ORGANISATION MONDIALE DE LA PROPRIÉTÉ INTELLECTUELLE

Centre d'arbitrage et de médiation de l'OMPI

WORLD INTELLECTUAL PROPERTY ORGANIZATION

WIPO Arbitration and Mediation Center

March 26, 2010

Dear Messrs. Beckstrom, Dengate-Thrush,

Re: February 2010 revision of ICANN Trademark Post-Delegation Dispute Resolution Procedure "PDDRP"

From its role in initiating the Post-Delegation concept, WIPO remains encouraged by the ICANN view that DNS stakeholders including ICANN, registries, registrars, registrants, and brand owners, can benefit from a PDDRP mechanism.

Having said that, we have outstanding concerns that the current ICANN staff PDDRP misses an important chance to make a more meaningful difference. We are concerned that the current PDDRP does little to engage registries on infringing behavior within their domains while at the same time reducing registry exposure, including through appropriately drawn safe harbors which would aim to provide a degree of predictability for good-faith actors.

Pending resolution of this core issue of scope, we do not believe it to be opportune to enter into a discussion of more detailed procedural elements.

The scope of the current mechanism limits its functionality.

Limiting the substantive criteria to *affirmative conduct* would seriously undermine the PDDRP's effectiveness. In seeking to give meaning to "intent," the criteria should, without as such imposing or implying any sweeping registry policing duty, also encompass instances of willful blindness.

While generally, conduct such as the bad faith intent of a registry operator to profit from abusive registrations would be appropriate as a PDDRP *consideration*

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factor, substantive limitation to such example-specific conduct inappropriately narrows the scope of the PDDRP. As much as such conduct is relevant, it is difficult to see merit in excluding the relevance of similar behavior as manifested by third-party registrations.

ICANN's current draft will render the PDDRP applicable primarily where a registry is in effect itself a cybersquatter. (In fact where a registry "actively encourages" systemic, widespread infringement, trademark owners might instead prefer to file in court, where significant monetary damages might be available, and against all actors in the contractual chain.)

Accordingly, we respectfully urge ICANN stakeholders to give serious thought to the consideration factors provided in the WIPO proposal:

(i) Whether the registry operator intentionally induced, knowingly permitted, or could not have reasonably been unaware of domain name registrations in the TLD that meet [the substantive criteria];
(ii) Whether the registry operator specified and effectively implemented processes and procedures for launch of the TLD and initial registration-related and ongoing protection of third parties' mark rights (Rights Protection Mechanisms) to reasonably avoid the conduct described in [the substantive criteria];
(iii) Whether the registry operator's manner of operation or use of the TLD is consistent with the representations made in the TLD application as approved by ICANN or the terms of the New gTLD Agreement.

Building on these factors, the still valid WIPO letter of November 20, 2009 on the DAG version 3 PDDRP further illustrated possible consideration factors. In terms of markers for legitimate good faith registry operations, it was suggested:

> "…[registry-employed] RPMs must be accessible [to trademark owners] in real-time, not be accompanied by onerous fees, promptly followed-up on, and designed to meaningfully cover the principal abuse scenarios."

On the other hand, in establishing a threshold which trademark owners must meet, we suggested, subject to further development:

> "…trademark owners invoking RPMs should include all reasonably available identification of registrant parties, a description of their practices, clear evidence of trademark rights, information about the use or inadequacy of other RPMs for particular instances and, in appropriate cases indications of the systemic or otherwise relevant character of the trademark abuse, in addition to undertakings reasonably connected with the remedy being sought."

Building on the above, in the particular context of a PDDRP, it would also be reasonable that trademark owners demonstrate the appropriateness of turning to a PDDRP proceeding rather than to other means reasonably at their disposal. It also bears mention that the level of expected cost of filing a PDDRP complaint would discourage inappropriate resort to this option.

This is an opportunity for all DNS stakeholders.

Debate within ICANN consuming substantial resources has so far produced a situation which *misses an important opportunity to use ICANN's contractual compliance framework to responsibly address abusive conduct in the broader interests of the DNS*. Where the result would be a compromised mechanism that permits turning a blind eye to abusive conduct for profit, however indirect, technical and legal instability results.

Fully aware of the need for mechanisms to be balanced and workable and for intermediaries not to be needlessly affected in their legitimate operations, we believe that rather than compromising on the higher-level substantive criteria concerning the types of bad faith (in)activity that may describe such conduct, further meaning should constructively be given to the concept of the PDDRP providing predictability for all parties including registry safe-harbors by fleshing out consideration factors as above.

As stated in the WIPO Center comments on the DAG version 3, the requirement of responsible registry management does not end at the top level. Indeed, ICANN's own registry contracts reflect respect for the rights of third parties.

Parties to the Dispute.

Given that the currently contemplated criteria are defined by reference to a "substantial pattern" of, or "systemic" trademark abusive conduct – which manifestly would tend to include registrations infringing possibly numerous rights holders' trademarks – ICANN should clarify that the PDDRP would allow for some form of joinder or class status between aggrieved mark owners.

It is not readily apparent whether ICANN's possibly removing itself from any PDDRP role could fundamentally alter its own contractual oversight responsibility. In any event, we support the possibility for trademark owners to initiate proceedings in the event ICANN could not timely and conclusively resolve the dispute under its own direct contractual relationship. Moreover, notwithstanding the possible need for swift resolution in particular cases, "slowing the process" should not in our view be the metric of compliance efforts.

Available Remedies.

In terms of limitations, we continue to believe that any monetary sanctions should not exceed the costs of the procedure itself (subject to strict safeguards, possibly including legal fees); we do not believe damages would be appropriate in the PDDRP. Generally speaking, a further limitation which we still support at this stage is that any PDDRP remedy would take the form of a recommendation to ICANN.

Going back to the concept of escalating remedies as referenced in the original WIPO Post-Delegation proposal, ICANN may wish to clarify that termination of the registry agreement should not be viewed as the standard result. The PDDRP itself is intended to *encourage* responsible registry behavior without unduly burdening or threatening legitimate operations.

Furthermore, as the conduct underlying a PDDRP complaint vis-à-vis second-level conduct would necessarily be abusive of trademark rights, it is unclear why the PDDRP should not also address the abusive conduct on which an action is predicated.

As always, we look forward to continuing to assist ICANN in its ongoing deliberations on the appropriate way forward.

We are posting a copy of this letter on the WIPO website for public information at *http://www.wipo.int/amc/en/domains/resources/icann/*.

Yours sincerely,

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