



May 10, 2009

Dear IRT Chair and Members,

Re: ICANN Implementation Recommendation Team Draft Report

Thank you for your letter of April 24, 2009, requesting input and follow-up by the Arbitration and Mediation Center of the World Intellectual Property Organization (WIPO Center) on the ICANN Intellectual Property Constituency (IPC) Implementation Recommendation Team's (IRT) draft report (Draft IRT Report) of the same date.

We wish to commend the IRT for the thought and expedition that have gone into the Draft IRT Report and its distillation of a range of differing proposals under the deadlines provided. Particularly in light of the breadth of the WIPO Center's proposals, we will be pleased to further contribute to discussions at the IRT meeting in San Francisco on May 11, 2009, in the hope that it will offer genuine substantive dialogue on the Draft IRT Report.

We believe the Draft IRT Report represents substantial progress and a serious foundation for further deliberation. At the same time, we have concerns that the Draft IRT Report's adaptation of WIPO's proposals seriously risks undercutting their intended effectiveness, and see a broader need for further reflection, including on ways to streamline the envisaged "tapestry" of Rights Protection Mechanisms (RPMs).

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ICANN Intellectual Property Constituency
Implementation Recommendation Team
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ICANN's New gTLD Program has triggered strong reactions from trademark owners, as well as other stakeholders. The limited time and framework provided for comments on and any discussion of the Draft IRT Report do not do justice to the scope and implications of many of its proposals. The WIPO Center's comments are preliminary, and limited to some of the more fundamental aspects of the proposals made in the Draft IRT Report. They should not be construed as comprehensive observations, but rather as a contribution to dialogue. It is our understanding that before the ICANN Board shall be able to reach a decision, further discussions will follow, both institutionally and otherwise.

WIPO Proposals and Domain Name Activities

After providing significant input into the development of the substantive criteria and procedural rules for (pre-delegation) "Legal Rights Objections" (LRO) as integrated in ICANN's Draft Applicant Guidebook, the WIPO Center submitted to ICANN two further proposals for trademark-based dispute resolution procedures in relation to ICANN's New gTLD program. (On February 5, 2009 the WIPO Center submitted to ICANN a proposal for a Post-Delegation Procedure for New gTLD Registries. Similarly, on April 3, 2009 the WIPO Center submitted to ICANN the WIPO Discussion Draft for a Model Expedited (Domain Name) Suspension Mechanism (ESM). These are available on WIPO's website at <http://www.wipo.int/amc/en/domains/resources/icann>, and on ICANN's website at <http://www.icann.org/correspondence>.) The WIPO Center further explained these two proposals – in reply to specific questions – to representative IRT members in two separate one-hour telephone conferences on April 2 and 20, 2009.

It bears emphasis that the above WIPO proposals and the comments in the present letter are founded upon extensive domain name-related activities undertaken by WIPO, as an intergovernmental organization mandated to promote the balanced protection of intellectual property, on a non-profit basis, through cooperation among its 184 Member States and in collaboration with other international organizations and industry stakeholders.

As the IRT would know, WIPO's domain name-related activities date back to 1998 when WIPO conducted the First WIPO Internet Domain Name Process which, following further expert consultation, led to ICANN's adoption of the UDRP. The WIPO Center has created globally used procedural and substantive

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infrastructure for the UDRP, under which it has administered over 15,000 UDRP cases; it has managed a further 15,000 domain name cases under WIPO-assisted registry policies, and provides dispute resolution services to 58 ccTLDs. The WIPO Center has published Reports on its case administration under various RPMs, and the higher level, ICANN-requested Report *New Generic Top-Level Domains: Intellectual Property Considerations*.

General Comments

Policies developed to address the overarching issue of trademark protection in connection with ICANN's New gTLD Program, *i.e.*, to prevent and remedy trademark abuses in the Domain Name System (DNS), are expected to build on the framework of existing intellectual property laws to minimize burdens on trademark owners and thus contribute to the orderly functioning of the DNS. System choice and design must reflect an unfiltered and impartial approach to preventing trademark abuses in the DNS, and should integrate the constituent mechanisms, both new and existing, so as to maximize their complementary utility to users in accordance with their needs.

IP Clearinghouse

The Draft IRT Report recommends the ambitious creation of an "IP Clearinghouse" that would "hold information on rights of all kinds including both registered rights and unregistered rights." Such a Clearinghouse as currently envisaged would provide a platform for any RPMs voluntarily adopted by the registries (or possibly mandated by ICANN). Further detailed information on the operational aspects of the proposed Clearinghouse would allow further consideration of this concept.

Scope of Rights

The Draft IRT Report envisages a database to "accommodate a panoply of such rights" as "unregistered trademarks, company names, trading names, designations of origins, geographical names, family & personal names, etc."

A Clearinghouse may prove useful as to particular aspects of ICANN's New gTLD Program in terms of TLD applications and RPMs that may take shape.

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The appropriate scope of and implications for the types of data contained in any such database should be fully considered, taking into account such factors as scripts, authenticity, relevant authority, privacy implications, and political aspects. We note that *ad hoc* contractual criteria for inclusion in the proposed Clearinghouse, adopted in accordance with registry needs or practical convenience, may well differ from the legal frameworks for such identifiers (*e.g.*, unregistered trademark rights or certain types of geographical terms).

Validation

Whatever their scope, a central question is how rights to be included in the database are to be validated.

The immensity of the Clearinghouse's role as currently envisaged by the IRT, serving as a "platform" for most envisaged (intellectual property or otherwise) rights-based mechanisms across all gTLDs, is evident. This places a serious demand on the substantive and technical expertise and the integrity required of any Clearinghouse operator, especially if ICANN were to grant exclusive control in relation to a wide range of identifiers, many of which are sourced in public functions.

There may well be scope for differentiation of roles in terms of data collection and storage and a separate role for rights validation. Some types of data will be more conducive to real-time validation by reference to readily available existing databases. Other data may however require a more substantive analysis by specialized agents by reference to specific norms (jurisdictional or otherwise).

Safeguards

The Draft IRT Report assures that "[t]he data in the IP Clearinghouse [is] collected solely for use in the IP Clearinghouse." Disclosure of any planned safeguards is critical in light of the envisioned role of the Clearinghouse.

Equally, given the possible uses for or consequences of data held in any Clearinghouse, and the apparent discretion vested in an anticipated provider, it is imperative that the IRT give due consideration to an opposition or challenge process.

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Globally Protected Marks List (GPML)

The Draft IRT Report foresees a list of “Globally Protected Marks.” In contrast to public efforts to define well-known marks, *e.g.*, through the courts, or the *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* adopted by the WIPO General Assembly in 1999, the GPML would operate on contractually fixed criteria in the context of ICANN’s New gTLD Program.

Considering the possibility that the GPML would somehow find application outside its intended boundaries, this aspect of the Draft IRT Report in particular may benefit from further consultation, both with representative trademark organizations and with relevant public bodies. For this purpose, further information on the background to the criteria and their envisaged interpretation across the trademark system would be helpful.

Here also, we believe an opposition or challenge process may need to be institutionalized.

Uniform Rapid Suspension System (URS)

The Draft IRT Report foresees a URS to provide a “cost-effective and timely mechanism” to prevent trademark abuses in connection with ICANN’s New gTLD Program. The proposed URS shares a number of features with the WIPO Center’s Discussion Draft ESM, and indeed various workable expedited suspension models may appropriately take shape. However, certain features of the proposed URS appear to require further consideration.

URS Relationship to UDRP

The WIPO Center’s April 3, 2009 letter to ICANN containing a Discussion Draft ESM notes a need to consider the appropriate relationship between any proposed URS-style RPM and the UDRP, including on the substantive criteria, the scope of provider (compliance) review of the challenge and response, whether any determination on the merits requires the appointment of a neutral, and the nature of the remedy. In all aspects, the design of the URS should aim to achieve

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seamless integration with the UDRP, especially in terms of practical facilities and procedural safeguards (*e.g.*, party submissions, domain name lock, communications, fee management and panel appointment).

While the Draft IRT Report states that the same substantive standards apply as in the UDRP, it does signal a move away from the conjunctive bad faith requirement in the UDRP. Presumably in full awareness of implications, the proposal also deviates from the UDRP in that it limits consideration to registered trademarks issued in jurisdictions conducting substantive examination.

Examination

The WIPO Center's Discussion Draft ESM presented two possible options for a model suspension mechanism (others of course being conceivable). One option, based on an observed 70% UDRP respondent default rate, did not foresee substantive determination. A second option provided for a *prima facie* determination on the merits by an appointed neutral.

The Draft IRT Report adopts this second option. In the event a complete answer is submitted by the domain name registrant, the URS would provide for examination or final evaluation by an external examiner to assess obvious cases of infringement, on a clear and convincing evidence standard.

As noted in the WIPO Center's Discussion Draft ESM, this second option raises several discussion points, including its relationship with any substantive review under the UDRP, and the time and cost implications.

Fees

If we understand it correctly, while inviting comment, the Draft IRT Report estimates filing fees (including examiner fees) for the URS in the USD 100-200 range, for an examination estimated to require 15 minutes (presumably excluding administrative aspects such as conflict checks). We fully share the goal of maximum efficiency, but advocate that these premises be examined more closely, taking into consideration the defended nature of these cases (albeit in part *pro*

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forma), particular scenarios, whether or not gamed, that may be invoked (*e.g.*, dictionary meaning, language considerations, party relations) and procedural incidents.

Even if it will be possible to limit the fees to the envisaged level, trademark owners may find them a high price to pay for addressing obvious abuses on a repeated basis. The URS option (even without a transfer remedy) may offer a financial advantage compared to a UDRP case, but in itself still represents a financial burden. The modalities of submitting a response should therefore be designed (*e.g.*, certifications, possible publication, inferences) so as to limit *pro forma* responses moving a case into further procedure requiring determination by a neutral.

Further thought should be given to the question whether a single fee should apply regardless of whether an external examiner is appointed.

Incidentally, where the Draft IRT Report contemplates URS Answer fees for multiple numbers of domain names, practical clarification is required in the event of privacy services possibly acting for multiple underlying registrants.

Remedy

The Draft IRT Report proposes the remedy of locking a domain name for the “duration of the registration period.” This may raise the possibility that trademark owners will be faced with filing repetitive URS cases for the same domain name(s) after a registration lapse. A domain name might rather be “black-listed” for a longer, fixed duration, in a manner that does not impose any undue burden on registry operators, and registrable on a showing of a legitimate intended use. (Under the URS, there does not appear to be the possibility for a *bona fide* third party to obtain registration of a locked domain name. Given *e.g.*, possible co-existence or otherwise legitimate uses of a mark, it may be appropriate to reconsider this.)

(Depending on the final design of the URS, it may be useful to consider practical application of any “suspension” remedy under the URS also to the UDRP, by interpreting its existing cancellation option in a similar manner.)

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URS Provider Roles

Under the URS as proposed in the Draft IRT Report, only complaints which are validated by a service provider as “presenting sufficient evidence to support a legal claim” and “establishing a *prima facie* case” would proceed to the lock and notice stage. If the provider role approaches substantive review of a complaint (as opposed to a more limited administrative compliance review), this would require a degree of judgment, and may affect perceptions of provider neutrality.

The Draft IRT Report recommends that “there be one third party provider for the URS rather than multiple providers.” The basis for this recommendation is unclear. Should ICANN, as recommended in the Draft IRT Report, universally mandate a URS, the potential global demand for this instrument likely calls for a multiple provider system analogous to ICANN’s deliberate adoption of this model for the UDRP (the WIPO ESM Discussion Draft notes this possibility, subject to adequate safeguards).

However this may be, the purported rationale behind the following statement made by the IRT, which has far greater implications than its placement in a footnote suggests, calls for an explanation: “[t]he IRT recognizes the risk of an appearance of conflict of interest if the URS provider is also a UDRP provider, as decisions might appear to be influenced by the potential of filing fees obtained through UDRP proceedings or other possible conflicts. While in reality this risk may be remote due to the use of independent examiners and the institutional integrity of the providers, the use of a separate URS provider would likely be the best option to avoid the appearance of conflict.”

That a UDRP provider, having invested ten years of significant resources on a non-profit basis in building the UDRP into a fair and credible global dispute resolution system, would risk even the hint of an appearance of a conflict of interest by its acting as a URS service provider is a baseless presumption which has no place especially in the Draft IRT Report. The Draft IRT Report would require URS examiners to have experience as a UDRP panelist, but casually dismisses the corresponding benefit of a provider’s existing procedural, technical, and substantive framework for some unexplained “risk of an appearance of conflict of interest.” In the WIPO Center’s case, one must seriously question that the owners of the trademarks in the over 30,000 domain name cases already entrusted to the WIPO Center share the IRT’s views on this point.

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Post-Delegation Dispute Resolution Mechanism at the Top Level

Acknowledging the WIPO Center's proposal for a trademark-based Post-Delegation Procedure, the Draft IRT Report notes that "a consensus of the IRT believes that a Post-Delegation Dispute Mechanism may be workable." However, the Draft IRT Report's adaptation of the WIPO Center's proposal in two critical respects jeopardizes its intended functionality as an independent option for trademark owners to address abuse of their rights against the background of compliance realities in the DNS, without prejudice to ICANN's own role.

WIPO Center Proposed Post-Delegation Functions

The WIPO Center's proposal for a trademark-based Post-Delegation Procedure is designed to facilitate prevention at the source of (large-scale) trademark abuses. (In light of the perceived convergence of registry, registrar, and registrant roles both presently, and likely even more so in the context of New gTLDs, certain observed conduct points to the conclusion that the WIPO Center's proposed Post-Delegation Procedure might in our view need to be adapted to apply to registrars as well as registries.)¹ The Post-Delegation Procedure would also provide a foundation on which trademark-based RPMs may be built.

In addition to aiming to create a deterrent effect by encouraging responsible registry conduct, the WIPO Center's proposal would provide an option to obtain higher-level remedies against (large-scale) trademark abuse. It seeks to avoid the need for perpetually engaging in RPMs, including UDRP proceedings, against massive or repetitive abusive conduct resulting in limited or recurring sanctions, and thereby offers an alternative to likely court proceedings.

Trademark Owner Role

Describing a post-delegation dispute as a contractual matter between ICANN and a registry based on abuse of a mark owner's rights, the Draft IRT Report takes the position that it is for ICANN to pursue such a dispute. This may indeed spare trademark owners the direct expense of initiating the proceeding. However, the proposal in the Draft IRT Report seems to foresee an actual

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¹ See e.g., the WIPO Center's letter to ICANN concerning the registrar Lead Networks, available at: <http://www.wipo.int/amc/en/docs/icann090409.pdf>.

Procedure only where “ICANN’s investigation reveals facts that may support the third party’s claim, but is unable to demonstrate in fact that the Registry Operator is in breach of its Registry Agreement”, and ICANN and the Registry Operator fail in their “attempt to resolve [“to the satisfaction of ICANN”] the dispute by engaging in good faith discussion over a period of at least fifteen (15) calendar days.” Under the proposal in the Draft IRT Report, an aggrieved mark owner would be entitled to participate in a post-delegation proceeding if it “voluntarily chose to do so”, although it is uncertain what role it would play.

It is not clear on what basis the Draft IRT Report appears to presume that such resolution of ICANN’s “dispute” with the registry – based on the violation of third-party rights – would offer conditions which an aggrieved trademark owner would consider an adequate response to an infringement of its rights. It appears unrealistic to expect ICANN (as the registry accrediting agency) to exercise its contractual enforcement responsibilities in a manner that would begin to approach the options which trademark owners have at their disposal to address abuses of their rights under law.

The exclusive role which the Draft IRT Report envisages for ICANN in the initiation of and participation in a post-delegation dispute should be weighed against the Report’s characterization that “[u]nfortunately, ICANN has historically failed to [“effective[ly] enforce its contracts”].” On the eve of vast projected expansion of the DNS, it is difficult to see why trademark owners should expect the compliance landscape to change in a meaningful manner. As an alternative to court litigation, a robust post-delegation tool not only for ICANN but also for trademark owners can assist ICANN’s compliance efforts to the benefit of all stakeholders.

The Draft IRT Report-Proposed Post-Delegation Substantive Criteria may Insufficiently Address Trademark Abuse

Trademark abuse in the DNS continues to spread and gain sophistication. Yet, the post-delegation substantive criteria in the Draft IRT Report, as framed in the conjunctive, set an exceedingly high bar. Section 2.1.1.2 would require that the registry’s operation or use of the TLD is both inconsistent with RPMs enumerated in its contract with ICANN, *and* that it has caused or materially

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contributed to abusive domain name registrations. It seems thus, where a registry operator implements (or does not act inconsistently with) any RPMs it may have itself undertaken to administer, this alone would prevent a finding of accountability under the Draft IRT Report-proposed post-delegation procedure. Doing little to incentivize registry operators to offer effective RPMs, this signals a potentially damaging shift from the approach taken in the WIPO Center's proposed Post-delegation Procedure.

Conclusion

It is hoped that the foregoing will contribute to ongoing dialogue concerning preventing trademark abuses in connection with ICANN's New gTLD Program at multiple levels, including in the IRT's Final Report, in future ICANN meetings, in the ICANN Board's considerations, and amongst all other stakeholders.

The WIPO Center thanks the IRT for the opportunity to comment and looks forward to contributing further where it can.

Yours sincerely,



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