11 March 2014

Re: Proposed Review Mechanism to Address Perceived Inconsistent Expert Determinations on String Confusion Objections

We appreciate ICANN's willingness to outline a Review Mechanism for String Confusion Objection determinations and to invite community feedback. Making appropriate procedural or substantive improvements based on lessons learned in the current objections process should foster increased predictability for ICANN, applicants, and objectors in future new gTLD rounds.[1]

Future new gTLD application rounds demand an appeals process

ICANN's recognition of community concern over what it has characterized as a "limited universe …limited to two circumstances" of so-called inconsistent Objection determinations, coupled with its own proposal for a Review Mechanism, highlights the need for a formal appeals process for future new gTLD application rounds (if nothing more than to avoid situations such as the present where a makeshift post hoc review process is under consideration).

Such formal appeals process could e.g., involve two separate standing panels of three subject matter experts each (with a roster of additional experts available to overcome any possible conflicts), which would hear String Confusion and Legal Rights Objections on the one hand, and Limited Public Interest and Community Objections on the other. Notably, such a process was called for by the IPC during the Applicant Guidebook development process.

This is all the more important when ICANN itself has acknowledged the plain limitations of its Reconsideration Request process.[2] Indeed, as far as we are aware, not one single Reconsideration Request has been successful in the current new gTLD context. ICANN owes the global Internet community a more serious process where process does not nullify substance as a matter of course.

Penalties against abusive filings should be considered

Objections, while useful and necessary, should not be a sword by which third parties (including competing applicants) seek to eliminate legitimate applications and competition. Remarkably, in the case of Legal Rights Objections, some WIPO experts found that the Objector did not have relevant

[1] We do not mean to suggest that the concerns raised herein should be seen as inapplicable to the current objections process; we are aware however of the complexity of addressing these concerns in the current round.

[2] See, the 16 November 2013 ICANN NGPC Meeting Preliminary Report: www.icann.org/en/groups/board/documents/prelim-report-new-gtld-16nov13-en.htm: "The Committee made note of the limitations of the Reconsideration Request process to serve as a review process to address the merits of the Expert Determinations, but agreed that the Reconsideration Request process [ ] should be reviewed separately at a later time."

trademark rights on which to bring a case.[3] In the present round of applications, ICANN's objection process provided for a refund of panel fees to the prevailing party. Building on the availability of such refund, for future objections processes ICANN should consider instituting a more robust loser pays model – where the expert panel has discretion to order costs including attorney fees to be reimbursed to applicants who have had to pay to defend meritless objections.[4]

One solution that could assist in minimizing the potential need for such penalties is a "threshold review" to determine whether a colorable objection has been made out, before a defense is necessary. There is precedent for this not only in existing ICANN dispute resolution mechanisms (PDDRP § 9 and PICDRP § B.1.3), but in civil litigation practice (e.g., United States FRCP 12(b)(6)). Such threshold review mechanism should also address late filed or otherwise non-compliant objections. This is all the more important given ICANN's hands-off compliance oversight approach on such matters; a more responsive ICANN role could have helped avoid, inter alia, unnecessary diversion of applicant time and resources to fend off "frivolous, meritless objection[s]."

Subject matter overlap between String Confusion and Legal Rights should be explored

With the benefit of some hindsight, it appears that there may be a subject matter overlap between Legal Rights and String Confusion Objections worth exploring. Legal Rights Objections are focused on trademark law principles aimed at avoiding consumer *confusion*; String Confusion Objections are focused on assessing whether there is a *likelihood of confusion* (i.e., whether strings are *confusingly similar* – a concept borrowed from trademark law principles). In that light, WIPO and its roster of experts may be well suited to the task of managing both confusion-oriented Objections.

In conclusion, it should be noted that in many ways, the Objections process worked exactly as intended: it removed ICANN from potentially controversial decisions about applied-for TLDs. Most community members would probably agree that this is a good thing; ICANN should stick closely to its core technical mandate, and not stray into politicized debates over particular applications. We do hope though, that in taking stock from this round of Objections, ICANN makes a range of common-sense improvements such as those highlighted above. Above all, some kind of appeals mechanism seems most lacking in the current Objections framework.

Thank you for considering our views; please do not hesitate to contact us if we can be of assistance.

Yours sincerely,

/s/

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Valideus

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[3] See e.g., WIPO Case No. LRO2013-0032 "Objector has failed to include in its filing documentation [to] …establish that that it has appropriate trademark rights …to pursue the Objection."

[4] See e.g., WIPO Case No. LRO2013-0035 "What is 'unfair' here is that the Objector filed an Objection that is not only completely devoid of merit, causing the Respondent to waste time and effort defending its entirely appropriate application, but also [that the Objection is] full of misleading, deceptive, and demonstrably untrue statements and omissions …In sum …the Objector [has filed a] frivolous, meritless objection."