

**POST DELEGATION DISPUTE RESOLUTION PROCEDURE:  
A Once Supportable Concept Proposed by the IRT is Now Unsupportable  
(A personal commentary on my initial thoughts)**

**By Jeff Neuman**

*This comment is being presented in my personal capacity and does not represent the views of my employer (Neustar, Inc.) and its subsidiaries or affiliates, or the Implementation Recommendations Team.*

Ok. I admit it. I supported the concept of a post delegation dispute resolution process for gTLD Registries. I served as the only gTLD registry member of the Implementation Recommendation Team (IRT) appointed by the Intellectual Property Constituency of the Generic Names Supporting Organization of ICANN. I was one of the authors of the IRT Recommendation in favor of a Post Delegation Dispute Resolution Procedure. The IRT labored for many weeks on this proposal to ensure that any process that resulted both addressed the needs of the Intellectual Property community, and ensured that registries were protected against overzealous trademark owners seeking to blame domain name registries for the infringement that occurs within a TLD.

After much discussion and debate (as other members of the IRT can attest), and despite the risk of being ostracized by my gTLD registry peers, I honestly believe the IRT was successful in creating a process that would have been tolerable (not ideal, but tolerable) for the Intellectual Protection community, the gTLD Registry community as well as the general Internet community. The proposal was contained in the IRT Final Report released on May 29, 2009 (<http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>) (IRT Report). Not only did I help to author this proposal, but I volunteered to speak about (and in favor of) the proposal at the ICANN consultations in Sydney, New York and London in June and July of this year. I still support that proposal made by the IRT.

However, ICANN turned the proposal for a Post Delegation Dispute Resolution Process (PDDRP) upside down without providing any detailed explanation. Nor did ICANN consult with the group presenting the original PDDRP, but rather opted instead to release a new proposed PDDRP (<http://www.icann.org/en/topics/new-gtlds/draft-trademark-pddrp-04oct09-en.pdf>) (Proposed PDDRP) which is devoid of many of the key elements that made the process tolerable. In fact, ICANN's new PDDRP is so radically different from the one we originally proposed that I would like to state for the record that I cannot – and will not – support it..

By no means am I saying that the IRT proposal for a PDDRP was perfect. In fact, it was far from it. But that said, just five days after the release of the Affirmation of Commitments in which ICANN committed to “provide detailed explanations for decisions, including how comment have influenced the development of policy consideration” (See Paragraph # 7 at [http://www.ntia.doc.gov/ntiahome/domainname/Affirmation\\_of\\_Commitments\\_2009.pdf](http://www.ntia.doc.gov/ntiahome/domainname/Affirmation_of_Commitments_2009.pdf)), ICANN has failed to explain why it stripped the IRT proposal for a PDDRP of many of the core concepts that made the process fair and balanced. Below is a discussion of some of those concepts.

*I. ICANN Takes Itself Out of the Process*

**A. ICANN Removes itself from the front end**

Footnote 43 of the IRT Report clearly states that:

*The IRT is aware of concerns that have been raised in the past – some in the DAG public comment process – about ICANN's compliance efforts. Nonetheless, the IRT believes that the **obligation for addressing post-delegation disputes between ICANN and the contracted registry properly rests with ICANN.** [Emphasis mine].*

Yet, in one parenthetical statement in the Proposed PDDRP (and without any support found in the public comments), all of the work of the IRT on this issue was eliminated. In ICANN's Proposed PDDRP, ICANN goes so far to dismiss the work of the IRT by stating:

*Although there has been some suggestion that prior to commencing such a procedure, that ICANN first be notified and asked to investigate, from a practical standpoint, it does not make sense to add this layer to the procedure. It would unnecessarily slow the process.*

“Some suggestion”? The inclusion of this phrase absolutely shocked me. The IRT spent almost half of the PDDRP section talking about ICANN's role in both the initiation of a complaint as well as in deciding on the ultimate remedies and how important that role was. The concept was absolutely vital to the members of the IRT, me included; in fact, the entire rationale for much of the proposal was to assist ICANN doing its job in enforcing the Registry Agreement. Yet without explanation, ICANN dismisses the IRT Proposal by implying that requiring ICANN to actually do its job would unnecessarily slow the process down.

It is understandable that ICANN does not want this job as it certainly would require more work, diligence, resources and enforcement by members of the ICANN staff. However, having ICANN involved was deemed essential to me personally as well as to other members of the IRT because it provided a “check and balance” between (i) an IP owner that has truly been harmed by the systemic bad faith actions of an irresponsible registry operator and (ii) the overzealous trademark owner that sought remedies against the registry operator, when the appropriate party to go after is actually the owner of the infringing domain name registrations.

I believe the IRT was of the view that if the Registry were indeed engaging in the type of behavior addressed by the PDDRP, and such conduct was a violation of the Registry Agreement, that ICANN should enforce that agreement and apply the remedies it deemed appropriate (within the bounds of the Agreement). Why should an aggrieved third party have to spend money in an arbitration-type proceeding when ICANN could simply do its job and enforce the Registry Agreement? Why should ICANN's compliance, with its ever-expanding headcount, not be required to investigate these matters and take appropriate swift action where necessary? If anything would “unnecessarily slow down the process,” wouldn't third party arbitration be the thing that created the “unnecessary layer” as opposed to ICANN actually enforcing its agreement?

On the other hand, an ICANN investigation can also help a registry operator that has been victimized by an overzealous trademark attorney seeking to go after the registry simply because it has the deeper pockets or it is easier to reach than the ultimate registrants causing the infringements. By requiring ICANN to investigate, it could weed out the frivolous actions by serving as a deterrent. In other words, if ICANN finds no merit to a claim by an overzealous trademark attorney, it is quite possible that that

trademark attorney may decide not go further and pursue the arbitration knowing there is a good probability that it will lose if it does so.

### ***B. ICANN Removes Itself from the Back-end***

Not only has ICANN removed its obligation to investigate potential breaches of the Registry Agreement, but it has taken itself out of the role of deciding what remedy is appropriate in cases where a panel does find that the Registry has breached its Registry Agreement by using its TLD to infringe the rights of IP owners (at the top-level) or engaging in a substantial pattern or practice of specific bad faith intent to profit from the same of trademark infringing domain names.

In the IRT proposal, although the panel could recommend sanctions to ICANN for the actions of a Registry, ultimately it was ICANN that could determine what the appropriate remedies were. This was placed into the IRT Report to provide a check and balance against the possibility of having a Panelist (who is not experienced in contract enforcement between registries and ICANN) order a punishment that may not “fit the crime.”

Although ICANN states that “all determinations by a panel will be immediately appealable to a court...,” how would that really be accomplished? If a panel decides that the registry engaged in this behavior and orders a termination of the registry agreement, how is that really appealable in a courtroom setting? (At the very least, if ICANN was to elect a remedy and enforce the requirements, the registry could challenge ICANN on a breach of contract ground.) If ICANN passes this off to the third party, then who does the Registry take to court – and on what grounds? In U.S. legal terms, what is the basis for either subject matter or personal jurisdiction?

### ***II. ICANN Changes the Grounds for Dispute***

The IRT Report recommended three separate grounds to serve as the basis for a post delegation dispute. Two of the three grounds, which were the only ones applicable to a dispute at the top-level, included situations in which a Registry acted inconsistently with representations made in the Registry Agreement.

ICANN staff without consultation or even any other supporting comments or documentation substituted its own judgment and revised these grounds eliminating any tie-in to the Registry Agreement with ICANN. Again, it appears like this was an attempt by ICANN to completely remove itself from the dispute process. After all, if the grounds for a dispute were based (even in part) on the Registry Agreement, then wouldn't the ICANN community expect ICANN to actually enforce that agreement rather than rely solely on a third party to resolve the dispute? By removing the tie between the contract the Registry actually signs and the complaint of bad behavior, then ICANN can successfully argue (at least from a public relations perspective) that it is not ICANN's job to do such enforcement.

The third ground looks very similar to the one proposed by the IRT, most likely because it was the only ground not based on the Registry Agreement and therefore there would be less of an expectation that ICANN's compliance department would be involved.

### ***III. ICANN has Eliminated all Protections for Abusive Filings***

A. ICANN Removes Fees Barrier

In addition to the above, ICANN has also eliminated other deterrents for preventing abusive filings by overzealous trademark owners. In the IRT Report, we stated:

*The complainant shall participate in the DRP. To initiate a Post-Delegation Dispute, the complainant must pre-pay an additional fee to the DRP. The IRT further recommends that this fee be set to **cover the provider's cost as well as the Registry Operator's cost should Registry Operator prevail**. Furthermore, the IRT believes that the complainant should be required to prepay an additional amount that shall be paid to the Registry Operator if the complaint is found by the Panel to be "without merit" ("Penalty Fee"). [Emphasis Added].*

In addition, the IRT states that the "amount of the fee should be meaningful enough to deter arbitrary and capricious claims." Furthermore, it provides a sample set of recommended fees in Appendix G, but notes: "The fee amounts used are for illustrative purposes only and merely reflect the IRT's recommendation that the fees be **substantial enough to cover costs and deter gaming** of the system by either trademark owners or Registry Operators."

Without any discussion in its proposal, ICANN has drastically eroded this barrier to filing a post-delegation dispute by: (1) leaving it to the sole discretion of the accredited dispute provider to set the fees based only on "cover[ing] the administrative fees; (2) stating that the fees are "intended to be reasonable"; and (3) not providing any guidance on the "penalty fees," nor requiring them to be paid in advance by the complainant. Translated, this means that the fees will be relatively low and will enable any third party to file a complaint. Without a meaningful investment up front, there will be no deterrence against the overzealous trademark owner.

Furthermore, to add insult to injury, at any point in time that a complaint is filed, ICANN recommends that "each party shall be required to submit the full amount of the Provider administrative fees and the Panel fees at the outset of the proceedings." Although the IRT recommended that the complainant prepay the fees, it in no way required the Registry to pre-pay any fees (although it would have to pay if it lost). This is far too large of a burden for the Registry to bear in order to defend itself. I note that in no other dispute proceeding (whether the UDRP or any court action) is it required that a defending party prepay fees. The threat of this alone by an overzealous trademark owner or by multiple trademark owners at once is enough to scare or coerce the legitimate Registry operators acting in good faith.

B. No Review on Default

Under the UDRP, even if the registrant does not file a response a response, the Panel is still required to do a full analysis of the complaint to see if what was alleged truly amounts to bad faith. In fact, under the proposed URS, the IRT took great pains to ensure that in a default situation, the administrative panel would still have to review the Complaint and scrutinize it to ensure that the complainant successfully meets a high burden of proof before issuing an order against the Registrant. ICANN even agreed with this sentiment in its proposed implementation of the URS by stating "All default cases, however, proceed to Examination." (See Part I, Paragraph 6.3 at <http://www.icann.org/en/topics/new-gtlds/draft-proposed-procedure-urs-04oct09-en.pdf>)

I find it amazing that from ICANN's standpoint, what is good for the registrant of one single domain name apparently is not good for an entire registry. In other words, when faced with the prospect of putting one single domain name on hold, ICANN understands the rationale for requiring a review of the facts of the complaint – but when faced with the possibility of terminating an entire registry operation, Registry Operators are not afforded that luxury.

In fact, ICANN recommends just the opposite:

*If the registry operator fails to respond to the Complaint, it will be deemed to be in default and the allegations found in the Complaint will be deemed to have been sustained. The Provider **will award an appropriate remedy in the event of a default.***

This means that even if a registry operator believes that a complaint is so frivolous on its face to even be taken seriously by any third party, that registry operator still needs to spend the time, money and resources to develop a comprehensive response, including the deposit of a substantial fee with the dispute provider. Otherwise, the registry operator *will* be sanctioned. Unlike the UDRP or URS, if the Complainant meets the procedural requirements in filing the complaint (meaning mostly that it has paid its refundable fee to the Provider), and the registry does not respond, there is no further review, but rather automatic remedies.

#### C. Disputes Based on Paper Alone

Yet another avenue that may reduce the burden for ICANN and the dispute providers, but that would actually result in a lower barrier for disputing filings, is the affirmative statement that “Disputes...will be resolved without a hearing unless, in the discretion of the Panel, extraordinary circumstances require a hearing.” The IRT did not opine on this particular subject, but did state at each of the consultations that they envisioned the PDDRP process to be comparable to a “mini-arbitration” that needed to be taken extremely seriously because it involves the potential of terminating an agreement in which a registry operator has most likely invested hundreds of thousands, if not millions, of dollars. Before ordering the potential termination of an entire registry, a registry should have the option of having a hearing. In other words, the hearing should be the default, not the exception.

#### IV. SUMMARY

For the reasons discussed above, and others which I have not yet had time to enumerate, I believe ICANN has missed some of the very critical aspects of the Post Delegation Dispute Resolution Process which balanced the interests of intellectual property owners and gTLD Registries. Although once an avid supporter of the policy, I now find ICANN's interpretation and revision of the IRT proposal to be completely unacceptable. The IRT's recommended approach was a compromise position that anticipated ICANN's reasonable involvement in contract enforcement. If ICANN is not willing or able to shoulder that responsibility, I believe it raises serious and fundamental questions about the organization's ability to effectively manage the introduction of new TLDs.

Surely one can understand why ICANN would like to extricate itself from this entire process and leave the enforcement to another third party. However, the time has come for ICANN to accept responsibility for enforcing its agreements and not rely on others to perform its work and make the tough calls. I call on ICANN to live up to its Affirmation of Commitments, to “provide a thorough and reasoned explanation of decisions taken, the rationale thereof and the sources of data and information on which

ICANN relied.” It’s time go back to Square One with the PDDRP and produce a process that actually reflects the recommendations of the IRT Report and input from the community as a whole.

In closing, I would volunteer my time to assist with these efforts, and I hope to be taken up on my offer.

*P.S. I hope it’s not lost on any of the readers of this paper that I work for a contracted party and am actually asking ICANN to enforce its agreements (which by implication would include our own).*