



The Intellectual Property Constituency (IPC) of the Generic Names Supporting Organization (GNSO) of ICANN appreciates this opportunity to comment on the “Proposed Final Applicant Guidebook” materials (PAG) and other documents released by ICANN with regard to the proposed launch of new generic Top Level Domains (gTLDs).

### **Introductory remarks**

The introduction of new gTLDs, and the necessary minimum mandatory intellectual property and consumer protections, if any such introduction occurs, are matters of paramount interest to the IPC. Properly instituted rights protection mechanisms will provide some level of protection to Internet users against crimes and forms of abuse that jeopardize public health and safety, in addition to protecting the economic interests of rights owners.

The IPC has been actively involved at all stages of the new gTLD process, and has expressed concerns and proposed proactive solutions in our numerous detailed submissions. At the request of the ICANN Board in 2009, the IPC convened the Implementation Recommendation Team (IRT) to develop recommendations that might begin to address these issues. While we strongly commend the efforts of the IRT, which produced a comprehensive set of recommendations under an extremely condensed time period, we remain extremely disappointed with the process and results that have ensued following the submission of the Final IRT Report to the ICANN Board.

The IPC and its members have expended thousands of hours in an attempt to help ICANN implement adequate Rights Protection Mechanisms for the new gTLDs. While we wish that we could support the RPMs in the PAG; we cannot. Unfortunately, the PAG contains watered down RPMs which are insufficient to protect consumers.

The IPC believes the comments submitted by its members, along with other intellectual property owners; provide an in-depth guide for ICANN to use to improve upon the current provisions in the PAG and new gTLD program. As they currently appear, the proposed RPMs simply will not be effective in substantially reducing what ICANN’s own “economic framework” recognizes is a significant external cost imposed by new gTLDs on brand owners, consumers, and ultimately on the public interest by which ICANN is supposed to be guided.

Until it does so, the overarching issues will remain unresolved. We recommend that ICANN redouble its efforts and engage directly with the intellectual property community, including organizations such as the World Intellectual Property Organization among others, and rely upon and adhere to the recommendations from these experts. In this regard, we refer to the detailed submissions of our members, the Final IRT Report, WIPO, comments from ICANN’s own Government Advisory Committee (GAC) and the previous submissions of the Intellectual Property Constituency (IPC) to provide ICANN the guidance it needs to address these concerns.

## **Additional Issues**

The current PAG leaves numerous crucial questions for intellectual property owners unanswered. As the IPC believes that the interests of all stakeholders will best be served by providing clarity to these issues, the IPC submits the following comments and solutions for the Boards' review and consideration as an illustrative list that is by no means exhaustive. We refer to the detailed submissions of our members for additional substantive recommendations to address the overarching issues, including Trademark Protection. We remain available to provide further detail to any of the below should the Board so request.

### **Issue:**

Brand owners will be kept away from the new gTLD process because of the lack of a co-existence mechanism for brands expressed in the top level. The current definition of "similar" is ambiguous and provides no guidance to brand owners who share close brands with other brand owners, all without consumer confusion, e.g. UPS and UBS. Due to the uncertainty, brand owners will be more likely to resolve their problem through the courts rather than participating in the ICANN new gTLD process.

### **Solution:**

- Option 1: ICANN can recognize that two brands which co-exist as registered marks on at least ten national or supranational trademark registries which conduct examination on relative grounds (for example, the USPTO, which is the registry having geographic jurisdiction over ICANN), will not be found to be "similar", thus ensuring that the two applications for corresponding marks will not end up together in a contention set.
- Option 2: In the event that ICANN is not prepared to determine which trademark registries would qualify, ICANN can, instead, adopt a consent & co-existence mechanism whereby two applications consisting of otherwise "similar", yet nationally or supranationally registered brands having at least ten such national or supranational registrations, can be removed from a contention set if both applicants inform ICANN that each believes the TLDs can co-exist in the root without significant risk of consumer confusion. This approach is also consistent with global policy - most trademark registries also accept co-existence agreements and letters of consent as a means to resolve examination issues.

Neither of these approaches require ICANN to develop new policy, only to adopt long standing, nearly global, public policy which has worked across multiple trademark registries in dozens of jurisdictions.

### **Issue:**

Brand owners will be kept away from the new gTLD process because the PAG does not contain mechanisms for winding down <.brand> registries and focuses on a mandatory transition. In the case of brand owners, the risk that its <.brand> registry will be transferred to a third-party presents an unacceptable level of risk for loss of trademark control and corresponding trademark rights. As a result, the current transition contained in the PAG will pose a "chilling" effect on the number of brand owners who are willing to apply for <.brand> registries. The PAG has made strides to address the above concern that will impact both brand owners as well as the success of the new gTLD

program by inserting language indicating that winding down of a registry will “not be unreasonably withheld.” While the IPC appreciates the acknowledgement of the concerns of the brand owner community we represent, this partial compromise position does not provide any further clarity to the process or remove the chilling effect discussed above.

In addition, the brand owners, the ICANN community or internet users at large will not benefit from the existence of unsuccessful registries that are transferred, perhaps perpetually, between ownership interests. As a result, there is still an opportunity to provide meaningful reform to this provision of the PAG that will benefit all groups. For the below proposal, we note that that the PAG currently contains the following requirements and one statement of fact:

- The PAG requires three years of operating expenses in escrow in either LC or actual funds;
- The PAG requires compliance with contractual requirements in the registry agreement between a proposed registry and ICANN; and
- The second level domains in a <.brand> registry will be primarily, if not exclusively, registered by the entity who has procured the <.brand> registry or their trademark licensees.

**Solution:**

The IPC encourages ICANN to adopt the following revisions prior to finalizing the PAG:

- Remove transitions for <.brand> altogether in favor a mandatory wind-down period for any <.brand> registry that elects to cease operation as a registry;
- Insert language that the mandatory wind-down will take place over a period lasting no more than three-years and ICANN is authorized to draw on the escrow funds to operate or fund the third-party operation of the registry during the wind-down period;
- Any wind-down by a registry cannot be completed until the expiration of all domains in the registry; and
- Insert contractual provisions in the registry agreement to require limits to the term a domain is registered to no more than three years at a time with unlimited renewals should the registry not be in wind-down.

This interplay of the mechanisms already contained in the PAG along with the proposed revisions set forth above will provide <.brand> registries the ability to rationally exit its registry activities without losing control of its brand and existing trademark rights. In addition, all registered domains will be given a period of up to three years to transition to a new gTLD if so desired. Finally, there will be no financial impact to the ICANN community at large as the wind-down will be funded by escrowed funds provided by the <.brand>.

**Issue:**

The Trademark PDDRP is inadequate in light of elimination of vertical separation.

**Solution:**

The IPC thanks ICANN for attempting to address the issue of vertical integration in PDDRP section of the AGB by adding language in Section 6 stating that a registry operator is defined to include “entities directly or indirectly controlling, controlled by or under common control with a registry operator...” However, a further clarification must be added that such entities include (but are not limited to) any registrar(s) that may be vertically integrated with the registry operator in order to specify that vertically integrated registries may not attempt to shift blame for second-level bad faith actions to the registrar.

Similarly, Section 18.1 states that remedies may not include “deleting, transferring or suspending registrations,” but implies that this policy may not hold if the registrant is found to be related to the registry operator. This section must be amended to clarify exactly how suggested remedies may differ if the registrant is found to be under the ultimate control of the registry operator, i.e., whether in this case, the second-level domain name registrations may be recovered by the Complainant or disabled.

Next, revisions to Section 10.4 of the PDDRP now place the upfront financial burden for the proceeding completely on the Complainant, removing the requirement that the registry operator pay a filing fee when submitting its Response. This requirement must be reinstated so that the Complainant and the registry operator share costs during the proceeding, maintaining the practice of refunding the costs paid by the prevailing party at the conclusion of the proceeding. Also, without a mechanism for both parties to pay upfront in place, the process of refunding fees to the prevailing party will be hampered. In addition, the filing fees and estimated cost ranges must be defined by the selected Provider(s) no later than the release of the Final AGB, rather than vaguely stated as “reasonable,” to assist with budgeting for the possibility of filing a PDDRP Complaint.

Furthermore, Section 21.4, which states that the registry operator may challenge a remedy imposed by ICANN under the arbitration provisions of the registry agreement, must be clarified. No assurance is offered that ICANN may implement the remedy once the arbitration has been concluded, if the decision is upheld. Without such an assurance, we are concerned a registry operator may be able to bypass any unfavorable decision recommending a remedy by initiating arbitration, thus drastically limiting the usefulness of the PDDRP.

Finally, we note what appear to be some proofreading errors in this version of the PDDRP. First, a portion of Section 8.2 currently reads, “If the Provider does receive an amended Complaint within the five (5) business days provided, it will dismiss the Complaint and close the proceedings without prejudice to the Complainant’s submission of a new Complaint that complies with procedural rules.” In this sentence, the word “not” appears to have been omitted between “does” and “receive.” Also, the beginning of Section 13.2 currently reads, “The Provider appoint a one-person Expert Panel, unless any party requests a three-member Expert Panel.” The word “shall” appears to have been omitted between “Provider” and “appoint.”

**Issue:**

The proposed registry code of conduct injects some new issues that require clarification. Many of these issues are quite complex and cannot be fully addressed in a short comment period.

### **Solution:**

This draft Registry Operator Code of Conduct has been added to the form New gTLD Agreement pursuant to the ICANN Board resolution of 5 November 2010 regarding the question of cross-ownership of gTLD registries and ICANN-accredited registrars.

1. Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity (each, a “Registry Related Party”) to:

- IPC comment: All terms in this clause should be defined, in particular “other related entity”. Members of the IPC have expressed willingness to assist with this definitional work, drawing upon standard language in commercial contracts.

a. directly or indirectly show any preference or provide any special consideration to any registrar;

- IPC comment: As an initial matter, the terms “preference” and “special consideration” are vague and must be defined and explained via objective criteria. As just one example of a question raised by IPC members trying to interpret these terms, would a direct preference to registrars with familiarity with local customs in target (perhaps underserved) markets be prohibited? To the extent we understand it, the IPC disagrees with this restriction. Instead, the IPC believes that registry operators should be allowed to choose which ICANN accredited registrars should be allowed access to the registry, so long as those registrars who are allowed access enter into a uniform registry-registrar agreement applicable to each of those registrars.

b. register domain names in its own right, except for names registered through an ICANN accredited registrar that are reasonably necessary for the management, operations and purpose of the TLD;

- IPC comment: The IPC supports that registries may register domain names within the TLD, in order to own and operate functioning websites at domain names within the TLD. Obvious examples include those names on the Schedule of Reserved Names at the Second Level (per Specification 5 to the proposed gTLD Registry Agreement -- NIC, WWW, IRIS and WHOIS), as well as other generic, geographic, and/or industry-specific terms relevant to each registry. Initially, those terms should be listed as Reserved Names in the proposed registry operator’s application to ICANN. After launch of the TLD, if the registry operator wishes to add names to the list, it should be able to do so through the RSTEP process for ‘Additional Registry Services’. Moreover, this restriction also should not apply to so-called “Single Registrant” TLDs who by definition will not allow registrations to the general public and are intended to register names to themselves and/or affiliates.

c. have access to user data or proprietary information of a registrar utilized by or Affiliated with Registry Operator, except as necessary for management and operations of the TLD;

- IPC comment: This restriction does not seem to make sense, given the thick WHOIS requirements for each new gTLD registry, such that the registry must by definition have access to accurate and complete user data for all domains registered in the registry. This restriction also should not apply to so-called “Single Registrant” TLDs who by definition will not allow registrations to the general public. The IPC inquires as to what harm this restriction is trying to address, and whether this restriction is the best way to address that harm. The IPC also inquires as to what

clearly is intended to be restricted by this provision as currently written; perhaps by further definition of terms such as “user data” and “proprietary information of any registrar” may help to clarify the intent. The intended exception also requires definition and further examples (in addition to “Single Registrant” TLDs) of instances where access to data or information is necessary for management and operations of the TLD. Finally, ICANN should explain how this exception would be monitored and enforced.

or

d. register names in the TLD or sub-domains of the TLD based upon a search of available names by any consumer (i.e., “front-running”).

- IPC comment: The IPC generally agrees that front-running should be prohibited. However, this restriction should not apply to so-called Single-Registrant TLDs since by definition they would not allow registrations by the general public and may indeed have reasons to register and operate domains within their TLD based upon searches of available names in other TLDs. As it may be difficult and unnecessary to create separate rules for so-called Single-Registrant TLDs on the one hand, and any other new gTLDs on the other hand, perhaps this particular harm could best be addressed by deleting this restriction in favor of a clarified subsection c., per our comments above, which would equally apply to all TLD registries. That subsection could effectively prohibit front-running, without need of creating a separate restriction that, as currently worded, should not apply to a significant number of new TLD operators.

2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar reseller services, Registry Operator will, or will cause such Registry Related Party to, maintain separate books of accounts with respect to its registrar or registrar-reseller operations.

- IPC comment: the IPC agrees with this provision, but suggests that “books of accounts” be further explained and broadened with reference to modern contractual language, so as not to limit ICANN’s ability to enforce this provision.

3. Registry Operator will, and will cause each Registry Related Party to, ensure that no user data or proprietary information from any registrar is disclosed to Registry Operator or any Registry Related Party, except as necessary for the management and operations of the TLD.

- IPC comment: please see our comments in response to subsection 1.c., above.

4. Registry Operator will not disclose confidential registry data or confidential information about its registry services or operations to any employee of any DNS services provider, except as necessary for the management and operations of the TLD.

- IPC comment: please see our comments in response to subsection 1.c., above.

5. Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to Registry

Operator's compliance with this Code of Conduct, via email to [an address to be provided by ICANN]. (ICANN may specify in the future that the reports be delivered by other reasonable means.)

- IPC comment: This provision needs to specify what is required of the internal reviews, and to confirm they will be public as part of the monthly registry statistics that are provided to ICANN. Furthermore, it should be specified exactly what is required of the internal reviews (i.e. a checklist of items to be disclosed), and specified exactly what sorts of information produced via the reviews might be maintained in confidence and not publicly disclosed by ICANN.

6. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.

- IPC comment: The IPC agrees with this provision.
- Additional IPC comments: Given the proposed removal of restrictions on vertical integration and cross ownership of registries and registrars, this Code of Conduct should further bind all registrars and resellers, and should incorporate the Registrar Accreditation Amendment (as it may be amended from time to time).

**Issue:**

As written, the discretion of a registry to provide protections to a broader category of marks is limited to "certain cases." There is no reason to place such restrictive language suggesting to registries that they should not feel free to consider other rights should they so desire.

**Solution:**

Delete "in certain cases" from the text of the PAG.

**Issue:**

Reliance entirely on stock exchanges' due diligence of officers and directors backgrounds is misplaced.

**Solution:**

ICANN should provide more information to the Community that supports their assumption of diligence on the part of stock exchanges, especially in regard to the lesser known exchanges. Additionally, ICANN should remain mindful of recent fiscal and business malfeasance by publically listed companies, like Enron, and should at the very least conduct a nominal check on publically traded companies as a safeguard. Further, consistent with its transparency and accountability values, ICANN should disclose to the Community the names of officers, directors or major shareholders associated with the applying entity for a new gTLD if this information is not already public in order to ensure adequate public comment should the applicant be known to another member of the Community to be a bad actor, terrorist or other objectionable person/entity who may have otherwise escaped detection in the ICANN background screening process.

**Issue:**

Greg Rosston from Stanford University and Michael Katz from the University of California Berkeley were commissioned by ICANN to: (1) survey published studies and resources that describe the potential impacts of gTLD introduction; (2) examine theoretical arguments about benefits and costs of gTLDs; and (3) consider and impose new empirical studies that could help access costs and benefits. Their recommendations were published in a June 2010 report entitled, "An Economic Framework for the Analysis of the Expansion of Generic Top-Level Domain Names" (the "Economic Framework Report"). The comment period for the Economic Framework Report opened on June 16, 2010 and closed on July 21, 2010. Twenty-three comments were submitted. As of December 3, 2010, those comments have yet to be summarized and analyzed. It appears that, for purposes of drafting the PAG, the Economic Framework Report has been ignored. None of the recommendations have been followed in the latest iteration of the PAG, and since almost six months have passed, it is presumed that ICANN has shelved the Economic Framework Report because ICANN did not like the measured and proactive approach suggested by the report. In light of the clear guidance in the report, and ICANN's stated intention of thoroughly analyzing the economic impact of new gTLDs, the notion that ICANN would go forward with the new gTLD program as currently expressed in the Final Applicant Guidebook is at best irresponsible.

**Solution:**

The Economic Framework Report, commissioned by ICANN staff, recommended ICANN implement practices and procedures that will facilitate the assessment of the benefits from the initial round of a discrete and limited number of additional gTLDs. The IPC urges ICANN to finish its analysis of the comments relating to the Economic Framework Report as a priority, and certainly prior to the introduction of any new gTLDs.

This analysis is critical based upon the second Economic Framework Report's conclusion that the incremental benefits of new gTLDs, in many cases are likely to be far less than the costs. As a result, prior to introduction of new gTLDs, ICANN should specifically analyze and address: (1) a discrete and limited rollout of the number of new gTLDs; (2) case-by-case evaluation of the social benefits and costs of each new gTLD application with mechanisms for the denial of the application if such benefits are not clearly weighted in favor of the consumer and intellectual property protection; and (3) implementing data reporting for all approved new gTLDs on the subjects of malicious conduct, cybersquatting and other rights protection mechanisms to assist ICANN in evaluating social costs of the new gTLD program.

**Issue:**

Disputes under the registry agreement signed with ICANN are subject to arbitration before the International Chamber of Commerce, even though the ICC is an ICANN vendor for LPI and Community disputes. The IPC is concerned that this potential conflict of interest will create the perception that arbitrations are not heard before a truly neutral body.



**Solution:**

Section 5.2 Arbitration should be revised to allow the parties to decide the forum of arbitration. If there are concerns that the parties will be unable to agree on an arbitration forum, ICANN can propose a list of default arbitration forums but this list must include additional internationally recognized forums other than the ICC, such as WIPO or CMAP.

**Issue:**

Evaluation on absolute grounds seems to be part of what the TCH does in its "validation" role but that needs to be spelled out, and section 5.2 seems to imply the opposite. The terms "evaluation," "examination," and "validation" are used loosely and perhaps interchangeably, both in this document and in the URS document. The IPC believes that these terms need to be clarified.

**Solution:**

A keyword search for "examin" in the redline PAG shows two results, both in connection with "substantive examination" and both uses of "examination" have been deleted. So it appears that the TMC no longer uses the language "substantive examination."

A similar keyword search for "validat" shows numerous results throughout the TMC. In fact, the "Purpose of Clearinghouse" states that the TMC serves "to accept, authenticate, validate and facilitate the transmission of information related to certain trademarks."

A keyword search for "evaluat" shows eight results and, importantly, all of which are used in connection with section 7, "Protection for Marks in Clearinghouse."

It isn't clear from the current TMC if there is a difference between "validation" services and "evaluation" services. If there is a difference, this needs to be spelled out. If there is not a difference, the language needs to be modified for consistency throughout.

Specifically, section 7.4 should be modified from:

"Substantive evaluation by Trademark Clearinghouse validation service provider shall require: (i) evaluation on absolute grounds; and (ii) evaluation of use."

to

"Validation by Trademark Clearinghouse service provider shall require evaluation on absolute grounds. (Note that this revision also incorporates the recommendation discussed in the next issue.)

**Issue:**

Inclusion of a trademark in the Trademark Clearinghouse or its consideration in a URS proceeding should not require evaluation of use, as this requirement excludes trademark registrations from nearly all jurisdictions except the United States.

**Solution:**

In most cases, the Trademark Clearinghouse should build upon the examination undertaken by national trademark offices that evaluate trademark applications and issue registrations. The United States is alone or nearly alone in examining trademark applications for evidence of use of the mark, so requiring for a URS proceeding (URS § 1.2(f)(i)) or for inclusion in the Trademark Clearinghouse (Trademark Clearinghouse § 7.3, 7.4) that the Complainant prove ownership of a registration that has been subjected to substantive evaluation for proof of use excludes registrations from essentially all other jurisdictions. Requiring, as a result, de novo evaluation by the Trademark Clearinghouse service provider in nearly all cases not only would drive up the cost associated with the clearinghouse and the RPMs that depend upon it, but suggests that ICANN's proposed standard is out of step with widespread practice on the registrability of trademarks. Requiring relative examination would likewise exclude many of the largest trademark registers, such as the European Community Trade Mark, as recognized by the Board's resolution in September.

Therefore, Trademark Clearinghouse sections 7.3 and 7.4 and the footnote to URS section § 1.2(f)(i) should be revised to remove the reference to evaluation on relative grounds and evaluation of proof of use.

**Issue:**

Matching criteria in the Trademark Clearinghouse limited to 'exact match'.

**Solution:**

The Clearinghouse services provides a warning notice to a potential domain name registrant, but applies only to "identical marks" so the value of the warning is extremely limited. The service does not notify based on broader matching requirements called for by the BC and IPC during the IRT process, i.e. "trademark + keyword" and typographic variations suggested by the mark owner when registering with the Clearinghouse. The IPC views it as imperative that trademark owners be given the ability to provide this additional information to the Clearinghouse.

**Issue:**

Word limit for URS complainants is excessive in light of the aim to reserve the URS for clear-cut cases and hold down the cost and fees involved in panel consideration of URS complaints

**Solution:**

Replace the reference to 5,000 words in URS sections 1.2 and 5.4 with a significantly smaller number, such as 500 words.

**Issue:**

The malicious conduct measures remain insufficient, and the IPC strongly disagrees with the Board's conclusion that "the implementation work completed to date by the community and staff to address the mitigation of malicious conduct issue is sufficient to proceed to launch the first New gTLD application round".

**Solution:**

Develop new mechanisms and improve upon existing provisions in the PAG to minimize the ability of malicious actors to exploit the DNS for illicit purpose and financial gain.

We urge ICANN to revise the PAG so that information about the protections against malicious conduct proposed by the new gTLD applicant is explained in enough detail in the application process, so the community can comment appropriately on these measures.

We applaud the revised criterion 35 but stress that the reference to “financial services oriented TLDs” in this criterion should be no more than one example, and that the requirement for where higher level enhanced protections “commensurate with the nature of the applied-for gTLD string” would also operate to gTLDs in other areas, including health care-related TLDs, TLDs directed to children, and all TLDs that present an unusually high risk of being the venue for criminal, fraudulent or illegal conduct, including but not limited to copyright piracy, trademark counterfeiting, or other forms of intellectual property theft.

**Issue:**

The PAG fails to adequately address searchable WHOIS.

**Solution:**

IPC is disappointed that ICANN has backed away from the provisions of 3 of the most recent registry agreements, and will not require new gTLDs either to offer a fully searchable Whois at the registry level, or to ensure that all registrars do so. We welcome the incentive provided in application criterion 26 for applicants to offer such a service, but reject the conclusion that any “extra point” for such a service would be forfeited if the applicant chose to make the service available to the public at large. In any event, ICANN should make it clear that registry Whois that is fully compliant with the relevant registry agreement specifications must be offered to the public, whether or not the registry chooses to offer greater searchability as a premium feature for a subset of the public.

**Conclusion**

Thank you for considering the views and recommendations of the IPC. We look forward to assisting ICANN in addressing these important matters.

Submitted by:

J. Scott Evans, President

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