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INTELLECTUAL PROPERTY

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12 April 2019

To The Chairman and Members
auDA Policy Review Panel

Re: Submission by Davies Collison Cave Pty Ltd
Final Report: Recommendations to the auDA Board
Reform of Existing Policies & Implementation of Direct Registration

Dear Chairman and Members

Davies Collison Cave Pty Ltd ("DCC") submits this response to the Final Report: Recommendations to the auDA Board: Reform of Existing Policies & Implementation of Direct Registration ("the Final Report").

These submissions substantially reproduce the submissions filed by DCC on 11 March 2019 in response to the Public Consultation Paper: Reform of Existing .au Policies and Implementation of Direct Registration, save for expansion on our comments regarding Paragraphs 5.1.1 "Eligibility and allocation-Australian Presence" and 5.1.4 "Eligibility and allocation – Grandfathering considerations".

In particular, we submit:

5.1 Reform of Existing Policies

5.1.1 Eligibility and allocation – the Australian presence requirement

For all domain names ending in .au, it is proposed that the registrant must be an Australian citizen or permanent resident or entity established under Australian law. It is recommended that where an applicant is relying on a trade mark registration or application to establish an Australian connection, the trade mark must be an exact match to the domain name.

DCC supports a single Australian presence test for all domain name registrations in the .au domain name space, including at the second and third levels, provided potential registrants still need to satisfy other applicable eligibility and allocation criteria for a particular 2LD.

The current domain name eligibility and allocation policy rules that define an Australian presence for each 2LD should be combined to make the new "Australian Presence Test". However, DCC supports retaining an exception to this test for foreign entities and individuals, namely that a foreign entity or individual can satisfy the eligibility criteria if they own an Australian trade mark application or Australian trade mark registration.

DCC supports the Panel's recommendation that the applicant for an Australian trade mark registration or owner of an Australian trade mark registration should only be allowed to register a domain name that is an exact match to their Australian trade mark application or registration (if the Australian trade mark application or registration is the sole basis for meeting the Australian presence requirement. However, DCC recommends:

1. This exception be revised to allow foreign entities and individuals to register a domain name that is an exact match to the *word element* of their Australian trade mark application or registration. Owners of Australian trade mark applications/registrations that consist of a composite mark (word and logo) should be entitled to register the corresponding domain name that exactly matches the word element of that mark.

   For example, there is no logical reason why the owner of the mark [PLEASE] should not be eligible to register the <please.com.au> domain name. However, under the current proposed rules, the [PLEASE] registration would be considered a logo mark and the owner would be denied using this registration to claim eligibility for the <please.com.au> domain name.

   Restricting Eligibility for foreign entities to only be on the basis of a word mark, will have an adverse impact because foreign entities may feel compelled to register word trade marks in Australia to satisfy eligibility requirements at cost. This cost will be a deterrent to that foreign entity entering the Australian marketplace.

2. Some flexibility in this rule written into the Eligibility and Allocation Policy. For example, the owner of the registered trade mark PAPA JACK's should be entitled to register <papajacks.com.au> (notwithstanding the presence of the apostrophe).

5.1.2 Resale and warehousing

It is proposed that stricter controls be put in place to ensure that domain names are not being registered solely for the purpose of resale or warehousing (ie. holding a large collection of domain licences for future resale when they become more valuable).

DCC supports the Panel's recommendation that the prohibition on the resale and warehousing of domain name be retained and strengthened. DCC agrees the onus should be on a registrant to demonstrate that domain name has not been registered for resale or warehousing in certain circumstances, including those listed on page 9 of the Consultation Paper. DCC proposes that other circumstances to be considered should be:

- the registrant, or entities associated with the registrant, own more than 100 Australian domain names that consist of three or four letters and do not exactly match or acronym a business, trading, company, business or personal name or trade mark of the registrant; and

- the registrant, or entities associated with the registrant, has had previous domain names cancelled pursuant to complaints for breach of resale and warehousing rules.

DCC also favours the introduction of a public register of domain names and company owner details of those domain names that have been cancelled for breach of Term 8 of the Domain Name Eligibility and Allocation Policy Rules for the open 2LDs.

5.1.3 Eligibility and allocation – "Close and Substantial Connection" Rule

It is proposed that this rule be expanded to recognise online directories (e.g. lawyer.com.au) and informational services that specifically relate to the subject matter denoted by the domain name.

It is also proposed that Domain Monetisation (ie. the use of a website which is automatically generated with paid advertising matching the subject of a domain

licence e.g. books.com.au) no longer be a basis to meet the allocation criteria to register a domain name.

DCC supports the expansion of the close and substantial connection rule to include online directories and informational services that specifically relate to the subject matter denoted by the domain name provided that domain monetisation no longer be a basis to meet the allocation criteria to register a domain name.

DCC supports the Panel's recommendation to remove domain monetisation as a basis for satisfying the close and substantial connection rule.

DCC agrees that a Registrant must meet the close and substantial connection rule on the date of registration of the domain name. DCC notes that the Panel proposes to allow a six month grace period from the first registration to meet the close and substantial test. DCC recommends that the Policies make it clear that the domain name cannot be:

(a) monetised during the 6 month grace period; and/or

(b) sold or otherwise transferred during the 6 month grace period.

Without these conditions, the proposed 6 month grace period will encourage domain name warehousing and improper registration and use of domain names.

5.1.4 Eligibility and allocation – Grandfathering considerations

It is proposed that grandfathering provisions be introduced for existing licence holders.

DCC favours the new Policies applying to an existing domain name licence once it is renewed, except for the application of the Eligibility and Allocation Policy to foreign entities claiming eligibility based on an Australian trade mark application/registration.

DCC favours an approach of the revised eligibility requirements not applying to existing registrants who are foreign entities and claim ownership on the basis of an existing Australian trade mark application/registration.

Under the current Eligibility and Allocation Policy rules, many foreign entities own Australian domain names on the basis these names exactly match, abbreviate or acronym its Australian registered trade mark. If these foreign entities are suddenly, at the time of renewing their domain name, required to have a word trade mark that exactly matches their Australian domain name, there could be potentially hundreds of domain names that are suddenly ineligible and vulnerable to cancellation. This would impact negatively on Australia's relationships with these foreign entities and potentially be devastating for many foreign businesses.

5.1.5 Licence conditions – licence transfer

It is proposed that if a domain licence is sold, the new licence holder should receive the benefit of the remaining licence period. (Currently, when a licence is sold a new licence period is created for one, two, three, four or five years and any remaining licence period is lost.)

DCC supports allowing the transferee of a domain name licence to receive the benefit of any remaining licence period.

5.1.6 Licence conditions – licence suspension and cancellation

It is proposed that a process be developed to allow for the suspension of a domain name licence, rather than cancellation of a domain name licence, where there is a breach of a policy.

DCC sees merit in auDA being able to suspend a domain name licence in the circumstances identified on page 14 in the Consultation Paper, to allow a registrant to appeal an adverse decision.

DCC notes that the Panel proposes a suspension of one month if the factors in paragraph 6.2 of auDA Policy No. 2018-07 are met. However, it is not clear if the one month suspension will also apply to a registrant found to breach any auDA Published Policy. The Complaints Policy should make it clear whether the one month suspension will also apply where there has been a clear breach of the Eligibility Policy. If a registrant can appeal a decision, then auDA should also consider:

1. Publishing written reasons for that decision;

2. Setting a fee for appealing that decision;

3. Making it clear that the outcome of an unsuccessful appeal is cancellation and not transfer.

DCC would welcome the opportunity to comment further on the proposed new Complaints Policy and the Appeal process.

5.1.7 Prohibition on Misspellings

It is proposed that the Prohibition on Misspelling List be retained. This is important to prevent typosquatting – the deliberate registration of a domain name that is a misspelling of a brand name, entity or person for the purpose of misleading users of the misspelt domain name.

Such names can be monitored for compliance with the registration rules or blocked from registration.

DCC favours retaining the Prohibition on Misspelling List and:

1. has no objection to publishing further details concerning the misspelt name, including the name of the entity that lodged the complaint and the basis for the complaint;

2. favours blocking a domain name rather than deleting;

3. favours blocking the corresponding domain name in all name spaces.

DCC sees no harm in auDA have a process for unblocking prohibited misspellings provided an applicant can prove they have a legitimate entitlement for the domain name. However, DCC recommends this process require the original complainant of the misspelt domain name to be notified of the application to "unblock" the misspelt domain name so that further action could be taken if appropriate.

5.1.8 Reserved names

It is proposed that the Reserved Names List be retained, and revised to include additional categories. Currently, the list contains words and phrases restricted under Commonwealth legislation (e.g. ANZAC) that are blocked from registration at the central registry.

DCC supports the Panel's recommendation to retain and publish the Reserved Names List.

5.2 Implementation of Direct Registration

5.2.1 Priority Allocation Period

It is proposed that the holder of a domain licence at the third level of .au (e.g. telstra.com.au) will have priority to register the corresponding domain name at the second level of .au (e.g. telstra.au) for a six-month period from the Launch Date. There may be registrants at the third level with corresponding domain names.

DCC favours a priority allocation period for the registration of new second level domain names to give priority to the registrants of existing domain names in .au. However, DCC advocates for inclusion of further terms in the direct registration Policy to avoid applications for Token's being bought in bad faith.

DCC also strongly advocates for a priority allocation period for owners of Australian trade mark applications and registration for .au domain names that exactly match the word element of their trade mark application or registration. This type of priority application phase would need to include a process which ensured domainers could not game the priority system by filing a trade mark application for a valuable trade mark and use it to claim priority, even though it will never be registered. If that trade mark application never proceeds, or registration lapses, is revoked or cancelled, there should be an automatic loss of right to the corresponding Token. If the Panel decide to include this type of priority application phase, then DCC would welcome the opportunity to comment further on that phase.

DCC considers a six month priority allocation period fair and reasonable.

5.2.2 Conflict Resolution Process

It is proposed that if more than one corresponding domain name exists at the third level, it would be reserved or locked down from registration. For example, bsmc.com.au is used by a group of entrepreneurs and bsmc.net.au is used by a medical practice in Woodend, Victoria. In this scenario, the matching .au domain name (bsmc.au) would be locked down and both parties would receive a token. Token holders could negotiate with each other for the release of the .au domain name. If agreement could not be reached, then the .au domain name would remain reserved indefinitely and would not be made available for registration.

DCC favours locking domain names which have competing claims at a contestable level *indefinitely*.

DCC supports auDA conducting a periodic check of those domain names "locked down" to ensure the underlying domain name at the contestable level remain valid.

5.2.3 Cut-off Date

A cut-off date of 4 February 2018 is proposed, as this is when the Panel began its public consultation.

DCC considers the 4 February 2018 cut-off date is fair and reasonable provided the .au direct registration is introduced in the next six to twelve months.

5.2.4 Contestable Levels

It is proposed that holders of domain licences stored in the central .au registry at the third level (e.g. ato.gov.au) and fourth level (e.g. dpc.nsw.gov.au) can participate in priority allocation and conflict resolution for direct registration (e.g. ato.au and dpc.au). The Tasmanian and Northern Territory Governments regulate their own domain names, which sit outside the central .au registry.

DCC suggests that auDA take feedback directly from entities affected in these domain name spaces on this issue.

5.2.5 The Draft Policy

DCC is concerned there is a risk of abuse at the Token allocation phase. DCC favours the inclusion of a new Term 9.10:

> 9.10 A person must not apply for a Token in bad faith. If they do, auDA may cancel the Token in accordance with the Complaints Policy (Policy 2019-3).

DCC also recommend auDA have discretion to decline to issue a Token and also the ability to "un-issue a Token". DCC proposes additional clauses:

10. auDA may decline to issue a Token if auDA is satisfied that the domain name held at the contestable level has been obtained through a breach of any law or is inconsistent with any auDA policy.

11. auDA can cancel a Token if auDA is satisfied that the domain name held at the contestable level has been obtained through a breach of any law or is inconsistent with any auDA policy.

DCC also favours the inclusion of a complaints mechanism in the Direct Registration Policy.

DCC welcomes the opportunity to review and comment further on the Complaints Policy (Policy 2019-3) when it becomes is available for public consultation.

DCC believes that many Australian individuals and businesses will feel compelled to defensively register Direct Registrations at cost, without any material benefit to that individual or business.

Yours sincerely

Davies Collison Cave

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