The Intellectual Property Constituency of ICANN’s Generic Names Supporting Organization (GNSO) appreciates this opportunity to comment on the “Draft Applicant Guidebook” materials released by ICANN with regard to the launch of new generic Top Level Domains (gTLDs).1

Introductory remarks

The introduction of new gTLDs is of paramount interest to the IPC. We have been actively involved at all stages of the process and have made numerous detailed submissions in the past, some of which will be referred to in this comment. We hope these comments will be carefully reviewed, and we look forward to a specific response from ICANN staff to our questions and suggestions below.

These comments are focused on the key issues of importance to IPC in its role as the representative of “the views and interests of owners of intellectual property worldwide.” IPC Bylaws, Art. I. Section I of the comments focuses on intellectual property issues at the TLD level; section II addresses prevention of abusive registrations at the second level; and section III deals with remedial mechanisms. However, the interests of IPC members are impacted by many other aspects of the new gTLD launch. We raise questions about some of these in section IV of the comments.

IPC commends ICANN staff for committing to issue a revised DAG and holding a separate public comment period on that revised draft.2 This is appropriate in light of the fact that the current DAG barely addresses some important issues at all, and lacks sufficient detail for thorough comments on others. IPC hopes that the revised DAG will be responsive to its concerns, and it looks forward to participating in the separate public comment period on the revised DAG.

General Approach

One of ICANN’s core values, and the one most frequently cited in connection with the new gTLD launch process, is “introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.” ICANN By-laws, Art. I,

1 Throughout this comment, we will refer to the main Draft Applicant Guidebook (posted at http://www.icann.org/en/topics/new-gtlds/draft-rfp-24oct08-en.pdf) as the “DAG,” and will follow the pagination and section numbers provided in the various modules of that document.

2 See http://cai.icann.org/files/meetings/cairo2008/D4_Presidents_Rpt_3Nov08.pdf, slide 4 (there will be two 45-day comment periods on the draft guidebook).
Sec. 2.6. From the inception of the new gTLD policy development process, IPC has expressed skepticism about whether this initiative is being carried out in a way that will meaningfully promote competition and will benefit the public interest of the Internet community as a whole, rather than simply advancing the private interests of those with a clear economic stake in expanding the volume of domain name registrations.

In January 2006, the IPC advocated that “any new gTLD should create a new and differentiated space and satisfy needs that cannot reasonably be met through the existing gTLDs.” See [link]. In October, 2006, we urged that ICANN “adopt selection criteria that will bring about TLDs for which there is legitimate demand from communities that have not been well served by the current TLDs, and prevent a proliferation of TLDs that are likely to simply lie fallow, or to depend for their viability upon unproductive defensive registrations.” See [link]. In June, 2007, IPC reiterated the need to “limit[] any new gTLDs to those that offer a clearly differentiated domain name space with mechanisms in place to ensure compliance with purposes of a chartered or sponsored TLD.” See [link]. In each of these submissions we urged ICANN to avoid a repetition of aspects of the prior new TLD launches, in which right holders were too often required to expend considerable resources in otherwise unproductive efforts to defend their rights in open or unrestricted TLDs, while meaningful competition did not increase, and the Internet community as a whole reaped little or no benefit.

The DAG does not respond to these oft-expressed concerns. Instead, under the new gTLD process set forth in the DAG, right holders may be faced with a far more extensive challenge to their intellectual property rights, which they must combat using tools (such as defensive registration) that simply will not scale in an environment of hundreds of new gTLDs.

IPC recognizes that the introduction of new TLDs may offer opportunities for innovation, competition, and public benefit, especially in the IDN space, where there is likely to be unmet demand among Internet users whose languages are incompatible with the ASCII script used by all gTLDs to date. It seems likely, however, that in the new gTLD launch outlined in the DAG, these opportunities will be swamped by unproductive uses of the name space that present significant threats to intellectual property rights, and that also threaten to harm consumers through the confusion generated by intellectual property infringement in the DNS. One goal of the new TLD procedure should be to minimize this adverse impact. While the DAG reflects some efforts to do so, much more is needed before there can be a basis for confidence in a positive outcome of this initiative.

Two other preliminary observations concern economic matters. First, one would expect that an initiative that is touted as promoting competition in a marketplace would be based on some empirical research into the characteristics of that marketplace. This is what the ICANN Board called for in October 2006 when it directed the President to commission an independent study of the “economic questions relating to the domain registration market,” including such basic issues as whether this constitutes one or many markets and whether registrations in
different TLDs are substitutable. See http://www.icann.org/en/minutes/minutes-18oct06.htm, under “Review of .BIZ, .INFO, and .ORG.” To the best of our knowledge, this study has never been commissioned. A huge initiative such as the new gTLD launch, whose turnover may well exceed ICANN’s entire annual budget, and whose impacts will be felt for years to come, surely deserves a sound anchoring in reputable economic research. At present, it lacks this foundation.

Second, since the proposal to launch new gTLDs was presented to the Board fourteen months ago at the Los Angeles ICANN meeting, and even since the Board gave the green light to the proposal in Paris six months ago, global economic conditions have deteriorated to an extent unsurpassed in decades. ICANN needs to consider the impact of this drastic shift on all participants in the process – not only on potential applicants, but also on entities such as trademark and copyright owners, for whom this initiative threatens to bring far more costs than benefits. Nor is ICANN itself immune from this impact; to give only one example, hard economic times often provide incentives for businesses to cut corners, so ICANN should be prepared to take on an even more aggressive compliance role with hundreds of new gTLDs than it had planned for just a few months ago.

**Specific Comments and Questions**

I. Prevention of Adverse IP Impacts at the TLD Level

The Legal Rights Objection (LRO) procedure will generally be the sole means that a trademark owner has at its disposal within the ICANN process to prevent the recognition of a new gTLD that infringes, dilutes, or otherwise harms or weakens its mark, and/or that will threaten to cause confusion detrimental to the mark owner’s customers and the public at large. While the LRO procedure is sketched out in the draft applicant guidebook, much more detail will be needed before it can be determined whether this is a sufficiently robust safeguard for preventing these harms. A partial list of questions and issues of concern to IPC members includes:

- It should be made clear at the outset that a party filing an LRO objection is not barred from challenging in court ICANN’s decision regarding the application that is objected to. The statement on page 3-1 that an objector “accepts the gTLD dispute resolution process” is ambiguous in this regard.

- Like the UDRP on which it is modeled, the LRO procedure should provide the option for a three-member panel rather than a single panelist.

- Because the stakes may well be higher than in a UDRP proceeding, ICANN should consider providing an appeal procedure from decisions of the LRO panel. This will also promote consistency of decision-making.

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3 The October 2006 Board resolution is cited as one basis for the CRAI report on vertical separation of registrars and registries. See http://www.icann.org/en/public-comment/#crai. But surely that report, on one aspect of the domain name registration marketplace, falls far short of the comprehensive study called for by the board. In this regard, see IPC’s comments on the CRAI report, attached to http://forum.icann.org/lists/crai-report/msg00013.html.
The provision on page 3-9 allowing the panel to appoint experts on a unilateral basis, at the expense of the parties, must be constrained by pre-announced policies and guidelines (including cost limitations) to prevent abuse.

ICANN should consider an option for limited discovery by parties to an LRO dispute, such as through the use of written interrogatories.

Decisions on the consolidation of objections into a single proceeding are left to the discretion of the DRSP (page 3-8). This may be inappropriate in the case of the LRO proceeding. Apparently, if there are multiple applications for a TLD string that will detrimentally impact a single trademark (or family of closely related marks), the mark owner must file (and pay for) a separate objection proceeding for each application, even though the evidence will be almost the same in each case. Consolidation in a single proceeding (for a single fee) should be presumed in such circumstances, unless some extraordinary prejudice to an applicant can be demonstrated.

Because multiple objections may well be filed (in some cases by the same objector) against the same application on more than one of the grounds provided for (e.g., LRO, community objection, morality/public order), problems of case management will arise. If an application is ultimately disqualified based on one ground, it may be inefficient to require parties to expend resources on a separate objection that may never be heard. ICANN should consider requiring all objections to be filed via a common portal, and empowering a case manager to sequence the consideration of various objections to a single application in order to avoid wasted effort.

In the interests of transparency, and to provide guidance for the future, all DRSP panel decisions should be immediately published in their entirety, barring extraordinary circumstances. Leaving this to the discretion of each panel, as provided in section 3.4.6, strikes the wrong balance.

A successful objection in the LRO procedure should have some preclusive, or at least precedential, effect on future applications for the same or a highly similar character string. In the strongest case, a finding in favor of a globally famous mark should have the effect of reserving that name against applications (by anyone other than the owner) to use it as a gTLD.

The DAG is ambiguous about the impact of the decision of an LRO (or other dispute resolution) panel. On page 3-10 the decision is described as something to be “considered by ICANN in making a final decision.” However, the chart following page 3-15 suggests that a panel decision for or against an application is dispositive in the objection phase. This should be clarified.

II. Pre-launch Mechanisms to Prevent Abusive Registrations
Although other alternatives (such as an expanded reserved names list) could have been employed, ICANN has chosen to rely exclusively on new TLD applicants to design, disclose and implement mechanisms of their own choosing to prevent abusive registrations in the new TLDs (including registrations that conflict with established marks and other intellectual property rights, or that can sow confusion with such marks). Having made that choice, ICANN must do more to ensure that these mechanisms are effective, accessible, low-cost and efficient for right holders to use. Among other steps that could be taken, ICANN should:

- Spell out what it is looking for when it calls for rights protection mechanisms to be “specified in detail”; for example, applicants should be required to describe each phase of the Pre-Launch Rights Protection Mechanism they will employ, under headings such as:
  - The type of Sunrise or Challenge Mechanism
  - Policies covering: Character String Requirements; Charter Enforcement; Eligibility Cut-off Dates; Usage Requirements
  - How applications in the RPM selected will be validated and whether there will be an Appeals or Reconsideration process
  - Policies for globally famous trade marks, defined for the sake of the New gTLD process as those registered in more than a stated number of jurisdictions or regions
  - The cost to rights owners of participation in the Pre-Launch RPM;
- Evaluate preventive mechanisms of new TLD applicants from the standpoint of likely effectiveness and efficiency, as well as based on whether they are “specified in detail”;
- Provide incentives for new TLDs to employ reserved names lists that include globally famous marks (rather than simply the list appearing in Specification 5 to the draft registry agreement, http://www.icann.org/en/topics/new-gtlds/reserved-names-24oct08-en.pdf);
- Require new TLDs to participate in a common repository for documentation of trademark claims that right holders can invoke in any pre-launch mechanism for particular TLDs;
- Provide a single portal through which right holders can participate in any pre-launch mechanism provided by participating new TLD registries, and provide strong incentives in the evaluation process for new TLDs to participate in the common portal;
- Provide strong incentives for new TLD providers to limit fees in any pre-launch mechanism to actual cost recovery; to offload costs to ICANN-provided facilities.
such as the common repository and single portal specified above; and to prevent use of “premium pricing” schemes for second level domain names corresponding or related to established marks.

III. Stronger Protections Against Abusive Registrations Post-Launch

Stronger mechanisms are needed to enable expeditious detection, investigation and resolution of intellectual property infringements that occur in new TLDs after they are launched, at the second level (or wherever registrations are commonly made in the particular TLD’s model).

Provisions in the base contract regarding display of registrant contact information (via Whois) are too weak. Under Specification 4 to the base contract (see http://www.icann.org/en/topics/new-gtlds/data-pub-24oct08-en.pdf, new gTLD operators will only be required to make very limited data on registrations publicly available via Whois, as if all the new gTLDs would be operated as so-called “thin registries.” In fact, the presumption should be the opposite: that the new gTLDs will, like nearly all of the new gTLDs previously launched under the auspices of ICANN, operate as thick registries. Accordingly, they should commit to making a full set of Whois data publicly available on each registration in the new gTLDs, so that copyright and trademark owners (as well as law enforcement, consumers, and members of the public) will have ready access to this information. This would follow the path of previous new TLD thick registries, see, e.g., http://www.icann.org/en/tlds/agreements/biz/appenix-05-08dec06.htm.

Additionally, new TLD applicants should be given greater incentives to provide additional mechanisms for combating abusive second level registrations post-launch. For example:

- Existing evaluation criterion 31 should be subdivided so that applicants are required to describe, and should receive separate evaluation scores on, both pre-launch and post-launch mechanisms to minimize abusive registrations.

- Beyond the baseline requirement of participation in the UDRP (which should be more explicitly stated), the evaluation process should provide strong incentives for new applicants to employ other post-launch remedial mechanisms, including but not limited to:
  - Enhanced and expedited procedures for rapid takedown of registrations employed to infringe intellectual property rights (or to engage in other illegal behaviors);
  - Registry policies to enforce registrar compliance with applicable policies, including those relating to Whois data accuracy (including adaptation of ccTLD policies that facilitate cancellation of registrations backed by false contact data);
• Registry policies regarding the responsible use of proxy or private registrations by registrars in the particular TLD;

• Policies for vigorous enforcement of registry terms of service against registrants who violate them.

• The evaluation process should favor proposals for thick registries over thin registries because of the great transparency and accountability provided by the former model, through more robust registry Whois services.

• IPC recognizes that the very brief discussion in the draft applicant guidebook of post-delegation review of new TLDs is simply a placeholder (see page 1-13). In the next iteration of the guidebook, we urge ICANN to spell out as clearly as possible the circumstances in which such post-delegation review could take place on intellectual property grounds, such as whether it would be applied to a TLD that is infested with abusive registrations, and whose operator is unwilling or unable to control the problem.

IV. Additional Comments on Process and Policy

There are a number of additional points of process where the IPC believes the application process and understanding of the implications of the new gTLD program will be improved if ICANN is able to provide further detail as soon as possible. These include:

• Publication of a revised, more detailed schedule of events/milestones prior to application opening: with only seven or eight months to go before application opens, certainty over the pre-launch timetable would be to the advantage of many. A timeline that is regularly updated showing all the steps in the process such as when the second Draft Applicant Guidebook is due, when comment periods open and close, what events the ICANN team have planned, key events in the Communication Campaign, would be useful.

• Publication of a timeline showing each of the phases post-submission: for example, indicating when the Objection Period opens and closes and how that relates to Initial Evaluation. This would be a useful aid to planning and could also help identify problem areas.

• Publication of the ICANN policy for evaluators, other contractors and DRSP’s, making it clear that no person or organization supplying consultancy services to ICANN during any part of the process can be involved in an application in any way; and providing a means for applicants to learn who will be evaluating their application and to challenge them for cause shown.

• Requiring contractors and DRSP providers to ICANN to engage in dialogue with constituent parts of ICANN with relevant expertise and to hold open meetings with the community where they outline draft procedures and receive feedback. Additionally, the role of public comment in the work of evaluators (including at
the comparative evaluation phase) and of dispute resolution providers needs to be spelled out.

- Clarifying how expert panels will be formed, including the Geographical Names Panel and the Registry Services Technical Evaluation Panel. Who will sit on these panels and how will their performance be monitored?

- Confirming and publishing a complete table of fees including details of refunds as soon as possible.

In addition, there are some **areas of policy** which, although not as directly related to intellectual property protection, are of concern to the membership of the IPC. These include:

- Clarifying the “Open” vs. “Community-based” question by publishing further examples of types of organizations that would fit in both categories – and then explaining the process of selection if there is string contention between Open and a Community-based applicants. To what extent will “the good of the internet community” be taken into account in such a clash? Is it ICANN’s view that a Community-based application will always be better for the internet community? Or, if a community-based application fails to emerge as a “clear winner” in a comparative evaluation, does any preference it would otherwise receive evaporate? There are many issues around community provisions that all Constituencies need to understand further. One issue for the IPC is whether a business application (e.g., an application to run a gTLD for the exclusive use of a single company) could ever be categorised as a Community-based application, and if so, under what circumstances? Similarly, under what circumstances could a corporation qualify as an “established institution” with standing to pursue a Community Objection?

- Providing more clarity on “String Contention”: will semantic confusion (confusingly similar meanings) be a factor that the String Similarity Examiners take into consideration? Or would this only occur at the objection phase? For instance, would .voyage trigger string contention with .travel?

- Will the Evaluators take into consideration the purpose of an application? Is “Content Contention” of concern to ICANN? Would ICANN accept two applications with dissimilar character strings but identical purposes?

- Section 4.3 of the DAG states that “auctions are one means of last resort” to resolve string contention, but no other means are discussed. IPC reiterates its strong concerns about auctions as a mechanism for awarding new gTLDs (see [http://www.ipcon constituency.org/PDFs/IPC%20comments%20on%20auctions%20paper%20090708.PDF](http://www.ipconstituency.org/PDFs/IPC%20comments%20on%20auctions%20paper%20090708.PDF) and previous submissions cited there).

- Should ICANN devise a mechanism for a “Challenge of Last Resort” lest an application which threatens the process, the stability of ICANN, or the interests of the Internet community, goes forward without any third party objection? Put
another way, what discretion does the ICANN Board reserve to reject an 
application that has cleared all the steps laid out in the applicant guidebook, and 
how does the Board plan to exercise that discretion?

- Should an applicant who invests in the process but loses a String Contention be 
afforded the opportunity of selecting (or proposing) another character string that 
is not part of a contention set?

- While the draft base agreement with new registries requires that ICANN be 
notified of changes of ownership or control of the registry, it does not otherwise 
restrict the ability of a successful applicant to “flip” the registry to a buyer 
unvetted by ICANN, even immediately after delegation. The risks of a 
speculative marketplace in gTLD registries (as is already entrenched among 
second level registrations) are real and need to be anticipated.

Concluding Remarks

IPC appreciates the opportunity to provide its views, looks forward to the response of the 
ICANN staff, and awaits the opportunity to provide further comments to the revised draft 
applicant guidebook.

Respectfully submitted,

Steve Metalitz, president, on behalf of the Intellectual Property Constituency