



Governmental Advisory Committee

19 April, 2011

Remaining points of difference between the ICANN Board and the Governmental Advisory Committee on New gTLD Rights Protection Mechanisms

1. Trademark Clearing House (TC)

GAC (revised) scorecard advice 6.1.1

All marks, regardless of the date of registration, would be eligible for the TC. In that way, everyone would get notice of a potentially problematic registration.

Regarding the sunrise mechanism, marks would be eligible if they were registered at least one year prior to the date on which the registry operator signed the agreement with ICANN.

The GAC awaits the Board's response to the above revised proposal submitted following the Brussels meeting which replaces the original GAC scorecard proposal.

Further GAC advice and comments

The GAC welcomed the Board's acceptance in principle (1B) of the original scorecard proposal that the TC should be permitted to accept all types of intellectual property rights that are recognized under the national law of the country or countries under which the registry is organized or has its principal place of business. However, in recognition of the overarching objective of the new gTLDs round being a truly global process intended to foster diversity and competition, the GAC advises the Board **that the Sunrise and IP claims services should be expected to take into account marks established under any national and regional legal regime**, i.e. not limited to those IP

regimes applying to the country where the gTLD registry is incorporated or has its principal place of business.

The GAC believes it would be beneficial to permit the TC, as a cost effective, one stop database for the convenience of all parties, to include other types of intellectual property in addition to the mandated requirement to include registered trademarks. This would obviate the necessity to develop separate mechanisms for these types of intellectual property.

GAC scorecard advice 6.1.2

Sunrise services and IP claims should both be mandatory for registry operators because they serve different functions with IP claims serving a useful notice function beyond the introductory phase.

Board's scorecard response (2)

The IRT and STI suggested an either/or approach and the Board therefore rejected this advice subject to reasons for advocating both. This issue was raised at the San Francisco meeting and there were expressions of support for the GAC position in the public forum.

Further GAC advice

In its written answers and comments to the Board following the Brussels meeting, the GAC argued that the two systems serve complementary (not alternative) purposes with distinct benefits. As currently devised in the Guidebook, sunrise periods would allow IP owners to secure an early second-level registration before launch to the public in only those registries that offer Sunrise. An IP Claims Service serves a) to put all potential 2nd level registrants on notice to prior claimed rights found in the TC; and b) requires the potential registrant to affirm notice of the claimed prior rights and to acknowledge non-infringing intent.

By using an IP Claims service a trademark owner would have the option not to register defensively which would incur costs for no direct benefit. The reality is that an IP owner may not choose to use a sunrise mechanism in all new TLDs while an IP Claims mechanism makes the most efficient use of the TC by allowing the data to be used in the widest possible manner.

Infringement of rights occurs most often after the end of the sunrise period. Provision of an IP Claims service after the initial launch of a TLD for as long as the registry operator is active and second level domains are being made available assists business in continuing to eliminate potential innocent infringing second-level

registrations. This in turn saves rights owners from potential additional costs and generally reduces the overall burden on the business community.

While sunrise claims are useful in the introductory phase as a means of allowing a company to register its own trade mark as a domain name, the IP Claims service serves a different function in that it enables both the domain name registrant and the trade mark owner to be aware of the existence of each other's claims and to make informed choices about the actions they take. In this way it serves to enhance communication to the benefit of both parties and will assist innocent potential registrants by providing valuable information that they may not know how to find otherwise.

The GAC recognizes that - apart from possible notice to a potential registrant prior to registration followed by that registrant's representation of non-infringement - an IP Claims service may additionally serve as a notice or warning system to ensure the trademark owner is aware of the fact that a domain name will be registered that is potentially infringing his/her rights. No other ensuing action is caused by the notification. However, notification to the trademark owner would allow review of that registration and create the opportunity for a rapid settlement of any infringement early in the process.

It is not contemplated that notification would be simultaneous because a rights holder would only receive notification after the potential registrant had indicated that it wished to proceed to registration despite being alerted to a claimed prior right.

GAC scorecard advice 6.1.3

IP claims services and sunrise services should go beyond exact matches to include exact match plus key terms associated with goods or services identified by the mark) e.g. "Kodakonlineshop") and typographical variations identified by the rights holder.

Board response (2)

The Board rejected this advice but stated that ICANN recognizes that trademark holders have an interest in receiving notification in the event that strings are registered that *include* their mark and a key term associated with goods or services identified by the mark.

The GAC noted that the Board indicated that this remains an area for discussion. The GAC is committed to advising that Sunrise and IP claims services should go beyond

exact matches to include exact matches plus key terms associated with the goods and services relating to the mark.

GAC scorecard advice 6.1.4

All trademark registrations of national and supranational effect, regardless of whether examined on substantive or relative grounds, must be eligible to participate in the pre-launch sunrise mechanisms.

Board response (1B)

The Board accepted the GAC position in principle stating that all trademark registrations of national and supranational effect, regardless of whether examined on substantive and relative grounds, will be eligible for inclusion in the Trademark Clearinghouse and for the Sunrise/TM Claims service subject to a use requirement (see below).

Further GAC advice

The GAC notes that the Applicant Guidebook refers to "multi-nationally registered word" and in the exchanges that have taken place between the GAC and the Board the expression "supranational trademark registrations" has also been used. However, in order to be consistent with existing national and international law on this issue, the GAC advises the Board that the appropriate term "national and regional trademark registrations" should be used in the Guidebook. This reflects more accurately for example the process in the European Union and by the mechanism established by the Treaty of Madrid which delivers national registrations; it does not create a multi-national or supranational trademark registration.

Proposed evidence of use requirement

The Board has also stated that registries which utilize a sunrise process must require submission of evidence of use of the mark by holders of all trademark registrations, regardless of the jurisdiction of registration. Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use.

The Board indicated that further discussion should take place relating to proof of use. In this regard the GAC advises the Board that demonstration of use is not a requirement of all trade mark registration processes. For example, it is not a requirement for a trademark registration in the European Union for the first five years (after which a registration may be revoked for non-use). Moreover, such a requirement excludes protecting the rights of innovators and new entrepreneurs

who have registered their mark but who have not yet entered the market for the goods or services in question.

The GAC accordingly submits the following advice to the Board:

Sunrise services should not require evidence of use of the trademark.

GAC scorecard advice 6.1.7.1

The Trademark Clearinghouse should continue after the initial launch of each gTLD.

Board response (2)

The Board rejected this advice stating that while the Trademark Clearinghouse will be an ongoing operation, the Sunrise and TM Claims service will operate only at launch (in accordance with the recommendations of the IRT and the STI).

At the Brussels meeting the Board stated that they “can explore a mechanism for a continued IP claims notice service”. The Board subsequently responded that the trademark holders will continue to be able to subscribe to "watch" services that will be able to utilize the Centralized Zone File Access system to be able to efficiently monitor registrations across multiple gTLDs.

Further GAC advice and comments

In its written answer to the Board following the Brussels meeting, the GAC advised that it should be a function of the Trademark Clearinghouse that the registries would be able to access the Clearinghouse after launch and provide notifications for every registration made that involves a name in the Clearinghouse. Registries need in any case to provide access to their zone files. If a copy of their zone file is provided to the TC, the registries need not be involved further in this process: the TC can proceed to handle notifications to the rights holders. The GAC remains unclear why the TC should not continue for IP claims services.

The GAC believes that an ongoing post-launch claims service has the potential to change the DNS and the Internet for the greater good as a key instrument for tackling abuse and deterring persistent cybersquatters with the result that the number of URS and UDRP cases would be significantly cut. It would also enable genuine registrants to be aware of the position of other rightsholders and to prepare to act accordingly.

The benefits therefore are significant and the GAC does not agree with the view that the introduction of a post-launch IP claims (i.e. notice) service would be anti-competitive and negatively impact the current market for providers of watch services for registrants after they have registered. Rather the TC would enable notification on a pre-registration basis not to cause conflict or confusion which would be valuable to all parties, not only the rightsholders. In particular, the registrant

- a) can receive notice of any potential conflicts with trademarks;
- b) can commit to the domain name secure in the knowledge of what rights are in the TC;
- c) can make an informed decision based upon any notices received;
- d) is not bound to proceed or not proceed with the registration.

There is currently no market for such a pre-registration notification service which could only be implemented at the centre, i.e. as a function of the Trademark Clearinghouse, so the question of significantly distorting market competition does not arise. Moreover, the existing “watch” services could still have an important role in compiling details of infringing registrants and providing facilities for the issuing of formal warning notices.

2. Uniform Rapid Suspension (URS):

GAC scorecard advice 6.2.4

Where the complaint is based upon a valid registration, the requirement that the jurisdiction of registration incorporate substantive examination (paras 1.2f (i) and 8.1a) should be removed.

Board response (1B)

There is no requirement that any registration of a trademark must include substantive evaluation. Each trademark registration must be supported by evidence of use in order to be the basis of a URS complaint. Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.

Further GAC advice

The GAC welcomes the removal of any requirement for substantive evaluation. However, the Board must take into account that demonstration of use is not always a

requirement of trademark registrations, For example, it is not a requirement of European Union trademark registration for the first five years (after which a registration may be revoked for non-use). The GAC accordingly submits the following advice to the Board:

The URS should not require evidence of use of the trademark.

GAC scorecard advice 6.2.5

If, as is expected in the majority of cases, there is no response from the registrant, the default should be in favour of the complainant and the website locked. The examination of possible defences in default cases according to para 8.4(2) would otherwise give an unjustified privilege to the non-cooperating defendant.

Board response (1B)

An examiner will review the merits of each complaint to ensure that the standard is met, even in the event of a default. The examiner will not be required to imagine possible defenses – this provision will be removed from the Guidebook.

Further GAC comment

In its written answer to the Board following the Brussels meeting, the GAC advised that references to possible defenses should be omitted and that para. 8.4(2) of the Applicant Guidebook should therefore be removed because it implies that the Examiner should look for a defense on behalf of a respondent who fails to reply. The GAC welcomes the removal of the requirement for an examiner to imagine possible defenses but note that this is still a “1B” response so would be grateful for further clarification of the status of this advice by the GAC.

GAC scorecard advice 6.2.6

The standard of proof (in Para 8.2) should be lowered from “clear and convincing evidence” to “a preponderance of evidence”.

Board response

The principle of the URS is that it should only apply to clear-cut cases of abuse. "Clear and convincing" is the burden of proof that was recommended by the IRT and endorsed by the STI.

Further GAC advice

The GAC remains of the view that this burden equivalent to that required in criminal law is too burdensome for rightsholders.

GAC scorecard advice 6.2.7

The “bad faith” requirement in paras 1.2f), 1.2g) and 8.1c) is not acceptable. Complainants will in only rare cases prevail in URS proceedings if the standards to be fulfilled by registrants are lax. Correspondingly, the factors listed in paras 5.7a) (“bona fide”) and b) “been commonly known by the domain name”) can hardly allow a domain name owner to prevail over the holders of colliding trademarks.

Board response (2)

The standard applied for the URS is based on the UDRP standard. Both require a finding of bad faith.

Current status of this GAC advice

Following the useful and informative discussions with the Board in Brussels, the subsequent written exchanges between the Board and the GAC, and in San Francisco, this issue is the subject of ongoing consultations amongst GAC representatives and a GAC position in response to the Board has not yet been finalised.

GAC scorecard advice 6.2.8

A ‘loser pays’ mechanism should be added.

Board response (2)

A loser pays mechanism was investigated, but ultimately was not adopted. The UDRP does not have a loser-pays mechanism. It is unlikely that complainants would ever be able to effectively collect based on clear-cut cases of abuse, since the names in question will already have been suspended. Notwithstanding, ICANN will monitor URS procedures once launched to see whether a loser pays mechanism or some other methodology to reimburse mark holders is feasible.

GAC accepts the Board’s position but reiterates its support for enhancing opportunities to deter persistent cybersquatting which is the paramount aim of a “loser pays” provision. The GAC therefore requests the Board to make a clear and

binding commitment to review the URS and the potential value and applicability of a “loser pays” mechanism after the initial round.

GAC scorecard advice 6.2.9

Registrants who have lost five or more URS proceedings should be deemed to have waived the opportunity to respond to future URS complaints (this amendment corresponds to the “two strikes” provision which applies to rights holders).

Board response (2)

Due process principles require that every registrant should always have the opportunity to present a defense.

The GAC accepts the Board position.

GAC scorecard advice 6.2.10.1

There should be a clear rationale for appeal by the complainant.

Board response (2)

The Board has asked the GAC to clarify if it intended to refer to "complainant" (as opposed to respondent) in this statement. Every appeal will be decided de novo, and therefore the appeal process does not require a separate evaluation of the rationale for filing the appeal.

Further GAC advice

In its written answers and comments to the Board following the Brussels meeting, the GAC advised that the registrant must demonstrate that it is acting in compliance with the requirement of not infringing the rights of others. Similar to the clarification with regard to 5.7(a) and 5.7(b), an appellant must demonstrate a clear basis for objecting to the decision.

The GAC questions the Guidebook’s reference to “de novo” (i.e. from the beginning) which infers that all previous arguments are ignored even though this is an appeal of a previous decision. The GAC advises that appeals should not be held on a de novo basis and seeks confirmation that this is not the Board’s intention.

GAC scorecard advice 6.2.10.2

The time for filing an appeal in default cases must be reduced from 2 years to not more than 6 months.

Board response (2)

The IRT originally suggested a URS without any appeal process. The STI suggested the inclusion of an appeal process (without any mention of a limitation on the ability to seek relief from a default). In response to comments, the Applicant Guidebook was revised to include a two-year limitation period on the opportunity to seek relief from a default.

The GAC seeks further clarification from the Board as to why a limitation period for appeal of 6 months is inadequate.

GAC scorecard advice 6.2.11

The URS filing fee should be US\$200-US\$300 and minor administrative deficiencies should not result in dismissal of the URS complaint.

Board response (1B)

ICANN will negotiate with URS service providers for the best prices and services. The fee range mentioned will be a target.

The GAC accepts the Board's position.

GAC scorecard advice 6.2.13.2

The URS should go beyond 'exact' matches and should at least include exact + goods/other generic words e.g. "Kodakonlineshop".

In addition the GAC has proposed ways of reducing the URS timeline (*see annex to the GAC scorecard*).

Board response (2)

As recommended by the IRT, the URS only applies to registrations that are identical or confusingly similar to protected marks as described in the Guidebook. As noted above, the URS is only intended to apply to clear-cut cases of abuse.

Further GAC advice

The GAC advice remains that the URS should go beyond exact matches to include key terms associated with the goods and services relating to the mark.

The GAC looks forward to the Board's response to the proposal to reduce the URS timeline.

3. Post-delegation Dispute Resolution Procedure (PDDRP)

GAC scorecard advice 6.3.1.

The standard of proof be changed from “clear and convincing evidence” to a “preponderance of evidence”.

Board response (2)

This was the standard developed by the IRT.

Further advice by the GAC

The GAC remains of the view that this burden equivalent to that required in criminal law is too burdensome for rightsholders and advises the Board that it should be reduced accordingly.

GAC scorecard advice 6.3.2

The second level registrations that form the underlying basis of a successful PDDRP complaint should be deleted.

Board response (2)

The registrants are not parties to the proceedings, thus keeping a registrant from using the domain name or stripping the name from the registrant should be effected through an alternative proceeding, such as URS or UDRP. Note that to the extent registrants have been shown to be officers, directors, agents, employees, or entities under common control with a registry operator, then deletion of registrations may be a recommended remedy.

The GAC accepts the Board's position.

GAC scorecard advice 6.3.3

The requirement of “substantive examination” in para 9.2.1(i) should be deleted.

Board response (1B)

There is no requirement that any registration of a trademark must include substantive evaluation. Each trademark registration must be supported by evidence of use in order to be the basis of a PDDRP complaint. Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.

Further GAC advice

The GAC welcomes the removal of the substantive evaluation requirement but advises that demonstration of use is not always a requirement of trademark registrations, For example, it is not a requirement of European Union trademark registration for the first five years (after which registration lapses).The GAC accordingly submits the following advice to the Board:

The PDDP should not require evidence of use of the trademark.

GAC Scorecard advice 6.3.4

A new para 6.1 a) should be added:

“being identical to the complainant’s mark in relation to goods and services which are identical to those for which the complainant’s mark is registered. This would not apply if the registrant has a better right to the mark. In particular the registrant will in normal circumstances have a better right if the mark has been registered prior to the registration of the complainant’s mark.”

The GAC has no record of the Board responding to this scorecard proposal and now seeks clarification of the status of the Board’s response.

GAC scorecard advice 6.3.5

Regarding the second level (para 6.2), the registrant operator should be liable if he/she acts in bad faith or is grossly negligent in relation to the circumstances listed in para 6.a)-d).

Board response (2)

Changing the standard from requiring "affirmative conduct" to "gross negligence" would effectively create a new policy imposing liability on registries based on actions of registrants.

Further GAC advice

In its written answers and comments to the Board following the Brussels meeting, the GAC confirmed that its intention is not that "bad faith or gross misconduct" should be substituted for "affirmative conduct." However, the GAC advises the Board that the term "affirmative" should be deleted from this section because there is the risk that this would allow a registry operator to circumnavigate liability when the registry operator refuses to enforce its own policies.

GAC scorecard advice 6.3.6

The requirement in para 7.2.3 lit.d) that the complainant has to notify the registry operator at least 30 days prior to filing a complaint is burdensome and should be reduced to 10 days if not deleted entirely.

Board response (2)

The current requirement is in place to provide the registry with a reasonable amount of time to investigate and take appropriate action if a trademark holder notifies the registry that there may be infringing names in the registry.

The GAC accepts the Board's position.