



March 13, 2009

Dear Messrs. Pritz, Jeffrey, Ms. Stathos,

Further to our earlier discussions, we are writing to confirm input by the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center (WIPO Center) in connection with ICANN's New gTLD Program. We wish to draw particular attention to the WIPO Center's proposal for the adoption by ICANN of a trademark-based post-delegation dispute resolution procedure to address registry conduct, as further described in item 2 of this letter.

Background on WIPO Domain Name Activities

WIPO, an intergovernmental organization with 184 Member States, is dedicated to the promotion of balanced and accessible intellectual property systems.

Since 1998, in recognition of established intellectual property laws, WIPO has been addressing intellectual property questions raised by the Domain Name System (DNS). As you are aware, WIPO undertook two international processes, the First and Second WIPO Internet Domain Name Processes, to develop recommendations in this regard. The recommendations made in the Final Report of the First WIPO Internet Domain Name Process (First WIPO Report) led to ICANN's adoption of the Uniform Domain Name Dispute Resolution Policy (UDRP) in October 1999. The WIPO General Assembly in September 2001 adopted the "Joint Recommendation Concerning Provisions on the Protection of

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Number of pages (incl. attachment): 8

Marks, and Other Industrial Property Rights in Signs, on the Internet,” which provides guidance for the application of existing intellectual property laws with respect to legal problems resulting from the use of a sign on the Internet. Furthermore, following a request made by ICANN, the WIPO Center in 2005 produced its report “New Generic Top-Level Domains: Intellectual Property Considerations.”

In addition to WIPO’s domain name-related policy activities, the WIPO Center has administered over 15,000 UDRP cases, involving about 26,000 domain names. In this regard, the WIPO Center on December 30, 2008 proposed to ICANN the WIPO eUDRP Initiative. Beyond the UDRP, the WIPO Center has considerable experience in developing sunrise and other dispute resolution policies, under which it has processed a further 15,000 cases for a number of gTLDs introduced in recent years. The WIPO Center also maintains a ccTLD Program to help ccTLD administrators in developing best practices intended to prevent and resolve disputes in their domains. The WIPO Center currently provides dispute resolution services for 57 ccTLDs.

Trademark Concerns in relation to ICANN’s New gTLD Program

Adequate protection of intellectual property rights forms one of the principal challenges presented by ICANN’s New gTLD Program, as reflected, *inter alia*, in Public Comments to ICANN’s First Draft Applicant Guidebook of October 24, 2008, including submissions on behalf of a number of Governments, such as from the U.S. Department of Commerce. ICANN’s Second Draft Applicant Guidebook of February 18, 2009 defined trademark protection as an overarching issue requiring further dialogue with relevant parties.

We note that the ICANN Board on March 6, 2009, resolved to “request the GNSO’s intellectual property constituency, in consultation with staff, to convene an implementation recommendation team comprised of an internationally diverse group of persons with knowledge, expertise, and experience in the fields of trademark, consumer protection, or competition law, and the interplay of trademarks and the domain name system to develop and propose solutions to the overarching issues of trademark protection in connection with the introduction of new gTLDs.”

The First WIPO Report recommended, *inter alia*, that new gTLDs be introduced in a controlled manner. A broad expansion of gTLDs, as foreseen in ICANN’s Draft Applicant Guidebook, may give rise to trademark abuse, consumer confusion and an undermining of public trust in the DNS, with a heavier enforcement burden for trademark owners. As ICANN proceeds with its New gTLD Program, it is essential that sufficient practical mechanisms are available to address such concerns.

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Set out below are the WIPO Center's concrete recommendations for this to date. It bears emphasis that none of the administrative options suggested are intended to foreclose the possibility for any party to present its dispute to the courts or to avail itself of other options. These recommendations draw on informal consultations with a number of external WIPO experts.

1. Pre-Delegation Dispute Resolution Procedure (published in Guidebook)

In reply to ICANN's request for "Expressions of Interest from Potential Dispute Resolution Service Providers for New gTLD Program," of December 21, 2007, the WIPO Center communicated to ICANN on January 18, 2008 its readiness to assist ICANN in devising and applying dispute resolution procedures in relation to the introduction of new gTLDs to the extent these involve disputes based on intellectual property rights. Since then, the WIPO Center provided significant input into the development of the substantive criteria and procedural rules for "Legal Rights Objections" (LRO) as integrated in ICANN's Draft Applicant Guidebook, and has accepted to administer disputes under the LRO Procedure. The proposed LRO substantive criteria are based on the above-mentioned WIPO Joint Recommendation, with practical consideration factors provided.

Following the Public Comment Period, on February 11, 2009, we communicated to ICANN a draft proposal on fees for the LRO Procedure, which we will post separately for public information. While, as you know, some issues remain to be finalized for ICANN's LRO Procedure, we expect to shortly send you a working draft of the WIPO Dispute Resolution Service Provider Rules (as defined in Article 4 of the Draft New gTLD Dispute Resolution Procedure, Attachment to Module 3 of the Second Draft Applicant Guidebook).

2. Post-Delegation Dispute Resolution Procedure (as proposed by WIPO)

The above-described LRO Procedure is a preventive mechanism addressing objections arising in the new gTLD application phase (pre-delegation). In previous communications, the WIPO Center has strongly advocated, in addition to a pre-delegation procedure, the adoption of a separate procedure of a curative nature to address disputes arising subsequent to the delegation of a new gTLD (post-delegation). Without such a procedure, we believe it will be difficult to ensure adequate and ongoing protection of intellectual property rights; while the pre-delegation procedure is an essential element of the system, the use of a new gTLD may well hold the greater potential for actual infringement.

We see these considerations reflected in ICANN's New gTLD Program Explanatory Memorandum on "Protection of Rights of Others in New gTLDs" of October 22, 2008 (Explanatory Memorandum), which states that "[t]he new gTLD registry agreements will provide for post-delegation dispute mechanisms to deal with claims of infringement that might arise after a new gTLD is delegated and begins operation."

Further to our earlier informal presentation, we communicated to ICANN on February 5, 2009, and submit again with the present letter, a draft set of substantive criteria and possible remedies for such a trademark-based post-delegation curative procedure involving new gTLD registries. The WIPO Center informally presented the concepts behind this draft at the ICANN Intellectual Property Constituency Meeting on March 3, 2009, in Mexico City.

WIPO's proposed post-delegation procedure addresses registry behavior that causes or materially contributes to trademark abuse, whether through the TLD itself or through domain name registrations in the TLD. The post-delegation process builds on the pre-delegation LRO criteria and consideration factors, existing UDRP jurisprudence, and accepted principles of law. A mark owner could for example use this procedure if a registry uses the delegated TLD for a purpose unreasonably inconsistent with relevant representations made in the application phase, such that trademarks are infringed. This procedure could also help where a TLD operator would turn a blind eye to systemic cybersquatting in its domain, instead of adopting appropriate mechanisms to counter such abuse (such mechanisms could in effect provide a safe harbor for registries, who would not expect to be unduly burdened in the normal operation of their business). Under the proposed procedure, panels would be able to grant escalating remedies, which may include compliance-related recommendations to ICANN, but would exclude monetary damages.

WIPO's post-delegation proposal may be seen as standardized assistance to ICANN's compliance oversight responsibilities, encouraging responsible conduct by relevant actors and enhancing the security and stability of the DNS, especially in the face of perceived convergence trends in registration roles. In that sense, the proposal offers a pragmatic alternative to court litigation. As such, we believe this proposal deserves serious consideration by all stakeholders in the DNS.

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3. *Complementary Rights Protection Mechanisms
(including expedited takedown options)*

As confirmed by ICANN's Explanatory Memorandum, the UDRP will remain an important curative tool for particular disputes involving the considered transfer of the disputed domain name to the trademark owner. In connection with ICANN's New gTLD Program, we also see scope for the application of even more accessible, comprehensive mechanisms suited to the potential scale of abusive registrations as the DNS expands.

The WIPO Center advocates the additional availability of a range of appropriate Rights Protection Mechanisms (RPMs) to safeguard legitimate trademark interests in the DNS. A registry's endorsement of such mechanisms may assist its TLD application, as well as its position if a pre-delegation objection were filed, and, as explained in the WIPO post-delegation proposal, a registry's implementation of adequate RPMs would also be a consideration factor in any post-delegation case.

In this connection, we note that Section 2.7 of ICANN's New gTLD Agreement (Proposed Draft v2) states that the "Registry Operator must specify a process and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties ('Rights Protection Mechanisms'), which shall at a minimum include those provisions set forth at [see specification 7]." Specification 7 requires, at least, development of RPMs, authentication of legal rights, and dispute resolution mechanisms, including without limitation the UDRP. RPMs employed to date by existing registries include sunrise registration mechanisms, defensive registration mechanisms, exclusion mechanisms, and priority challenge mechanisms, with further models conceivable.

The WIPO Center appreciates the need to strike a reasonable balance between the protection of trademark rights recognized by law, the practical interests of compliant registry operators to minimize operational burdens, and the legitimate expectations of good-faith domain name registrants. With these interests in mind, the WIPO Center has been reviewing industry practices with a view to developing suitable RPMs, in particular at this stage, expedited takedown options. We expect to shortly communicate further in this regard.

We trust that you will find the above useful to further the discussion of the intellectual property-related concerns arising in the face of the increasing complexity and rapid evolution of the technological, business and legal conditions in the DNS. The WIPO Center looks forward to continued collaboration with all stakeholders in the present deliberations.

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Messrs. Pritz, Jeffrey, Ms. Stathos, ICANN, Marina del Rey – March 13, 2009

We are posting a copy of this letter on the WIPO website for public information at <http://www.wipo.int/amc/en/domains/resources/icann/>.

With best regards,

Yours sincerely,



Erik Wilbers
Director
WIPO Arbitration and Mediation Center

[Attachment to
WIPO Arbitration and Mediation Center Letter of March 13, 2009]

**Post-Delegation Procedure for New gTLD Registries
Substantive Criteria and Remedies
WIPO Working Draft communicated to ICANN on February 5, 2009**

A. Applicable Disputes

A registry operator shall be required to submit to a mandatory administrative proceeding where a third party (complainant) asserts that: (i) the registry operator's manner of operation or use of a TLD, which is identical or similar to the complainant's mark, causes or materially contributes to such TLD (a) taking unfair advantage of the distinctive character or the reputation of the complainant's mark, or (b) unjustifiably impairing the distinctive character or the reputation of the complainant's mark, or (c) creating an impermissible likelihood of confusion with the complainant's mark; or (ii) the registry operator's manner of operation or use of the TLD causes or materially contributes to domain name registrations therein, which are identical or similar to the complainant's mark, meeting any of the conditions (a), (b), or (c) above.

[Language of conditions (a), (b), (c) originates from the current published draft of the New gTLD Dispute Resolution Procedure for Legal Rights Objections (Pre-Delegation).]

B. Consideration Factors

1. For purposes of determining whether the registry operator's manner of operation or use of the TLD causes or materially contributes to such TLD or domain name registrations therein meeting conditions (a), (b), or (c) described in Paragraph A, the Panel shall take into consideration the following non-exclusive factors:

- (i) Whether the registry operator intentionally induced, knowingly permitted, or could not have reasonably been unaware of domain name registrations in the TLD that meet any of the conditions (a), (b), or (c) described in Paragraph A;
- (ii) Whether the registry operator specified and effectively implemented processes and procedures for launch of the TLD and initial registration-related and ongoing protection of third parties' mark rights (Rights Protection Mechanisms)¹ to reasonably avoid the conduct described in Paragraph A; *[To be aligned with ultimate language of ICANN's New gTLD Agreement.]*
- (iii) Whether the registry operator's manner of operation or use of the TLD is consistent with the representations made in the TLD application as approved by ICANN or the terms of the New gTLD Agreement.

2. For purposes of determining whether the TLD or domain name registrations therein meet conditions (a), (b), or (c) described in Paragraph A, the Panel may take into consideration relevant principles under the New gTLD Dispute Resolution Procedure for

¹ Rights Protection Mechanisms may include, but are not limited to: expedited takedown mechanisms, sunrise registration mechanisms, defensive registration mechanisms, exclusion mechanisms, or priority challenge mechanisms.

Legal Rights Objections (Pre-Delegation), the Uniform Domain Name Dispute Resolution Policy, and any widely accepted rules or principles of law that it determines to be appropriate.

C. Remedies

The Panel may, in its sole discretion, order appropriate remedies, including: (i) transfer, cancellation or locking of domain name registrations, (ii) injunctive relief (such as prohibition against registration of domain names identical or similar to complainant's marks), (iii) implementation of appropriate Rights Protection Mechanisms, (iv) termination of contracts with selected registrars, or (v) a recommendation to ICANN that the Panel determines to be appropriate, such as operational sanctions (including without limitation an order temporarily restricting the registry operator's right to sell new registrations), or (vi) a recommendation to ICANN for termination of the agreement with the registry operator. *[Remedies (iii), (iv), (v), (vi): further to the terms of ICANN's New gTLD Agreement.]*

The Panel may furthermore order costs of the procedure (but no monetary damages or attorney costs) or publication of the Panel Decision on the registry operator's website (in addition to ICANN's and the dispute resolution service provider's website).

Explanatory Notes

Similar to the Pre-Delegation Legal Rights Objection Procedure, the above criteria are envisioned to be incorporated into a broader policy document, which would also include a specific procedure featuring the following aspects:

- The Post-Delegation Procedure would involve a process that may be more comprehensive than existing administrative mechanisms (*e.g.*, UDRP). In this sense, it may be described as being akin in certain respects to an expedited form of arbitration, but the Panel Decision would not constitute an award under arbitral law.
- The Post-Delegation fees would be established using the anticipated fees for the pre-delegation phase as a benchmark, and would be determined in light of case-specific factors, including *e.g.*, the complexity of the dispute, the anticipated time required for rendering a Decision, and the possible need for hearings, phone or video conferences, or additional pleading rounds.
- In order to facilitate implementation and promote enforceability of remedies ordered under the Post-Delegation Procedure, the Procedure would also allow a prevailing complainant to file a subsequent complaint regarding non-implementation (in whole or in part) of a previously ordered remedy. Such subsequent complaint may appropriately request an escalated remedy. Any remedy should take account of legitimate third party registrations in the TLD as may be the case.

[End of Attachment]