ICANN Board New gTLD Program Committee (NGPC)

ICANN Board Governance Committee (BGC)

11 March 2014

Dear Sirs

.CAM/.COM

We are writing on behalf of dot Agency Limited, an Applicant for the new gTLD string .CAM. Responding to Reconsideration Requests 13-9 and 13-10, the Board Governance Committee ("BGC") rejected both requests for lack of standing on 10 October 2013. In a move which is highly irregular in respect of BGC decisions on reconsideration requests, the BGC instructed ICANN staff to draft a report on String Confusion Objections for the New gTLD Programme Committee ("NGPC").

An interim report of indeterminate date was created by ICANN staff for the NGPC ("Report"). We believe this has not been made publically available. At its 5 February 2014 meeting, the NGPC took action to direct the ICANN President and CEO, or his designee, to initiate a public comment period on the framework principles of a potential review mechanism to address the perceived inconsistent SCO Expert Determinations ("Review"). The principles propose that "ICANN would ask the International Centre for Dispute Resolution (ICDR), to constitute a three-member expert "Panel of Last Resort".

Famous Four Media Limited, representing dot Agency Limited, is responding to the ensuing invitation to public comment in this letter, which invitation opened on 11 February 2014.

COMMENT

(I) BREACH OF CONTRACT

When the participants in the New gTLD Application Procedure began the complex and expensive process of applying for new gTLDs, each entered into a contractual process with ICANN, established in the Applicant Guidebook, with the clear expectation that ICANN would enforce the rules set out in the Applicant Guidebook equally as against the other applicants in competition for the TLDs (ICANN BYLAWS, ARTICLE I, SECTION 2.8).

We draw your attention to the opening statement in our String Confusion Response, where we categorically state that dot Agency Limited ("Applicant") submits the response in accordance with Module 3 of the Procedure.

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STRING CONFUSION RESPONSE
(Applicant Guidebook, Module 3; Procedure, Art. 11)

I. INTRODUCTION

dot Agency Limited ("Applicant") hereby submits this new generic Top-Level Domain ("gTLD") String Confusion Response to the International Centre for Dispute Resolution ("ICDR"), the International Division of the American Arbitration Association, in accordance with the new gTLD Domain Dispute Resolution Procedure ("Procedure"), annexed to Module 3 of the new gTLD Applicant Guidebook, and approved by the Internet Corporation for Assigned Names and Numbers ("ICANN"), as periodically amended, and as refined by the ICDR Supplemental Procedures for String Confusion Objections ("ICDR Rules").

For the avoidance of doubt, here are some of these the fundamental rules of the New gTLD Dispute Resolution Procedure which can be found in the Guidebook on which the Applicant relied:

NEW GTLD DISPUTE RESOLUTION PROCEDURE /Article 1. ICANN's New gTLD Program:

(a) The Internet Corporation for Assigned Names and Numbers ("ICANN") has implemented a program for the introduction of new generic Top-Level Domain Names ("gTLDs") in the internet. There will be a succession of rounds, during which applicants may apply for new gTLDs, in accordance with terms and conditions set by ICANN.

(b) The new gTLD program includes a dispute resolution procedure, pursuant to which disputes between a person or entity who applies for a new gTLD and a person or entity who objects to that gTLD are resolved in accordance with this New gTLD Dispute Resolution Procedure (the "Procedure").

(c) Dispute resolution proceedings shall be administered by a Dispute Resolution Service Provider ("DRSP") in accordance with this Procedure and the applicable DRSP Rules that are identified in Article 4(b).

(d) **By applying for a new gTLD, an applicant accepts the applicability of this Procedure and the applicable DRSP's Rules that are identified in Article 4(b);** by filing an objection to a new gTLD, an objector accepts the applicability of this Procedure and the applicable DRSP's Rules that are identified in Article 4(b). The parties cannot derogate from this Procedure without the express approval of ICANN and from the applicable DRSP Rules without the express approval of the relevant DRSP.

Most importantly of all, Article 23 (b) of the Procedure, states with clarity:

(b) The version of this Procedure that is applicable to a dispute resolution proceeding is the version that was in effect on the day when the relevant application for a new gTLD is submitted.

We added our emphasis in bold above. When dot Agency submitted to the Applicant Guidebook rules, all applicants, United TLD included, agreed that these Procedural rules will bind them.

The version of the Procedure which applies to the Applicant does not include a "Panel of Last Resort". Any ICANN action to create a panel of this description would be a fundamental breach of contract.

ICANN cannot create expectations that they will (as stated in the Procedure) abide by the Procedure, as defined, and then volte face, state that, in the 'special circumstances' outlined in the framework principles, the parties will in fact be subject to a hitherto non-existent and a completely new procedure. There would be few courts in the world which would consider that the creation of an entirely new higher appellate body would fit comfortably into the scope of "Organizational Administrative Action". A right of appeal is a fundamental change to the Procedure - which the Board simply did not have the due competence and authority to make.

We make three further points under this section (I):

(i) LEGITIMATE EXPECTATION

The rules which applied to all Applicants, and still do, are that there is no appeal to a Panel of Last Resort constituted to hear an appeal from an Expert Determination. On what basis can the Framework Principles conclude that the parties in .CAM have yet to act on the determinations? Dot Agency has allocated resources for auction, it has begun or is intending to begin negotiations and/or enter the auction process with just one other bidder. To allow United TLD back into the Contention Set now, would seriously jeopardise the simple resolution of the Contention Set.

(ii) OUTSIDE THE SCOPE OF THE LIMITATION OF LIABILITY

We would also strongly remind the Board here that its Exclusion of Liability in Article 22 was limited to the Procedure, in existence at the time the parties entered into the Procedure: "In addition to any exclusion of liability stipulated by the applicable DRSP Rules, neither the Expert(s), nor the DRSP and its employees, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure."

Creating a Panel of Last Resort is not an act connected with any proceeding conducted under the Procedure to which the Applicant, Dot Agency, submitted. It would clearly open ICANN to liability, when you consider the effect of Article 23 (b).

When dot Agency Limited ("Applicant") first submitted its String Confusion Response to the ICDR (pictured above), it did so entirely and in entirely good faith "in accordance with the new gTLD Domain Dispute Resolution Procedure ("Procedure"), annexed to Module 3 of the new gTLD Applicant Guidebook, and approved by the Internet Corporation for Assigned Names and Numbers ("ICANN"), as periodically amended, and as refined by the ICDR Supplemental Procedures for String Confusion Objections ("ICDR Rules"). The Applicant paid 185 000 USD and undertook a multitude of other steps in order to comply with the Procedure.

(iii) ESTOPPEL

There is no point, in fact, for ICANN to proceed with this SCO review, because United TLD are in fact estopped from proceeding any further. The Applicant was completely open to SCO consolidations at an early stage and in fact we urged all parties to take exactly this course. United TLD rejected consolidation of their own volition, and their counsel in so doing made the following points:

"*Although dot Agency Limited asserts that VeriSign's objections should be "identical in each case," each Applicant may have a different basis for responding to these objections. Consolidating these*

objections and evaluating their merits collectively to reach a universal ruling has the potential to harm one or more of the Applicants. Similar reasoning is applied by U.S. Courts, which typically do not allow consolidation of trademark claims by a single plaintiff against multiple unrelated parties because allegations of infringement relating to a single trademark or patent by one plaintiff against multiple defendants generally is not sufficient to satisfy the "transaction-or-occurrence" requirement to join multiple parties under Fed. R. Civ. Proc. 20. See In re EMC Corp., 677 F.3d 1351, 1357 (Fed. Cir. 2012); see also Golden Scorpio Corp. v. Steel Horse Bar & Grill , 596 F. Supp. 2d 1282, 1285 (D. Ariz. 2009) (holding that "allegations against multiple and unrelated defendants for acts of patent, trademark, and copyright infringement do not support joinder under Rule 20(a)"); SB Designs v. Reebok Int'l, Ltd. , 305 F. Supp. 2d 888, 892 (D.Ill. 2004) United TLD has a unique proprietary plan for the .Cam gTLD that should be evaluated independently. Consolidation likely would result in Applicants and third parties gaining valuable competitive information about one another and their separate plans for .cam that could adversely affect them in the next phase of the gTLD application process when the Applicants might participate in an auction to determine ownership of the .cam gTLD. Consolidation at this stage, therefore, is improper."

As we pointed out in our letter of 9 September 2013, "whether or not one ascribes to the view that usage should not be taken into account, and we believe that it should (otherwise we would not have argued it), the fact is that United TLD were very explicit prior to the publication that usage should indeed be taken into account".

Quoting from California Law on Judicial Estoppel February 2007:

"The equitable doctrine of judicial estoppel in California can be invoked to prevent a party from taking a position contrary to one the party advanced in prior litigation. The purpose of the doctrine has been stated in multiple, but substantially similar, forms: to "protect the integrity of the judicial process," Jackson v. County of Los Angeles; to "protect against a litigant playing fast and loose with the courts"; and to implement "general considerations of the orderly administration of justice and regard for the dignity of judicial proceedings," Prilliman v. United Air Lines, Inc."

"While the doctrine of judicial estoppel has long been recognized in California, as of 1998 the California courts had not established a clear set of principles for applying it (i.e., a standard with well-defined elements). Instead, the courts had merely recited certain observations about the doctrine, such as that "one to whom two inconsistent courses of action are open and who elects to pursue one of them is afterward precluded from pursuing the other," that the "seemingly conflicting positions must be clearly inconsistent so that the one necessarily excludes the other."

The fact is United TLD signed up to a defined procedure when it submitted to the Procedure, as did the other two applicants. United TLD are contractually estopped from claiming unfairness - they sought successfully to have separate hearings, they cannot now assert that this is unfair because they lost.

In conclusion, dot Agency Limited fully intends to make a Request for an Independent Review Panel under Article IV, Section 3 of the ICANN Bylaws, should the Framework Review be adopted for implementation by the NGPC.

(II) LACK OF DUE COMPETENCE (ULTRA VIRES ACTION)

The Generic Names Supporting Organisation (GNSO) was originally invested with competence for formulating the Procedure, and as pointed out above, the NGPC simply does not have the due authority to propose an entirely new Procedure. The GNSO makes clear in its Final Report Introduction of New Generic Top-Level Domains 8 August 2007:

"New generic top-level domains (gTLDs) must be introduced in an orderly, timely and predictable way."

"The evaluation and selection procedure for new gTLD registries should respect the principles of fairness, transparency and non-discrimination."

"There must be a clear and pre-published application process using objective and measurable criteria."

"There must be a base contract provided to applicants at the beginning of the application process."

"Dispute resolution and challenge processes must be established prior to the start of the process."

(our emphasis).

For ICANN to simply overturn (i) the entire contractual process and (ii) the entire policy development process, invites further challenge in the form of the Independent Review Panel.

(III) BREACH OF FAIRNESS AND TRANSPARENCY

Breach of Article I, 2.8 of the Bylaws:

Furthermore, the definition of “Inconsistent” SCO Expert Determinations in the Review fails fundamentally to accord with the Bylaws. Due to the "limited universe" of the definition, the new higher Panel of Last Resort would be created in order to address merely "the two cases where SCOs were raised by the same objector against different applications for the same string, where the outcomes of the SCOs differ – namely, the SCO Expert Determinations for .CAR/.CARS and .CAM/.COM."

The BGC instructed ICANN staff to prepare a report specifically limited to the issues "raised within this Request, namely the differing outcomes of the String Confusion Objection Dispute Resolution process in similar disputes involving Amazon’s Applied -for String and TLDH’s Applied for String" ("Report"). The rationale for this arbitrary cut-off point is completely unclear. Given the sheer volume of requests for reconsideration and the multiple dimensions of inconsistent decisions brought to the BGC's attention, the limited scope of the Report is unfair to all other applicants who have been the subject of inconsistent decisions. This relative unfairness is a breach of the fairness principles established in Bylaw Article 1, Section 2.8.

We have on a number of occasions communicated our view to the NGPC that in fact the perceived inconsistencies do have a rational basis. Our views were published at: http://www.icann.org/en/news/correspondence/young-rodenbaugh-to-tonkin-18oct13-en.pdf

There is therefore no logical reason for the proposed review process, but there are logical reasons not to implement this process.

In addition, the requirement at Bylaw Article 1, Section 2.9, obliges ICANN to "act with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected". Part of the reason the BGC gives for limiting the review to the two strings is because ICANN has taken too long to react to the inconsistencies in other strings. If ICANN has already failed to act in accordance with its Bylaw requirements in the earlier cases, then it is unfair yet again to the parties in the prior matters to grant recourse to those parties who have simply come later in time. In addition, selecting applicants later in time is as arbitrary a decision as the decision on the limited scope of the review.

It is a fundamental principle of natural justice that a person who will be affected by a decision has a right to comment on that decision making process, yet the proposed Review does not allow dot Agency, as an affected applicant, any right to comment on the review process. Nor is the standard of reasonableness defined in any specific way. Our position, and that of the other prevailing applicant for .CAM would be unique in such a flawed process: we are the only parties who would be affected who would have no input whatsoever in that process.

Furthermore, the proposed Review states that “there are reasons why the Panel of Last Resort should not be open to all objections”, and includes in that list that “ICANN and Applicants have already acted in reliance on SCO Expert Determinations”. ***With respect, as mentioned above, certain actions have been undertaken by the parties, including the allocation of resources for Auctions, on reliance of the Expert Determination.***

Finally, as pointed out by other commentators, some results in Community and Limited Public Interest objections are inconsistent. By focusing solely on the decisions mentioned in the Framework Review, the Board appears de facto to be making its own determination of the relative merits of the cases, a situation which it has hitherto sought to avoid.

For all the foregoing reasons, the proposal for a review process should be rejected.

Yours sincerely

Peter Young

Chief Legal Officer, Famous Four Media Limited