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Submitted to: comments-jurisdiction-recs-14nov17@icann.org

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Patrick Dodson
Senior Manager, Strategic Initiatives
ICANN
12025 Waterfront Drive, Suite 300
Los Angeles, CA 90094-2536

Re: [CCWG-Accountability Work Stream 2 \(WS2\) – Recommendations on ICANN Jurisdiction](#)

Dear Mr. Dodson:

The International Trademark Association (INTA) appreciates this opportunity to comment on the Recommendations on ICANN Jurisdiction. INTA appreciates the work done by the participants in the sub-group, and acknowledges the difficulties they faced given the ambiguities in Annex 12 of the CCWG-Accountability, WS1 final report, which was meant to define the scope and mandate of their work.

INTA has reviewed the Draft Recommendations with a view to ensuring that they are consistent with the purpose of examining whether ICANN's accountability can be enhanced based on the laws made applicable to its actions. Given that the sub-group's recommendations were provided at a very high level, INTA's comments take a correspondingly broad view. Our comments are below

1. OFAC Considerations in Matters of Jurisdiction

a. ICANN Terms and Conditions for Registrar Accreditation Application Relating to OFAC Licenses

The sub-group recommends that language in the Terms and Conditions for the Registrar Accreditation Application (RAA) providing that "*ICANN is under no obligations to seek such licenses and, in any given case, OFAC could decide not to issue a requested license*" be amended to "*require ICANN to apply for and use best efforts to secure an OFAC license if the other party is otherwise qualified to be a registrar (and is not on the SDN List)*" as well as be helpful to and transparent with the potential registrar applicant throughout the licensing process.

INTA generally supports the idea of promoting greater access to the Internet for citizens of sanctioned countries and greater transparency between ICANN and potential registrar applicants from such countries. Nonetheless, INTA has concerns about requiring ICANN to commit to both applying to the U.S. Treasury Department's Office of Foreign Asset Control (OFAC) for a license and using "best efforts", to secure it, particularly without the term "otherwise qualified" being

clearly defined. This is in recognition of the fact that there may have been valid reasons for ICANN having discretion to refuse to apply for an OFAC license. However, an OFAC license should not be pursued until all other criteria for registrar accreditation are met and ICANN has determined that it will enter into the RAA if the license is granted.

INTA therefore recommends that the “best efforts” standard be reconsidered and that a less onerous standard of “commercially reasonable efforts” or “reasonable best efforts” be recommended by the sub-group to ensure that ICANN may exercise reasonable judgment if pursuit of a license becomes unreasonably onerous for the organization in a particular case. As a matter of transparency, should ICANN exercise such judgment regarding an application for an OFAC license and terminate an application process, such reasoning should be well documented and available to the community on request.

INTA also recommends that the meaning of the term “otherwise qualified” be clarified. It is unclear whether an “otherwise qualified” applicant is one that would otherwise become a registrar or could still be rejected by ICANN on other grounds. INTA suggests using the term “otherwise approved” or “otherwise acceptable.” This will more clearly indicate that ICANN has decided that the applicant should become an accredited registrar but for the need for an OFAC license.

Thus, the language would read “*require ICANN to apply for and use **[reasonable best efforts OR commercially reasonable efforts]** to secure an OFAC license if the other party is otherwise **approved to become** a registrar (and is not on the SDN List)*”

b. Approval of gTLD Registries

The sub-group takes issue with language in the Applicant Guidebook for the New gTLD Program to the extent that it is similar to the above-discussed language from the RAA in that it provides that, “[i]n the past, when ICANN has been requested to provide services to individuals or entities that are not SDNs (specially designated nationals) but are residents of sanctioned countries, ICANN has sought and been granted licenses as required. In any given case, however, OFAC could decide not to issue a requested license.” The sub-group again recommends that ICANN commit to applying for and using “best efforts” to secure OFAC licenses for all such applicants if they are “otherwise qualified” and are not on the SDN list.

INTA agrees that ICANN should not have unfettered discretion to refuse to apply for such licenses, but has concerns that ICANN not be hamstrung in its ability to carry out its other mandates. As above, INTA recommends that the term “otherwise qualified” be replaced by “otherwise approved” or “otherwise acceptable.” INTA further recommends that the “best efforts” standard be reconsidered and that a less onerous standard of “commercially reasonable efforts” or “reasonable best efforts” be recommended by the sub-group.

c. Application of OFAC Limitations by Non-US Registrars

The sub-group recommends that ICANN make non-US registrars aware that they may be erroneously prohibiting residents of sanctioned countries from using their services because of a mistaken belief that they are obligated to apply OFAC sanctions solely by virtue of having a

contract with ICANN.

Understanding that ICANN cannot provide legal advice to registrars, INTA supports the recommendation that ICANN can nevertheless clarify to registrars that their RAA with ICANN does not in itself impose on them the obligation to comply with OFAC sanctions, and encourage registrars to gain a better understanding of the applicable laws under which they operate and to accurately reflect those laws in their customer relationships.

d. General Licenses under OFAC

The sub-group recommends that ICANN take steps to pursue one or more OFAC general licenses by “*first making it a priority to study the costs, benefits, timeline and details of seeking and securing such licenses.*” The sub-group then recommends that ICANN proceed to secure such licenses “*unless its study reveals significant obstacles, in which case the community should be consulted about how to proceed.*”

INTA supports the recommendation that the issue of general licenses should be studied. However, INTA does not support the recommendation that this study be “a priority.” Given ICANN’s current budget and funding concerns, ICANN should have greater discretion to set priorities, taking other potential priorities into consideration. Further, in INTA’s view, the reference to “*significant obstacles*” is ambiguous and the sub-group’s report should be amended to provide that ICANN shall not be required to take more than commercially reasonable efforts to obtain general licenses. In INTA’s view, ICANN should have the discretion not to pursue general licenses if the process is unreasonably onerous for the organization.

2. Choice of Laws and Choice of Venue Provisions in ICANN Agreements

a. Choice of Laws – The “Menu” Approach

After outlining several options for the choice-of-law approach to be used in the gTLD base Registry Agreement (“RA”) and the Registrar Accreditation Agreement (“RAA”), and for the venue approach to be used in the RA, the sub-group ultimately recommended that ICANN, the contracted parties, and the GNSO consider adopting a “Menu” approach for each one.¹ It is not clear what that means, or what options are going to be on each “menu” (or whether all three “menus” will be the same, for that matter). In theory, INTA could support at least some of the suggested menu options for example, the option that the menu be comprised of one country from each ICANN Geographic Region. But in the absence of further clarification as to what will be on each menu, INTA will withhold its judgment as to the overall merits of the “Menu” approach as compared to the other options that were contemplated by the Sub-group.²

¹ <https://www.icann.org/en/system/files/files/ccwg-accountability-ws2-jurisdiction-14nov17-en.pdf> (the “Recommendations”) at 28-29.

² For example: a very small menu may cause the “Menu” approach to function basically the same as the “Fixed Law” approach would. At the other end of the spectrum, a very large menu may cause the “Menu” approach to approximate the outcomes of a “Bespoke” approach. For that reason, trying to determine

That said, INTA also supports the reasoning of the sub-group that the “Menu” approach has important structural disadvantages and urges ICANN, the contracted parties, and the GNSO to only use a menu that mitigates the risks posed by those disadvantages. Specifically, the sub-group noted that certain governing laws may not be entirely compatible with the contents of the RA and the RAA such that some parts of the RA and RAA could be held invalid or unenforceable for some contracted parties (or at least interpreted differently for different parties).³ That could, in turn, mean that the RA and RAA could mean different things for different contracted parties which could ultimately lead to jurisdiction-shopping.

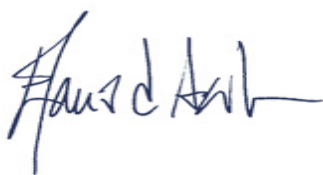
That is a significant risk for INTA and its members and, by extension, for all consumers who rely on trademarks to create accountability and to promote fair and effective commerce. Both the RA and the RAA include provisions that brand owners rely on to protect their marks (e.g., RA ¶ 2.8 and Specifications 7 and 11; RAA ¶¶ 3.7.7 and 3.18.1). Those provisions must mean the same thing for every contracted party. A regime where RAA ¶ 3.18.1 (for example) means one thing for one registrar but another thing for a different one (because the provisions may be interpreted differently under different laws) defeats the purpose of developing “consensus” policy in the first place. For that reason, INTA agrees with the conclusion of the Sub-group that avoiding such an outcome will likely require “having a relatively limited number of choices on the menu.”⁴

b. Choice of Venue

While the legal issue is a different one, INTA’s position is the same on the merits of a “Menu” approach for the venue provision of the RA as well. Specifically, while INTA cannot assess a menu of venue options without knowing what is on that menu, INTA will ultimately judge the merits of any venue menu through the same prism as it would a choice-of-law menu, namely, whether the options on the menu tend to promote uniformity of understanding of the relevant terms of the RA and RAA. If the answer is yes, or if the choice-of-law questions are settled in such a manner that the venue question is not as relevant to these contractual interpretation concerns, then INTA would support a “Menu” approach for venue as well.

Should you have any questions about our comments, I invite you to contact Lori Schulman, INTA’s Senior Director of Internet Policy at 202-261-6588 or at lschulman@inta.org.

Sincerely,



Etienne Sanz de Acedo
Chief Executive Officer

whether a “Menu” approach would work “better” than a “Fixed Law” approach or a “Bespoke” approach (among others) is almost impossible without knowing what is going to be on the menu.

³ Recommendations at 24-25.

⁴ *Id.* at 24.

About INTA and the Internet Committee

Founded in 1848, INTA is a global not-for-profit association with more than 5,700 member organizations from over 190 countries. One of INTA's goals is the promotion and protection of trademarks as a primary means for consumers to make informed choices regarding the products and services they purchase. During the last two decades, INTA has also been the leading voice of trademark owners within the Internet community, serving as a founding member of the Intellectual Property Constituency of the Internet Corporation for Assigned Names and Numbers (ICANN). INTA's Internet Committee is a group of over 150 trademark owners and professionals from around the world charged with evaluating treaties, laws, regulations and procedures relating to domain name assignment, use of trademarks on the Internet, and unfair competition on the Internet, whose mission is to advance the balanced protection of trademarks on the Internet.