**VIRTUALAW LLC

Philip S. Corwin, Founding Principal
1155 F Street, NW Suite 1050
Washington, DC 20004
202-559-8597/Direct
202-559-8750/Fax
202-255-6172/Cell
psc@vlaw-dc.com**

 July 15, 2011

By E-Mail to: prelim-report-udrp@icann.org

Board of Directors

Internet Corporation for Assigned Names and Numbers (ICANN)

4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

Re: Preliminary Issue Report on the Current State of the Uniform Dispute Resolution Policy

Dear Members of the ICANN Board:

This comment letter is submitted by the Internet Commerce Association (ICA) in regard to ICANN’s May 27th Announcement (<http://www.icann.org/en/announcements/announcement-2-27may11-en.htm>) establishing a period for public comments on the Preliminary Issue Report on the Current State of the Uniform Dispute Resolution Policy (UDRP).

ICA is a not-for-profit trade association representing the domain name industry, including domain registrants, domain marketplaces, and direct search providers. Its membership is composed of domain name registrants who invest in domain names (DNs) and develop the associated websites, as well as the companies that serve them. Professional domain name registrants are a major source of the fees that support registrars, registries, and ICANN itself.

**Executive Summary**

**While generally agreeing that the UDRP has successfully offered a less expensive and more rapid alternative to litigation for resolving alleged “cybersquatting”, and that the ICANN community has come to rely upon the UDRP for efficient and relatively fair resolution of such disputes, the ICA nonetheless believes that the GNSO should commence an additional process for developing concrete means for assuring better predictability and consistency in UDRP decision-making. Our biggest concern about the UDRP is that its application is becoming less uniform over time, and we fear that this trend will continue and accelerate unless effective steps are taken to assure uniform application in a world of proliferating dispute providers and gTLDs. In particular, there is a substantial danger that, absent such steps, newly accredited UDRP arbitration providers will seek to build market share by encouraging forum shopping through decision trends that attract potential complainants at the expense of continuous erosion of registrant rights.**

**We agree with those commentators who believe that such additional review and recommendations should focus on the process issues associated with the Rules for Uniform Domain Name Dispute Resolution Policy, and should avoid tinkering with the language of the Policy itself. It is irrelevant to us whether this next step is labeled a Policy Development Process (PDP) or something else – what is important is that it be open and transparent in operation, accommodate all legitimate viewpoints, and lead to meaningful recommendations for procedural and administrative improvement.**

**Our basis for this overall position, as well as what we believe are key considerations for this next step in remedial UDRP review, are as follows:**

* **The coming proliferation of new UDRP providers, along with hundreds of new gTLDs, requires that ICANN enter into a standard agreement with all UDRP providers in order to assure that the application of the UDRP remains uniform and that new providers do not actively encourage forum shopping by complainants at the expense of registrant rights.
• Most of the important procedural and administrative issues of concern to registrants will naturally be addressed in the development of such a standard agreement.
• The development of such a standard agreement is unrelated to the new rights protections developed for new gTLDs and therefore need not and should not wait on experience with their use.
• The URS policy developed for new gTLDs should be regarded as a substantive aspect of UDRP policy and its application to incumbent gTLDs like .Com should not be considered until there has been substantial experience with its application and an objective analysis undertaken and published based upon that experience. Therefore, any consideration of imposing the URS on incumbent gTLDs should be deferred until at least summer 2016 – five years after the recent Singapore meeting that completed work on the new gTLD Applicant Guidebook (AG).
• Any further steps on UDRP reform should be open to broader participation by the entire ICANN community and not just confined to a small group of “experts”.**

**Discussion**

The UDRP has been in effect since October 1999. In the intervening dozen years more than 30,000 complaints have been commenced and decided. This is a remarkable achievement in which ICANN and its community can take pride.

But in that dozen years the number of registered domains has expanded multifold, the Internet has become the platform for a multiplicity of new business models and social media venues, Internet technology (including search as a dominant driver of DNS navigation and domain monetization) has transmogrified, and laws and court decisions have addressed issues and fact situations that were likely not envisioned by the UDRP’s drafters. The DNS, in sum, has evolved at Internet speed. No system of dispute resolution is perfect, and every such system can stand and be improved by periodic review – especially one applied to such a dynamic and rapidly altering environment.

The time has come for such further review of the procedures associated with administration of the UDRP to bring it fully into the 21st century.

Needed: A Standard and Enforceable UDRP Provider Agreement

Such review takes on added importance with the coming introduction of hundreds of new gTLDs – many involving innovative new business models – and the likely accompanying proliferation of new providers seeking ICANN accreditation to arbitrate UDRP disputes. In this regard we agree completely with the October 2010 position articulated by ICANN’s Business Constituency (BC) (<http://forum.icann.org/lists/acdr-proposal/msg00004.html>) that “no new UDRP providers should be accredited until ICANN implements a standard mechanism for establishing uniform rules and procedures and flexible means of delineating and enforcing arbitration provider responsibilities.”

Recognizing that the WIPO-NAF duopoly of overseeing more than 75 percent of UDRP proceedings was likely to erode substantially in coming years, and that this would likely have a negative impact on the consistency and predictability of UDRP decisions, the BC statement further observed:

*The BC strongly advocates that ICANN must first implement a standard mechanism with any and all UDRP arbitration providers that defines and constrains their authority and powers, and establishes regular and standardized review by ICANN with flexible and effective means of enforcement. The ultimate sanction of cancelling accreditation is an extreme sanction that ICANN has demonstrated a reluctance to initiate in other contexts.*

*…In the future, business interests may well be investing substantial amounts in these new gTLDs, for both defensive, new branding, and other purposes. In this type of environment it is even more important that all UDRP providers be subject to uniform and enforceable responsibilities, as that is the only means of furthering the goal that UDRP decisions are consistent within and among UDRP providers, and that the UDRP remains an expedited and lower cost remediation for addressing cybersquatting.*

*The BC notes that the issue of whether UDRP providers should be under a standard mechanism with ICANN is almost entirely separable from the question of whether the UDRP evaluation standards for determining the existence of cybersquatting should be reformed. There is no need to debate the substantive elements of the UDRP in order to address the fundamental issue of whether UDRP providers should be under a standard mechanism.*

We agree wholeheartedly with that BC position – and would further observe that the development of such a standard agreement would naturally address many of the important procedural and administrative issues of concern to registrants and complainants.

Further, while new “rights protections” have been developed for new gTLDs – such as the Trademark Clearinghouse and associated warning service, as well as Uniform Rapid Suspension (URS) – all new gTLDs will remain subject to the UDRP as the primary rights protection mechanism, with these new and untested initiatives being supplementary to it. Regardless of whether such new mechanisms are effective, administrable, or fair, UDRP procedural reform need not and should not wait upon the years of experience required for their evaluation and possible adjustment. The UDRP will remain the primary means of adjudicating rights disputes at all gTLDs, new and incumbent, and its improvement should come sooner rather than later.

The danger that newly accredited UDRP arbitration forums may erode registrant protections is amply demonstrated by the CAC’s May 2011 decision regarding the domain medicalexpo.com (see <http://domainincite.com/a-udrp-decision-to-scare-the-pants-off-domainers/>). In that decision, a domain that was first registered in 1997 and held continuously by the same registrant since 2000 was nonetheless found to have been registered and used in bad faith based upon a 2010 European trademark registration. This result seems at sharp odds to Section 3.1 of WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition ("WIPO Overview 2.0") (<http://www.wipo.int/amc/en/domains/search/overview2.0/index.html>), which states:

**3.1 Can bad faith be found if the disputed domain name was registered before the trademark was registered or before unregistered trademark rights were acquired?**

**…** Consensus view: Generally speaking, although a trademark can form a basis for a UDRP action under the first element irrespective of its date [see further paragraph 1.4 above], when a domain name is registered by the respondent before the complainant's relied-upon trademark right is shown to have been first established (whether on a registered or unregistered basis), the registration of the domain name would not have been in bad faith because the registrant could not have contemplated the complainant's then non-existent right.

The facts in this decision, further, do not seem to comport with any of the limited exceptions to the consensus view cited by WIPO. In fact, as noted in the article cited above the same complainant brought a 2010 complaint regarding the similar domain name virtualexpo.com, and the WIPO panelist ruled against the complaint and admonished the complainant as follows:

In the view of the Panel this is a Complaint which should never have been launched. The Complainant knew that the Domain Name was registered nearly 10 years before the Complainant acquired his registered rights, no attempt was made to demonstrate the existence of any earlier rights nor was any attempt made to address the issue arising from the disparity in dates. It simply was not mentioned. Instead, a flagrantly insupportable claim was made as to the Respondent’s bad faith intent at time of registration of the Domain Name and the Panel can only assume that it was hoped that the Panel would miss the point.

CAC’s medicalexpo.com decision is clear evidence of the need for procedural UDRP reforms that assure consistency and predictability in the application of the UDRP policy and provide protections against provider encouragement of forum shopping.

Overall, procedural review of the UDRP’s administration and procedures can address a wide variety of matters of consequence to ICA members and other registrants, including:

* Forum shopping, panelist bias, and greater transparency in panelist appointment and selection
* Consideration of a laches doctrine to protect domains against disputes asserted years after initial registration and consistent use
* Consideration of a mediation option early in the UDRP process.
* Consistent rules on supplemental submissions to reduce delays
* More effective standards for and sanctions against attempted reverse domain name hijacking or other patterns of complainant abuse
* Uniform procedures for domain transfers, including standard timeframes
* Appropriate registry role in policy implementation
* Clear guidance for registrars confronted with a conflict between an injunctive order issued by a court of local jurisdiction with a UDRP decision
* Establishment of a system by which UDRP decisions can take on greater precedential value – in this regard, the uniform guidance for panelists issued and updated on a periodic basis by WIPO would constitute an excellent starting point for a system offering assurance of greater consistency and predictability in UDRP decisions
* A mechanism for review of panelist decisions that are clearly inconsistent with the Policy or applicable precedents
* Uniform file and decision formats among providers
* Clear delineation of what can and cannot be addressed in providers’ supplemental rules
* Easy access to the historical case data of all UDRP providers

This illustrative list amply benefits that exceedingly worthwhile reforms can be accomplished through further review of the procedural aspects of UDRP administration, especially if addressed within the context of a standard and enforceable provider agreement. The adoption of electronic filing rules for the UDRP, which ICA supported and ICANN’s Board adopted in 2009, provides further evidence that important progress can be achieved via administrative improvements.

URS Constitutes Substantive, Not Procedural, UDRP Reform

The URS, developed as a rights protection for new gTLDs, was consistently described by its adherents as a supplement to the UDRP. Nonetheless, throughout the AG development process we witnessed certain trademark interests advocating fundamental alterations of the URS – such as setting the same burden of proof as for the UDRP, and giving successful complaints first option to acquire a domain at the end of its suspension period – that would have effectively rendered the URS a substitute for the UDRP, although one offering far less in due process protections to registrants. We commend ICANN’s Board for drawing the line against the adoption of such suggestions.

More recently we have seen trademark interests advocating imposition of the URS on .Net as a condition of the renewal of VeriSign’s registry contract renewal (again rejected by ICANN), and taking the position that any incumbent gTLD registry which chooses to affiliate with a registrar must adopt the entirety of the new gTLD registry contract, including URS. We therefore have no doubt that we will again see attempts made to impose URS on incumbent gTLDs advocated within the context of further UDRP reform, regardless of whether it is labeled procedural or substantive.

We remain very concerned about certain aspects of the URS as set forth in the final AG, and we seriously question whether defensible due process can be provided in regard to a single domain name, much less multiple names, in a $300, 500 maximum words filing. We note that even WIPO has questioned the workability of the URS and has noted the uncertainty regarding its procedural and jurisdictional interaction with the UDRP. Overall, we believe that the URS is a highly substantive matter inextricably bound up with the UDRP. We do not believe that any consideration should be given as regards the adoption of URS for incumbent gTLDs – including the 110 million domains currently registered in .com and .net (a majority of all current domains, including those at ccTLDs) until we have substantial experience with the administration and use of the URS -- and then only after objective examination, analysis, and evaluation.

It is our view that such evaluation of the URS could not properly occur until 2016 at the earliest. Our reasoning is as follows: The first new gTLDs will not be added to the root until late 2012 or more likely the first quarter of 2013; at least two years of URS utilization would seem to be the minimum required to create a sufficiently large body of decided actions to form a basis for evaluation; and any such evaluation would require several months of work, with its results then being subject to public review and scrutiny. That timeline would carry any informed discussion of the imposition of URS on incumbent gTLDs into the first part of 2016.

If such imposition of URS on incumbent gTLDs is ever considered, it is our view that this should be deemed to be discussion of highly substantive UDRP reform and that other substantive aspects of UDRP policy should be open for simultaneous consideration in that context.

The Reform Process Must Not Be Confined Solely to Experts

ICANN staff has recommended against initiation of a PDP on UDRP reform – but has also recommended that if the GNSO believes the UDRP should be further reviewed, it should convene “a small group of experts to produce recommendations”. We respectfully disagree.

The input of experts into the Preliminary Issues Report and the recent UDRP webinar has been invaluable, and the participation of experts in any reform process going forward will be required. While understanding the need to keep a reform process manageable and focused, we note that the ICANN process is based upon the entire community achieving consensus from the bottom up. And UDRP reform, whether procedural or substantive, is a matter of relevance to the entire community – especially registrants who may be on the receiving end of a UDRP filing.

We therefore believe that the process going forward should include a mix of experts and other interested members of the community, should operate in an open and transparent manner, and should seek broad community input and comment at multiple stages as it considers and refines various proposals for procedural reform of UDRP administration.

**Conclusion**

Thank you for your consideration of our views on this matter. We urge the GNSO to embrace UDRP procedural reform and to move forward into that subject area in a manner that is consistent with our comments on the Preliminary Issues Report.

Sincerely,

Philip S. Corwin

Counsel, Internet Commerce Association