

Mr. Rod Beckstrom, CEO and President
Mr. Peter Dengate-Thrush,
Chairman Board of Directors
Internet Corporation for Assigned Names
and Numbers (ICANN)
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601
United States of America

By email:
rod.beckstrom@icann.org;
peter.dengatethrush@icann.org;
5gtld-guide@icann.org; *5gtld-base@icann.org*

Re: WIPO Center Comments on ICANN's Proposed Final Applicant Guidebook

December 2, 2010

Dear Mr. Beckstrom,
Dear Mr. Dengate-Thrush,

Set out below are observations of the World Intellectual Property Organization Arbitration and Mediation Center (WIPO Center) in connection with rights protection mechanisms (RPMs) found in ICANN's "Proposed Final Applicant Guidebook" (Guidebook).

These comments are offered against the background of the WIPO Center's [previously articulated](#) proposals for New gTLD RPMs, which were followed by a series of separate detailed reactions to ICANN's adaptations to these, as well as other RPMs.

WIPO SCT

As a Member State forum in trademark-related matters, the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) met last month to discuss *inter alia* the subject of Trademarks and the Internet. In connection with the DNS, in particular ICANN's New gTLD Program as well as the UDRP, the [summary](#) of this session states:

"The Chair noted that a number of delegations and representatives of observer organizations expressed the need for effective protection of intellectual property rights in the Domain Name System (DNS), in particular in the context of the expansion of the [DNS] planned by the Internet

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Corporation for Assigned Names and Numbers (ICANN). A concern was expressed by several delegations regarding initiatives at ICANN to review and possibly amend the WIPO-initiated Uniform Domain Name Dispute Resolution Policy (UDRP). The Chair concluded that the SCT supported and endorsed the contribution that the WIPO Secretariat was making in the area of Internet Domain Names as outlined in Annex III of document SCT/24/4, and that the Secretariat was requested to report on all relevant developments at the next session of the SCT.”

ICANN processes

Regrettably, our preliminary review of the Guidebook confirms our previous observation that ICANN’s determinations rely principally on an institutionalized framework of committees and processes stated to cover the views of broader communities, but appear synchronized with registration purposes. Merely by way of illustration, the ICANN Summary and Analysis of public comments on DAG4 states that “[s]ome think they [RPMS] are sufficient, some think they are not...”; whereas a review of comments shows 6 comments supporting trademark RPM sufficiency, but over 30 comments (including those of major representative bodies) indicating the opposite.

Such substitution of process for substantive dialogue can hardly be reconciled with the Affirmation of Commitments calling for ICANN “to provide a thorough and reasoned explanation of decisions taken, the rationale thereof and the sources of data and information on which ICANN relied.” More seriously, as explained further below, it does little for the sustainability of the resulting decisions, which in fact in some instances represent setbacks in policy choices and operational feasibility.

As another example of the drive toward conclusion without more meaningful dialogue, the ICANN Summary and Analysis of public comments on DAG4 states that the need for defensive registrations will be reduced by the availability of RPMs – ignoring the reality that those RPMs themselves of course represent a considerable measure of defensive registration or similar enforcement burden.

Whether expressed through ICANN processes or otherwise, we believe that ICANN’s policies should reflect the considered and reasoned input made by representative bodies with public responsibilities and substantive expertise.

DNS integrity and credibility

The current effort to design appropriate RPMs for an unprecedented expansion of the DNS presents a unique opportunity to enhance the integrity of the space. Such an effort cannot avoid existing international legal norms, including in the area of trademark law, which serves to promote orderly competition without consumer confusion and deception. ICANN’s Board would be aware of the fact that the use or abuse of trademarks contributes a substantial part of the financial foundation of the existing (and likely future) registration system.

The June 2010 ICANN-sponsored [Economic Analysis](#) advised among other recommendations, “to continue ICANN’s practice of introducing new gTLDs in discrete, limited rounds.” By contrast, ICANN seeks to facilitate a program which foresees an unprecedented 200 to 300 (and up to 1,000) TLDs in a first round. Whether driven by legal concerns, business interests, or technical capacity, again, the apparent discrepancy between advice and action calls for adequate explanation.

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Preliminary in light of the timing of the comment period on the Guidebook, the following more specific observations are intended to illustrate unresolved policy design and procedural questions.

The Clearinghouse structure must minimize burdens on *bona fide* trademark owners

The Clearinghouse as currently designed requires substantive evaluation “by Trademark Clearinghouse validation service provider” on (i) absolute grounds and (ii) as to use, for trademark owners seeking to invoke registrations not obtained in an ICANN-defined substantive evaluation jurisdiction for a sunrise proceeding or URS, as a basis for identical matches.

Given that many jurisdictions (e.g., some 74 of 77 jurisdictions responding to an SCT [survey](#)) do not appear to require use prior to registration, this implies that many trademarks registered in good faith will face a potentially costly additional process, in particular, SMEs that may not have obtained multiple national trademark registrations.

We believe that a proper review of the Clearinghouse proposal requires additional information as to the use criteria to be applied, the envisaged fees and any differentiation thereof, and which if any jurisdictions the Clearinghouse apparently intends to exempt from validation.

Among other issues, clarification on the criteria for word marks, e.g., non-Latin script word marks (cf. increasing IDN domain name registrations) or those with additional design elements would be useful.

The URS remains an overburdened procedure for the temporary suspension of a registration deemed obviously abusive

Fundamentally unchanged since DAG4, the URS continues to present a series of enforcement layers that are disproportionate to the available remedy, *i.e.*, the temporary suspension of a domain name.

This imbalance consists, for example, of such features as: panel appointment even in default cases; panel examination of possible defenses in default cases; the possibility of appeal during two years from default; a higher burden of proof; uncertainty as to results (*i.e.*, owing to possible gaming scenarios and “revolving-door” monitoring burdens); use of the conjunctive bad faith registration and use; limiting marks forming the basis for a URS claim to either so-called substantive review or Clearinghouse validated marks (with cost and time implications); apparent translation requirements; a seeming option for re-filing; the possibility for *de novo* appeals; and, significant timelines.

Additional to that are issues such as: unbalanced word limits; language issues possibly affecting the effectiveness of notice; ambiguity as to the language of complaint; failure to contemplate privacy/proxy services; fees being non-refundable for minor administrative deficiencies; default notice by post following on prior complaint notice by post; inefficient time extension modalities; unclear rationale for an appeals layer (apparent *de novo* review rather than clearly erroneous/reversible error or abuse of discretion standard; uncertainty as to appeal panel composition, and substantive consistency); unclear concept of panel certification; lack of parity in consequences for a repeat abusive registrant; unclear provider tracking obligations that exclude registrant behavior.

Registration-driven compromise risks impacting the effectiveness and efficiency of the URS to the point of missing the fundamental intent behind the WIPO and IRT proposals.

ICANN's current PDDRP fails to account for profiting from willful blindness

For the PDDRP to be meaningful, the WIPO Center believes it must include a willful blindness standard, including corresponding reasonably designed safe harbors for intermediaries. Continuing failure to address this issue will leave a gaping hole in higher-level administrative enforcement within the DNS.

Within the broader contractual framework, ICANN's proposal features a succession of procedural layers, namely: the Threshold Review Panel (which in any event seems to repeat an administrative compliance review, already undertaken under the Procedure by the PDDRP provider); the Expert Panel Determination; followed by the possibility of a *de novo* appeal under the same administrative process – which in turn apparently may still be “appealed” in arbitration under the terms of the Registry Agreement.

Other questionable design choices relate to: evidentiary standards; blanket exemption of third-party abusive second-level names; the level of word limits; appointment of additional experts (which should be subject to panel, not provider, discretion); three-member panel option available to registry without parties' consent; not all hearings subject to panel discretion; apparent panel option to impose attorney fees against complainants but not respondents; double-layered requirement of a substantial registry pattern of intent in relation to second-level third-party registrations tied to such registrations themselves being systematic; requirement for registry profit in addition to the typical registration fee.

Questions of efficiency aside, such design elements appear to accommodate primarily the interests of prospective respondents under this procedure. This unfortunately hollows out the intended value of this new RPM, instead of taking a progressive step towards self-regulation between *bona fide* stakeholders.

Finally, where ICANN appears to be moving towards vertical integration, it would appear consistent to apply the same principle to the PDDRP and comparable mechanisms so as not to exclude such lower-level registration intermediaries.

Protection of IGOs

With reference to the WIPO Center's letter of November 1, 2010 concerning Protection Against the Misleading Use of the Names and Acronyms of IGOs, we note positively that the Guidebook now foresees a degree of protection at the top level. We look forward to learning more about ICANN's plans in this regard.

With respect to second-level registrations in particular, we would welcome ICANN's clarification on envisaged protection at this level. (The 2007 ICANN [Staff Report on Draft IGO Domain Name DRP](#) provides a basis for addressing disputes concerning the registration or use of a domain name in a manner that would e.g. be a misleading use that falsely suggests a connection with the relevant IGO, or that would violate a treaty.)

The RPMs require serious further attention

We realize that much process has been invested into the establishment of RPMs for New gTLDs. However, only RPMs that work, for all parties, will contribute to the genuine credibility of ICANN's New gTLD Program. The opportunity to achieve this is prior to their promulgation.

The WIPO Center remains available to share its experience with ICANN.

We are posting a copy of this letter on the [WIPO website](#) for public information.

Thank you for your consideration.

Yours sincerely,



Erik Wilbers
Director
WIPO Arbitration and Mediation Center