The Internet Corporation for Assigned Names and Numbers

12 October 2009

Dear GNSO Council Members:

ICANN Staff is tasked with implementing the Board-approved policy to create a new gTLD program, and the Board has been actively reviewing staff's implementation recommendations. This letter concerns the implementation of the GNSO recommendation that, "strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law."

The Board requests the GNSO's view on whether certain rights protection mechanisms for second level strings recommended by the staff based on public input are consistent with the GNSO's proposed policy on the introduction of new gTLDs and are the appropriate and effective option for achieving the GNSO's stated principles and objectives.

As in previous rounds for new gTLDs, ICANN will require applicants in their application for a new gTLD to explain how they will protect the rights of others at the second level. In previous rounds, as well as in the launch of some new ccTLDs, sunrise processes have been favored and in others various watch services have been used. After delegation, WHOIS accuracy complaints and UDRP disputes are the primary ICANN processes used to protect rights after registration at the second level.

During the policy development process, the GNSO formed a working group to consider protecting the rights of others at the second level - but consensus was not reached on a common solution and the final policy recommendation was general in nature. The working group identified some guidelines for how a solution should be designed.

In response to the first draft version of the Applicant Guidebook, ICANN received extensive feedback from the business community concerning the high cost of intellectual property rights protection measures at the second level when multiplied across many new gTLDs. Many large businesses believe that existing mechanisms to deal with infringement after the fact are inadequate or more expensive than the cost of registering in advance. Thus, trademark protection was identified as an over-arching issue in an environment of many new gTLDs.

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In March 2009, the ICANN Board requested the Intellectual Property Constituency of the GNSO to convene an Implementation Recommendation Team (IRT) and provided some travel and staff support with the understanding that "…members of the community with knowledge and expertise in [the intellectual property] area have proposed a way to synthesize the comments received in this area, and, with input from the broader community, including WIPO, propose solutions to the Staff on these issues...."[1]

The Board appreciates the tremendous effort and work product that resulted from the IRT, and, as described below, expects to incorporate some new rights protection mechanisms in the new gTLD program, based on its proposed solutions. The IRT was asked by the Board to develop a set of solutions that addressed intellectual property protection and consumer protection in a way that was workable, and which was acceptable to other interests. Other parties were invited to respond to the IRT work, to propose solutions, and an extensive public outreach process was initiated.

After receiving recommendations from the IRT, extensive comment and consultation with the broader community, ICANN Staff have drafted a set of implementation recommendations related to intellectual property protection for the new gTLD program.

Given that the original GNSO policy direction was very general in nature, the Board would like to provide the GNSO Council with the opportunity to offer focused, timely input on this specific area of the proposed implementation plan that was published 4 October 2009. The Board requests the GNSO Council's view on whether the following rights protection mechanisms recommended by the staff are consistent with the GNSO's proposed policy on the introduction of new gTLDs, and are an appropriate and effective option for achieving the GNSO's stated principles and objectives:

- The creation of an IP Clearinghouse which is a database of authenticated trade mark rights in a standard data format including the requirement for registries to provide an IP Claims service or Sunrise process during TLD launch ; and

- The creation of a Uniform Rapid Suspension process.

Clearinghouse

The GNSO Council by consensus can either:

a) approve the staff model (details of which can be found here http://www.icann.org/en/topics/new-gtlds/gnso-consultations-reports-en.htm), which is an assimilation of the IRT work and Board concerns), or

b) propose an alternative that is equivalent or more effective and implementable.

[1] http://www.icann.org/en/minutes/resolutions-06mar09.htm#07

If the GNSO Council does not reach consensus, the Board will move forward with consideration of Trademark Clearinghouse models (whether and, if so, how the Clearinghouse would be included in the new gTLD implementation) and other rights protection mechanisms, balancing proposals and soliciting public comment.

GNSO discussions should consider concerns and questions the Board raised regarding implementation aspects of a Clearinghouse database and its use to support an IP Claims service or Sunrise process:

1. Impact of a clearinghouse notice on a registrant: is there a potential chilling effect on registrations if a Trademark holder contacts a registrant before the registration is made?

2. The requirement that the Clearinghouse be separate and independent from ICANN: not be operated by ICANN and clear and distinct from ICANN. It should operate based on market needs and collect fees from those who use its services. ICANN may coordinate or specify interfaces used by registries and registrars, and provide some oversight or quality assurance function to ensure rights protection goals are appropriately met.

3. Is Clearinghouse use optional or mandatory for new registries (if optional, must the registry must provide something as effective or better)?

4. Should the Clearinghouse requirements (including the choice of IP Claims or Sunrise processes) be applied to existing registries?

5. Liability: During verification of trademarks, liability may arise through false positive and negative results. How should potential liability of parties be managed?

6. Who assumes the cost of the Clearinghouse? Should the Clearinghouse be funded completely by the parties utilizing its services?

7. How would the Clearinghouse be used? ICANN is publishing a detailed procedure under separate cover that should be considered as part of the Clearinghouse proposal in this review.

8. What are the criteria for inclusion in the Clearinghouse? Should the Clearinghouse as conceived accept registered and unregistered marks – similar to marks considered for UDRP consideration now?

Uniform Rapid Suspension (URS)

The GNSO Council by consensus can either:

a) approve the staff assimilation of the IRT work, a description of which can be found here http://www.icann.org/en/topics/new-gtlds/gnso-consultations-reports-en.htm, or

b) propose something better that can be implemented.

If the GNSO Council does not reach consensus, the Board will move forward with consideration of URS models (whether and, if so, how the URS would be included in the new gTLD implementation) and other rights protection mechanisms, balancing proposals and soliciting public comment.

The Board requests the GNSO to complete this work in two months from the publication date of this letter (14 December 2009). This timeframe reflects the Board's desire to close on this issue and launch the new gTLD process – and is comparable to that suggested for other efforts.

The Guidebook and related materials posted on 4 October 2009, which provide the basis for the GNSO's work, include: public comment summaries from the public comment forum and also from the public consultation sessions in Sydney, New York, and London; a comment analysis that balances the suggested solutions and comments; and a set of proposed rights protection mechanisms intended to achieve the GNSO recommendation.

The Board expects that the staff recommendations will be adopted in the implementation of new gTLDs, unless the GNSO Council can reach a consensus on an alternative approach for the Board to consider that would as effectively accomplish this policy recommendation.

The GNSO Council can recommend the proposed models or alternate models. The Council's response should be in the form of a report to the Board signed or endorsed by the GNSO's constituencies or stakeholder groups, as applicable. If consensus is not reached, it is expected that the Council would provide majority and minority reports or, alternatively, plurality and minority reports.[2]

The Board appreciates that developing a consensus in such a short time period will be challenging, and may cause a delay in other important GNSO work. Nevertheless, the Board believes that it is important to provide the GNSO with the opportunity to provide input on these important implementation details considering the intention of the GNSO in recommending its new gTLD policy. If the GNSO Council is unable to send the report by this date, the Board plans to consider the Staff recommendations, given the available information.

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[2] The GNSO Council may choose to refer to the rules roughly as they are stated in the bylaws ("Council Report to the Board") that describe, "a clear statement of any Supermajority Vote recommendation of the Council, and if a Supermajority Vote was not reached, a clear statement of all positions held by Council members. Each statement should clearly indicate (i) the reasons underlying each position and (ii) the constituency(ies) that held the position; along with an analysis of how the issue would affect each constituency."

Should you require additional information about the Board's request, please contact Kurt Pritz, ICANN Senior VP for Services, or Denise Michel, ICANN VP for Policy Development.

Best Regards,

Peter Dengate Thrush
Chairman

Rod Beckstrom
President & CEO