

Comments of the Intellectual Property Constituency ("IPC") to the ICANN Revised Proposal for the Trademark Post-Delegation Dispute Resolution Procedure ("PDDRP") of 15 February 2010

Introduction

The IPC welcomes the opportunity to comment on the 15 February 2010 Staff Revised Proposal for the Trademark Post-Delegation Dispute Resolution Procedure ("PDDRP").

The IPC appreciates the considerable work done by ICANN staff concerning this proposed mechanism, which whilst not considered by the STI team has evolved from that proposed by the Implementation Recommendation Team ("IRT") on 29 May 2009.

The IPC is of the view that the PDDRP is a critical part of the rights protection mechanisms in new gTLDs. The aim of the PDDRP is a simple one: To encourage responsible behaviour by new gTLD Registry Operators.

Indeed, there were many public comments to the first version of the Draft Applicant Guidebook ("DAG") calling for a post-delegation challenge process, in order to prevent the possibility of widespread and systemic abuses by Registry Operators which could be harmful to consumers and brand owners with the addition of new TLDs. The World Intellectual Property Organisation ("WIPO") offered a proposal entitled "Post-Delegation Procedure for New gTLD Registries Substantive Criteria and Remedies" communicated to ICANN on 5 February 2009.

The IRT considered all public comments made as well as the WIPO proposal and found the WIPO proposal to be an excellent one, meeting many of the identified needs of such a procedure. However the IRT made a number of suggested amendments in order to seek to make the process more reasonable and workable. The IRT took considerable care to recommend a mechanism that is balanced to address the concerns of consumers and brand owners while protecting Registry Operators from potential abuse by overzealous trademark owners. The result [the IRT Final Report of 29 May 2009](#) was one that had unanimous consensus on the IRT, (including from both registry and registrar representatives). The PDDRP as proposed in the IRT Report is designed to combat (i) Registry Operators that operate a TLD in a manner that is inconsistent with the representations and warranties contained within its Registry Agreement, or (ii) Registry Operators that have a bad faith intent to profit from the systemic registration of infringing domain names (or systemic cybersquatting) in the Registry Operator's TLD.

The current staff Revised Proposal for the PDDRP has moved away from that proposed by the IRT. In the view of the IPC the latest direction taken may well undermine the potential value of the PDDRP as a mechanism to encourage responsible behaviour by new gTLD Registry Operators and enhance contractual compliance enforcement.

The current staff Revised Proposal for the PDDRP has significantly limited the scope of the PDDRP by including the concept of "affirmative conduct" and by doing so inherently undermined the effectiveness of the PDDRP. In addition it appears that the role for ICANN in the process has been removed and this rights protection mechanism is now entirely an avenue for trademark owners.

1. "Affirmative conduct"

In order to provide guidance to Registry Operators, ICANN, intellectual property owners and dispute resolution providers, the IRT recommended that ICANN create a non-exhaustive list of activities that may or may not constitute "bad faith." The IPC fully supports this thinking. This is still lacking in the Revised Proposal and would be very helpful for all stakeholders. The IPC would therefore suggest that such factors should include, but not be limited to; circumstances demonstrating that the Registry Operator's

actions amount to wilful blindness / reckless disregard as well as actions such as intentionally allowing or knowingly permitting such domain name registrations in the concerned TLD.

The Revised Proposal requires a complainant to establish that the registry is guilty "*of affirmative conduct in its operation or use of its gTLD string*" in order to prove bad faith. The concept of "affirmative conduct" is particularly unhelpful in this manner as this creates too high a burden of proof. Whilst the PDDRP is not intended to be used against Registry Operators that may have infringing domain names within their TLDs where such Registry Operators do not have a bad faith intent to profit from those infringing names, it should be used where a Registry Operator is behaving irresponsibly. Irresponsible behaviour should not be limited to "affirmative conduct" as passive conduct (e.g. a failure by a registry to take steps against infringements which have been notified to it) can result in equally detrimental consequences – and a Registry Operator who "turns a blind eye" should not be able to avoid liability.

The IPC therefore recommends that this requirement for "affirmative conduct" be dropped.

2. Involvement of ICANN in the PDDRP process

The IRT specifically sought to include ICANN in the process, underlining the responsibility of ICANN to implement and enforce its own registry contracts which should themselves provide for a suitable protection of trademark rights. The role of ICANN in the IRT recommendations was to allow a trademark owner to formally file an initial complaint to ICANN. If no resolution was forthcoming then ICANN would be obliged to initiate a PDDRP and the trademark owner would participate and pay the requisite fee.

The Revised Proposal has removed ICANN from this role; its only role is now with regard to implementing an eventual PDDRP Panel determination.

To potentially counterbalance this, the Revised Proposal states in the preamble that:

"It is important to note that this Trademark PDDRP is not intended to replace ICANN's contractual compliance responsibilities... This Trademark PDDRP is meant to enhance such activities and provide ICANN with independent judgement when required."

The IPC strongly recommends that this wording is specifically included in the PDDRP itself rather than being just in a preamble as this is a major concern if by seeking to remove itself from the initial part of the PDDRP ICANN is seeking in any way to alleviate itself from its contractual compliance responsibilities.

Whilst ICANN has in the past been considered as being less than active in enforcement of its contractual compliance responsibilities, the IPC notes and welcomes that there has been a considerable improvement in enforcement recently. However a substantial increase in new Registry Operators means an increased burden both on ICANN to enforce, and trademark owners to increase vigilance against trademark infringement. To remove ICANN from the initial part of the PDDRP process is not in our view a positive step, and we would recommend that the IRT recommended process is reinstated.

For the sake of completeness, the IRT recommended that a trademark owner who identified inappropriate behaviour on the part of a new Registry Operator and who could justify the initiation of a PDDRP, could submit an initial complaint to ICANN advising of an alleged breach of the Registry Agreement related to the prohibited practices set forth in the Registry Agreement. If ICANN found the Registry Operator to be in material breach of its contractual obligations, ICANN was obliged to utilize the various enforcement mechanisms contained within the applicable Registry Agreement. If no finding of material breach then there would be a 15 day period attempting resolution. Failing satisfactory resolution, ICANN was obliged to institute a full PDDRP.

The idea behind this was to encourage responsible behaviour and allow trademark owners to highlight irresponsible behaviour and there to be a clear staged procedure to take care of this and only as a last resort would the trademark owner actually initiate a full PDDRP.

In addition, the IRT specifically recommended that ICANN needed to amend the draft Registry Agreement to include certain provisions to ensure that ICANN itself played its role and thereby ensure the proposed PDDRP's effectiveness. The IPC wishes to re-iterate this, it is crucial for the Registry Agreement to mirror these provisions and for them not to be removed from one and watered down in another. The language recommended for inclusion in the Registry Agreement was set out as:

2.1 Applicable Disputes

2.1.1 A Registry Operator, as defined in the applicable Registry Agreement with ICANN, shall be required to submit to a mandatory administrative proceeding where a third-party (complainant) has filed a complaint with ICANN asserting that:

2.1.1.1 The Registry Operator's manner of operation or use of a TLD is inconsistent with the representations made in the TLD application as approved by ICANN and incorporated into the applicable Registry Agreement and such operation or use of the TLD is likely to cause confusion with the complainant's mark; or

2.1.1.2 The Registry Operator is in breach of the specific rights protection mechanisms enumerated in such Registry Operator's Agreement and such breach is likely to cause confusion with complainant's mark; or

2.1.1.3 The Registry Operator manner of operation or use of the TLD exhibits a bad faith intent to profit from the systemic registration of domain name registrations therein, which are identical or confusingly similar to the complainant's mark, meeting any of the following conditions: (a) taking unfair advantage of the distinctive character or the reputation of the complainant's mark, or (b) unjustifiably impairing the distinctive character or the reputation of the complainant's mark, or (c) creating an impermissible likelihood of confusion with the complainant's mark.

2.1.2 For the purpose of determining whether the TLD or domain name registrations therein meet conditions described in Section A, the Panel may take into consideration any decisions rendered under the New gTLD Dispute Resolution Procedure for Legal Rights Objections (Pre-Delegation) or any decisions under the Uniform Domain Name Dispute Resolution Policy against the Registry Operator or any of its affiliates.

3. Involvement of ICANN in the PDDRP process without a trademark owner initial complaint

Given the identified potential need for independent judgement which ICANN refers to in the preamble, the IPC would suggest that ICANN itself should have at least have the possibility to bring a PDDRP of its own accord, if it felt that it would assist it with independent judgement and thus not necessarily have to rely on a trademark holder. Indeed, the behaviour of a Registry Operator may be such that the pattern of bad faith registrations affect a multitude of trademark owners, but in only a small way, thereby not meriting the initiation of a PDDRP by a single trademark owner. However the irresponsible behaviour of the Registry Operator in question could be over many domain names, perhaps thousands, and thus a case for ICANN to bring. This was one of the scenarios considered within the IRT and whilst it did not make the final report it is not without merit.

4. Standard of proof - Clear and convincing evidence requirement

At the top and second levels, the Revised Proposal requires a complainant to establish a registry's bad faith "by clear and convincing evidence". In any event it is for the complainant to set out its case clearly and convincingly, describing the practices which are of issue and as much evidence as possible to support the claim. However, we believe that both the parties should be on equal footing and therefore that the standard of proof of the PDDRP at the second level which should be adopted is that of

"preponderance of the evidence" which is the burden or proof in the proposed Registry Restrictions Dispute Resolution Procedure (RRDRP).

5. Scope of the PDDRP at the second level

The IPC is very concerned that the Revised Proposal requires that a complainant establishes a pattern of bad faith registration of multiple domain names in relation to the same trademark. This is overly limitative and should include (a) any trademarks of one particular brand owner who may be targeted in a variety of ways, and (b) an identified pattern of bad faith registration including any trademark registrations not necessarily owned by one trademark owner.

6. Expert Panel

The IPC is of the view that the Provider should appoint a Panel consisting of three members by default and not one given the importance of the potential finding to the business of the Registry Operator. This is in line with the IRT Recommendations.

7. Costs

The issue of the costs of bringing a PDDRP should not set out prior to the finalisation of the Applicant Guidebook. Suggested example costs and a mechanism were set out in the IRT Report, the essential point was that they should be paid upfront by the complainant and substantial enough to deter gaming of the system by either trademark owners of Registry Operators. The example fee for mere illustration purposes in the IRT report was USD 25,000.

8. Remedies

The Revised Proposal underlines that deletion of the domain names cannot be envisaged as a recommended remedy given that domain name registrants are not part of the proceedings. However, the IPC is of the view that since the Panel will be able to recognise the infringing domain names which are the subject matter of the complaint, it should also be able to recommend that the said infringing domain name registrations be deleted. Whilst it is true that the registrant is not necessarily a party to the proceedings (although there are examples where the registrant is the Registry Operator or a connected party and it is precisely these instances which are of most concern) there is a contractual chain between ICANN, the Registry Operator, the registrar and the registrant which can cover such situations.

9. Potential Expanded Scope of the PDDRP

While the inclusion of the PDDRP is a vital component to promote responsible behavior within the operation of new gTLDs, it should not be exclusively limited to Registry Operators. In light of ongoing policy development in the area of Vertical Integration, it is possible that ICANN accredited registrars may be permitted to operate/own registries. If this policy change should happen, it would be prudent to model the PDDRP after the newly executed RAA which provides for group liability among affiliated registrars. Failure to have this expanded scope of coverage of the PDDRP provides Registry Operators the potential to conduct inappropriate activities through affiliated registrars without fear of accountability provided for by the PDDRP. Therefore it is specifically proposed, that the scope of the PDDRP be broadened to include all affiliated registration authority activity (registrar/registry) when there is a vertically integrated/commonly owned registrar/registry.

Conclusion

There is a clear need for a strong and effective mechanism to be in place, and used only if necessary. An effective PDDRP is of benefit to all stakeholders; ICANN, new Registry Operators, registrars, registrants,

consumers and brand owners. If its effectiveness is undermined it will not have the necessary deterrent effect against abuse, and those registries not behaving responsibly will gain a competitive advantage over those who do – good faith registries should not have to compete against those acting in bad faith.

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