

24 December 2013

Ms. Christine Willett
Vice President, gTLD Operations
ICANN
12025 Waterfront Drive, Suite 300
Los Angeles, CA 90094

Via email: christine.willett@icann.org

Re: Community Priority Evaluation – .MLS (1-1888-47714)

Dear Ms. Willett,

Attached please find Afilias Limited comments regarding the community status of the Canadian Real Estate Association Community Application for .MLS. We respectfully request that ICANN forward this communication and the accompanying documents to the Community Priority Evaluation Panel.

Thank you in advance.

Best regards,

/s/

Scott Hemphill

Vice-President and General Counsel

Cc: newgtld@icann.org

Introduction

ICANN's Applicant Guidebook (AGB) provides a mechanism by which an applicant that originally identified their string as a Community Application at the time of filing could elect to undergo a Community Priority Evaluation (CPE). The result of a successful CPE (i.e. scoring fourteen points or greater out of a possible sixteen points) would be to remove all other applications in that contention set for the string. Because of the significant consequences of such a finding, ICANN set the bar very high and imposed stringent requirements to guard against potential "false positives."

As set forth below, Afilias Limited (Afilias) provides compelling and objective factual evidence that CREA has attempted to improperly manipulate the CPE process and should therefore be deemed to score well below the 14 point threshold. In such a case, Afilias stands ready to move forward towards an auction of last resort to bring true change and innovation to the real estate market which for too long has been dominated by a select few stakeholders seeking to limit the true potential of the internet in this market sector.

Criterion #1 Community Establishment

Criterion #1-A Delineation

In accordance with the Applicant Guidebook, an application can score between zero and two points in connection with the "delineation" of its proposed community based on the following standards:

- Two (2) Points: Clearly delineated, organized, and pre-existing community
- One (1) Point: Clearly delineated and pre-existing community
- Zero (0) Points: Insufficient delineation and pre-existence for a score of 1

There is doubt regarding CREA's claims of intellectual property rights in the MLS mark, including without limitation an expert determination by the World Intellectual Property Organization (WIPO) that the mark "'MLS' is a generic term for 'multiple listing services' and is used as such in English-speaking countries" and that CREA's highly touted certification mark is "susceptible to deregistration on the grounds that it is a generic term"¹ for the purpose of this analysis. At best CREA should be eligible for a maximum score of one (1) point in connection with its community application, attributed primarily to representations made by itself and its supporters during the application process.

It is important to note that CREA submitted two applications in connection with the MLS mark, one Community Application (1-1888-47714) and one Standard Application (1-1828-26452). CREA was not required to file two applications for .MLS, but it did so voluntarily and for apparent strategic reasons. The Applicant Guidebook provides that a Community Application which is unsuccessful in CPE proceeds as a Standard Application, although the applicant is still bound by the representations made in the original Community Application. Therefore there must exist some strategic advantage

¹ See World Intellectual Property Organization, *The Canadian Real Estate Association v Afilias Limited*, Case LRO2013-0008, <http://www.wipo.int/export/sites/www/amc/en/domains/lro/docs/lro2013-0008.pdf>

which CREA was seeking to achieve. The likely strategy becomes much clearer when the panel looks at the two CREA applications side by side and notices the differences between the applications.

The first significant difference is readily identifiable in Question 18(a) where CREA must describe the “mission/purpose” of the proposed gTLD. In the standard application CREA states:

The Canadian Real Estate Association (CREA) is a trade association whose membership consists of more than 100,000 real estate brokers, agents, and salespeople (collectively referred to throughout as “REALTORS[®]”), working through 100 member real estate boards and provincial associations (collectively referred to throughout as “Boards”) across Canada.

However in CREA’s Community Application, it repeats the same text but at the end of the paragraph includes the following text, “as well as Foreign Affiliate members outside of Canada.” Evidently, in connection with the Community Application, CREA was looking to expand the geographic footprint of its proposed community. The only logical reason to include this expanded geographic foot in the Community Application but NOT in the Standard Application can be found in CPE Criterion #2, “nexus”. Specifically, under the nexus criterion, if CREA’s MLS community was composed of just licensed “Canadian” real estate agents, it would have likely be deemed to be substantially over-reaching, i.e., the string indicates a wider geographic or thematic remit than the community possesses.

CREA’s attempt to potentially manipulate the CPE criteria is further evidenced by a close analysis of the letters of support which CREA itself has entered into the record. Most notable is the MLS Domain Name Association (MDA) letter of support dated 10 April 2012.² This letter states that “MDA has joined CREA as a foreign affiliate member” and it will permit “MDA to manage .MLS in the U.S. while CREA manages it in Canada.”³ There are several problems with this representation.

First, CREA’s standard Certification Mark License Agreement, upon information and belief, limits a member’s rights to use the mark in Canada.⁴ Therefore, CREA cannot grant to MDA rights in the US which it does not have.

Second, despite the proposed key role that MDA will have in “managing” the .MLS in the U.S., oddly nowhere in CREA’s public portion of its gTLD application is MDA ever explicitly mentioned. In response to Question 20(e) in outlining the governance of the .MLS gTLD, CREA states that it will be the “overarching body that maintains rule and regulations.” Again, there is no mention of the important joint management role which MDA will serve, despite the fact that CREA included in its

² See <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails/downloadattachment/118048?t:ac=230>

³ See also the MDA’s press release dated 12 June 2012 which similarly outline the partnership between CREA and MDA (http://www.mlssdomains.org/crea_coalition_press_release/)

⁴ A copy of CREA’s Certification Mark License Agreement dated June 1995 is available online in connection with an Affidavit filed by CREA’s CEO Gary Simonsen in a legal proceeding before the Canadian Competition Tribunal in an action filed against the Toronto Real Estate Board by the Commissioner of Competition at <http://www.ombdreb.on.ca/members/Supplementary%20Affidavit%20of%20Gary%20Simonsen-1.pdf> (beginning on page 55 of 103)

original application two letters of support from MDA and the Council of Multiple Listing Services (CMLS) (another US based supporter) which specifically referenced this management role in .MLS.

Afilias firmly believes that CREA's parallel applications point to a marriage of convenience between CREA and MDA to manipulate the CPE criteria. MDA's website provides further evidence that CREA omitted this fact from its application to ICANN. Specifically, in a document entitled .MLS Policy Guide, Exhibit D contains the Agreement which CREA and MDA executed in connection with the .MLS gTLD.⁵ As evidenced by the excerpt from Paragraph 4 below, the treatment of MDA and its members as members of CREA was exclusively for the "purposes of any community application."

CREA agrees that for the purpose of any community application, CREA will treat MDA and its members as members of CREA who are resident in the United States. The precise category of membership shall be in CREA's sole discretion, and may change over time, but may not limit, narrow or otherwise change the rights of MDA under this Agreement.

The remaining portion of Paragraph 4 of this same agreement continues that:

MDA shall promptly advise CREA in writing [i]f CREA submits both a community and a standard application and later elects to abandon the community application in favor of the standard application then CREA may, in its sole discretion, terminate MDA and its members as members of CREA...

The CREA and MDA relationship exists in order to undermine the CPE process.

Another difference between CREA's Community and Standard applications is that in its standard application CREA acknowledges in Question 18(a) the generic use of the MLS mark in the U.S. in connection with cooperative multiple listing services.⁶ However, in its Community Application it omits this fact and instead spends almost the entirety of Questions 18 and 20 touting the exclusive rights to the MLS mark in Canada, while make only a passing reference in Question 20(c) to the United States and North America and in Question 20(e) to Durham, North Carolina.

However, the MDA website provides copious evidence that the MLS mark is not attributable to any clearly delineated community. In a Power Point presentation available on the MDA website, slide 2 states that MLS is "universally recognized" but that it is used by brokers and "others."⁷ MDA is even more forthcoming in the next slide when it states that there is "no way to stop non-members/non-subscribers from using it." The following excerpts from testimonials appearing on the MDA website leave little doubt that the community of individuals and organizations associated with the MLS mark is much broader and undifferentiated than represented by CREA in its application:

⁵ See <http://www.mlsdomains.org/wp-content/uploads/2010/08/MLS-Domains-Policy-Guide-Current.pdf> (23-Dec-2013)

⁶ Unlike other references where MLS is always accompanied by a registered trademark symbol, when referencing MLS in the United States there is no registered trademark symbol or even a TM symbol which is commonly used by third parties is seeking to denote common law trademark rights. See <http://www.inta.org/TrademarkBasics/FactSheets/Pages/TrademarkSymbolsFactSheet.aspx>

⁷ See <http://www.mlsdomains.org/presentations-videos/>

Finally, a way for the MLS operators to be separated from the MLS advertisers! It couldn't be simpler.

Ray Ewing, President and CEO, Sandicor, Inc.

It will give control of the term MLS back to where it rightfully belongs – the MLS's.

Richard Barkett, CEO Realtor Association of Greater Ft. Lauderdale

Getting involved with the MLSDomains Association was a “no brainer”. We need to reclaim our position as THE source of accurate property listing information.

Adrese Roundtree, General Manager, SoCal MLS

Finally, in a post on the MDA website entitled “Take Back MLS!, the author writes:

Sites like eLookyLoo.com advertise themselves as a “free MLS listing site.” So does FlatFeeListings.com So does the TheMLSOnline.com. Google it and you will find over 70 million references to “MLS” listing sites.⁸

Therefore, by MDA's own admission, the true community that associates itself with the term MLS is much larger than MDA's and CREA's respective communities combined. Afilias respectfully submits that if CREA had limited its application to use of the MLS mark to its members in their respective Canada territories, CREA may have potentially scored two points on this criterion. However, CREA voluntarily blurred the lines of its proposed community in an attempt to manipulate the CPE criterion. Therefore, the CPE panel should not reward CREA for this disingenuousness and at best award it a mere one (1) point.

Criterion #1-B Extension

The second element in Criterion #1 is extension. Specifically, an application can score between zero and two points in connection with the “extension” of its proposed community based on the following standards:

Two (2) Points: Community of considerable size and longevity

One (1) Point: Community of either considerable size or longevity, but not fulfilling the requirements for a score of 2

Zero (0) Points: Community of neither considerable size nor longevity

If CREA had defined its community as CREA Canadian members using the CREA's Canadian certification mark in Canada, it might have potentially qualified for two (2) points under this element of Criterion #1. However as noted above, CREA has voluntarily opened Pandora's Box by attempting to license its Canadian Certification mark into the US market where the MLS mark is a generic term and thus cannot serve as a source identifier.

⁸ See <http://www.mlssdomains.org/take-back-our-mls/>

CREA's Standard Application properly notes that the MLS mark has been used in the US for over a 100 years. However, CREA's Community Application conveniently omits this fact. According to CREA's own admission, the MLS mark in Canada dates back to 1955. The fact that the US market for MLS is substantially larger in size than the Canadian market and has been using the mark for a longer period of time (i.e. over 100 years) is rather problematic for CREA's CPE analysis. Therefore, in light of the substantial evidence set forth in Criterion 1-A above demonstrating that the MLS mark is not clearly delineated or organized, and the fact that the generic use of the MLS mark in the U.S. market is substantially larger and of a longer duration than in Canada, CREA should be awarded no more than one (1) point under this element of Criterion #1.

Criterion #2 Nexus between Proposed String and Community

Criterion #2-A Nexus

The first element in Criterion #2 is "nexus" in which an application can score the following points based upon the standards set forth in the ABG:

Three (3) Points: The string matches the name of the community or is a well-known short-form or abbreviation of the community.

Two (2) Points: String identifies the community, but does not qualify for a score of 3

Zero (0) Points: String nexus does not fulfill the requirements for a score of 2

As detailed in Criterion #1, while the MLS mark may serve as a Certification Mark in Canada, the US market is substantially larger, and has been using the mark in connection with Multiple Listing Services for a substantially longer period of time.

In developing the CPE Guidelines, The Economist Intelligence Unit (EIU) provided the following guidance in interpreting the definition of words in this criterion which prove particularly relevant given the facts in this case:

"Match" is of a higher standard than "identify" and means 'corresponds to' or 'is equal to'.

"Identify" does not simply mean 'describe', but means closely describes the community.

"Over-reaching substantially" means that the string indicates a wider geographic or thematic remit than the community has.

As detailed above, it appears that CREA knew that its limited use of the MLS mark in Canada as a Certification Mark was problematic given that the mark is widely acknowledged as a generic mark throughout the rest of the global real estate community. Therefore in an attempt to circumvent the "over-reaching substantially" standard, CREA created the MDA Foreign Affiliate fiction/marriage of convenience to game the CPE criteria. The public statement by MDA and its individual members leave NO doubt to the fact that there is a much larger community which uses the MLS mark in connection with the real estate eco-system and which is NOT associated with either CREA nor MDA. Therefore, CREA should be able to score no higher than two (2) points in the nexus criterion.

Further, we do not believe that the term “MLS” identifies a community at all as contemplated by the Applicant Guidebook. MLS does not identify the Canadian Real Estate Association, nor is it an acronym for CREA. At best, MLS is a term associated with a service utilized by realtors, whether members of CREA or a local real estate board, in conducting their businesses. In both of CREA’s applications, CREA acknowledges that it has owned and operated the domain name MLS.CA since as early as 1994. However, it appears that since 2008, CREA has been directing traffic from MLS.CA to REALTOR.CA. Because of CREA’s re-directing use of the already-existing MLS domain at the second-level, one may ask whether CREA is seeking to individually brand .MLS or to simply prevent the use of generic terms by third parties which might seek to bring about change and innovation to the real estate market.

Criterion #2-B Uniqueness

The second element of Criterion #2 is uniqueness in which an applicant can score either one (1) or zero (0) points in connection with the “uniqueness” of the string as it relates to the proposed community according to the following guidelines:

One (1) Point: String has no other significant meaning beyond identifying the community described in the application.

Zero (0) Points: String does not fulfill the requirements for a score of 1.

Afilias respectfully submits that there is no conceivable interpretation of this criterion in which CREA could receive a score of a single point. The extensive third party use of MLS in a generic manner by others in the real estate eco-system—already acknowledged by CREA’s own supporters—leaves little doubt that CREA should receive zero points for this criterion.

Criterion #3 Registration Policies

While CREA has provided a high level overview of the registration policies of the .MLS registration policies in response to Question 20(e) of the application, CREA did not make publicly available to ICANN or the rest of the real estate community the much more detailed .MLS Policy Guide available on the MDA website.

Criterion #4 Community Endorsement

Criterion #4-A Support

The first element in Criterion #4 is “support” in which an application can score between zero (0) and two (2) points based on the level of support from the community in connection with the application based on the following standards:

Two (2) Points: Applicant is, or has documented support from, the recognized community institution(s)/member organization(s), or has otherwise documented authority to represent the community.

One (1) Point: Documented support from at least one group with relevance, but insufficient support for a score of 2.

Zero (0) Points: Insufficient proof of support for a score of 1.

Afilias acknowledges the broad support which CREA has documented within the Canadian market which should entitle CREA a score of one (1) point. However, Afilias respectfully submits that CREA fails to meet the heightened burden of scoring two (2) points on this criterion based on the following facts.

First, it is self-evident based upon the admissions by MDA members that there is a fundamental divide in how the MLS mark can be used by different members in the real estate eco-system. Therefore neither MDA nor CREA are in a position individually or collectively to speak on behalf of the entire community. Second, the EIU Panel should closely scrutinize the only letters of support from non-Canadian entities (MDA & CMLS) given that per the terms of the agreement between CREA and MDA, CREA “may, in its sole discretion, terminate MDA and its members as members of CREA.” In light of the following, CREA should score no more than a maximum of one (1) point under this criterion.

Criterion #4-B Opposition

The second element in Criterion #4 is “opposition” in which an application can score between zero (0) and two (2) points based upon the level of opposition against its application using the following standards:

Two (2) Points: No opposition of relevance

One (1) Point: Relevant opposition from one group of non-negligible size.

Zero (0) Points: Relevant opposition from two or more groups of non-negligible size.

Afilias respectfully submits that this communication constitutes relevant opposition from at least one group/organization of non-negligible size. Afilias Limited is currently the second largest backend registry infrastructure provider in the world with operations in four countries, providing a wide range of services to its customers.

Afilias would also like to point out upon information and belief that CREA’s standard licensing agreement provides that the licensee “will not, during the continuation of this Agreement or thereafter, challenge the validity of the Certification Marks or CREA’s title or license thereto or use or apply to register any Mark, identical with or confusingly similar to any of the Certification Marks.” Therefore, CREA has contractually silenced those MLS groups or real estate agents that otherwise might choose to support the innovation that Afilias is seeking to introduce into the marketplace. Further, there appears to have been at least one other comment of opposition to CREA’s Community Application not originating from a potential CREA licensee.

Conclusion

In conclusion, Afilias submits that the evidence introduced into the record provides clear and indisputable proof that CREA is ineligible of scoring the requisite fourteen points to prevail at CPE, and that the .MLS application should proceed to the next stage of contention resolution per the terms of the AGB.