devised and implemented by auDA for all 2LDs before or at the same time as the recommendations of this Panel are implemented.**

31 We have no comment on this Recommendation at this stage.

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