

Rationale: Remaining areas of difference between ICANN's Board and Governmental Advisory Committee regarding implementation of the New gTLD Program

20 June 2011

The GAC Indicative Scorecard <<http://www.icann.org/en/topics/new-gtlds/gac-scorecard-23feb11-en.pdf>> identified twelve issue areas for discussion between ICANN's Board and GAC; those were sub-divided into 80 topics. Each topic represented a potential difference between the then-proposed implementation of new gTLDs and the GAC position. Each topic required at least discussion and clarification. In many cases substantive changes in the program were requested.

A remarkable amount of work and compromise (more than a good faith effort) has reduced the areas of disagreement down to a few. This document is intended to capture those differences and explain the ICANN Board reasons for deciding on implementation characteristics that differ from the GAC advice.

It is important to note the complexity associated with the number of issues and the amount of nuance involved, combined with many face-to-face consultations and teleconferences. In this document, the Board identifies the key differences with the intent to identify them all but recognizes there might remain other differences in detail. Additionally, the Board recognizes that the Board and GAC agree there is work left to do on certain implementation items. These are not areas of disagreement; they are areas where the Board and GAC agree on future work, either prior to launch or post-launch. These areas are listed below.

The rationale summarizes and builds on earlier documents from the Board to the GAC <<http://www.icann.org/en/topics/new-gtlds/board-notes-gac-scorecard-04mar11-en.pdf>>.

Remaining areas of difference and Board rationale for decision:

1. Trademark protections:

Brief Statement of Difference

The GAC wishes to: (a) eliminate the requirement proof of "use" of the trademark for users of Sunrise, URS and PDDRP; (b) change the burdens of proof in URS and PDDRP from clear & convincing evidence to preponderance of the evidence; (c) grant the IOC and Red Cross requests for specific names reservation at the second level; and (d) eliminate the need for the complainant in a PDDRP case to show affirmative conduct on the part of the registry. The Board has declined to accept this advice for the reasons below and in previous papers and statements.

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a. Requirement for evidence of trademark "use"

GAC Communication: Letter of 26 May 2011

"The GAC maintains its advice to the Board that the requirement to provide evidence of use should be removed because it is inconsistent with trademark law in many jurisdictions, burdensome for business, disproportionate and discriminatory. The GAC notes that the principal reason the Board disagrees ... is that this requirement would in its view deter gaming.

"In view of the Board's concern about this as an overriding risk that outweighs the concerns raised by the GAC if this requirement were to be imposed, the GAC asks the Board to provide a written document for the GAC's consideration by 8 June 2011, so that there is opportunity for GAC review before meeting in Singapore, which:

"a) provides a detailed, evidence-supported analysis of the gaming threat at the second level;

"b) explains why the Board believes that this requirement is the only practicable solution for addressing this threat and would successfully deter the practice of gaming;

"c) provides an analysis of the likely impact of this requirement on legitimate mark holders who would be rendered ineligible for inclusion in the Clearinghouse if this requirement is imposed;

"d) assesses the costs to business of having to furnish evidence of proof;

"e) explains the resources which ICANN will expect to be deployed by the Clearinghouse for the rigorous examination of proof of evidence.

"The GAC requests a discussion of this paper with the Board at the meeting in Singapore before finalizing its advice to the Board on the proposal to require evidence of proof."

Board rationale

The requested document, [Requirement for Evidence of Trademark Use](http://www.icann.org/en/topics/new-gtlds/trademark-protections-evidence-use-07jun11-en.pdf) <http://www.icann.org/en/topics/new-gtlds/trademark-protections-evidence-use-07jun11-en.pdf>, has been submitted to the GAC. The rationale for retaining the use requirement is described in that paper.

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b. Burdens of proof for URS and PDDRP

GAC Communication: Letter of 26 May 2011

“The GAC’s advice to the Board that it reduce the burden of proof to the standard usual applicable to civil law (iv) is unchanged on the grounds that the GAC believes that this would constitute a significant reduction in the burden on business without compromising the effectiveness of the URS and the PDDRP.”

Board rationale

The Board understands the GAC’s clear advice. Both standards, preponderance of the evidence and clear and convincing evidence, are, contrary to the GAC claim, civil standards, not criminal standards and the Board believes that each applied as conditions warrant. In these cases, after significant balancing and consideration of public comment on both sides, it was decided to apply the higher standard. URS provides an extraordinary remedy – to take down names rapidly in clear-cut cases of abuse only. Similarly, the seriousness of the potential remedy in the PDDRP, potential termination of a registry agreement, warrants additional scrutiny beyond a 51% certainty of registry liability. This seriousness of the allegation involved in the PDDRP, addressing the egregious and systematic nature of the registry behavior supports the need for the clear and convincing burden of proof.

c. IOC / Red Cross requests

GAC Communication: Letter of 26 May 2011

“The GAC supports ICANN’s continued application of very tightly drawn criteria for inclusion on the reserved names list, and the GAC is unaware of any other international non-profit organization that enjoys the level of special legislative protection across the world afforded to the IOC and the Red Cross and Red Crescent movement that justifies inclusion on the Reserved Names List.”

Board Rationale

The Board agrees that the names requested by the IOC and Red Cross should not be delegated at the top-level during the first round until the GNSO and GAC can develop policy advice for future rounds based upon the global public interest. The Board decided that the extraordinary step of blocking the requested names at the second level should not be taken as it would deny those with a legitimate interest or rights in registering those names at the

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second level, e.g., olympic.taxis and redcross.salt.

The Board asked and received answers on this issue and the topic was discussed. The Board agrees that no other organization (or very few others) would qualify under the proposed criteria. Many organizations face these same issues. There are protections in the Guidebook that both organizations may utilize: objections and GAC Advice at the top level; URS, Sunrise, Trademark Claims, thick Whois, and PDDRP at the second level. Even with the extraordinary recognition these renowned organizations have earned, the Board is not sure a separate set of protections should be afforded them. In addition, such a reservation would unfairly penalize many entities with legitimate interests in these names: Olympic Paint, Olympic Airlines, Red Cross Salt, among many others.

There is a concern that what is being requested is creation of rights protection mechanisms on an ad hoc basis without addressing policy concerns. There has been a tremendous amount of work and community discussion about the rights protection mechanism to be included in the new gTLD program. And, while these two organizations have asked for special reserved protection, no community discussions have involved such a level of protection for special cases.

- d. Need to show "affirmative" conduct in PDDRP

GAC Communication: Letter of 26 May 2011

"In PDDRP paragraph 6.1, the GAC advises that the word 'affirmative' be **deleted**.

"A complainant must assert and prove, by clear and convincing evidence, that the registry operator's **affirmative** conduct in its operation or use of its gTLD string that is identical or confusingly similar to the complainant's mark, causes or materially contributes to the gTLD doing one of the following:

- i. taking unfair advantage of the distinctive character or the reputation of the complainant's mark; or
- ii. impairing the distinctive character or the reputation of the complainant's mark; or
- iii. creating a likelihood of confusion with the complainant's mark."

Board Rationale

The Board believes that removal of the word would markedly change the standard; this change is not a mere clarification. Including the word "affirmatively" requires a showing that the registry was actively involved in the

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malicious activity. Given the penalties in PDDRP can be severe and are directed at the registry and not the registrant, the standard was written to require affirmative conduct.

2. Post delegation disputes: effect of administrative decisions

Brief Statement of Difference

The GAC wants ICANN to respect any "final legally binding decision", which the GAC notes would include "an administrative decision." ICANN has committed to respect orders of Courts only.

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"According to the GACs previous input, the GAC also wants ICANN to respect a legally binding administrative decision. The reason for this is that in some jurisdictions it is not possible for the Government or Public Authority to have their administrative decision confirmed by a court. Only the other party (i.e. the applicant) can take the decision of the Government or Public Authority to court.

"If ICANN will not include the obligation to comply with a legally binding administrative decision in the Applicant Guidebook, you will have a situation where some Governments or Public Authorities will not have the possibility to give a letter of support or non-objection. In those cases, ICANN must be willing to comply with a legally binding administrative decision made by the Government or Public Authority which provided the initial letter of support or non-objection. This commitment from ICANN should be included in the final version of the Applicant Guidebook, or at least ICANN should signal that they are willing to accept this as an amendment in the registry agreement on a case-by-case basis."

Board Rationale

As noted previously, the GAC is essentially asking ICANN to expand the respect afforded to court orders to also include any "final legally binding decision", which the GAC notes would include "an administrative decision." ICANN is concerned that such a provision could have a very broad scope (including "decisions" from multiple overlapping or competing local and national governmental agencies). (For example, agencies from the governments of the City of Los Angeles and the County of Los Angeles might theoretically issue inconsistent administrative decisions regarding the operation of a TLD registry operating in Los Angeles.) ICANN is not equipped to sort out what constitutes a "final legally binding decision" in every jurisdiction in the world, and will be on much clearer ground working with orders from courts. Courts would presumably be available to confirm any legally binding decisions, and as noted above ICANN has committed to respect such orders. If courts are not available in some cases then governments might want to consider alternative means of directly ensuring registry operator compliance with such administrative decisions,

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perhaps for example through a bilateral agreement between the operator and the government.

3. Applicant support levels

Brief Statement of Difference

The GAC calls for a 76% fee reduction for applicants from developing countries. The Board has not agreed to that figure and is developing a program, based on JAS and other advice, to identify sources of funding for needy applicants and processes to distribute them.

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"The GAC urges the Board to coordinate and implement as a matter of urgency the decisions relating to the process and timeline issues on the support programme in order to provide equal opportunities to all applicants, particularly from developing countries.

"For support to developing countries, the GAC is asking for a fee waiver, which corresponds to 76 percent of the US\$ 185,000 application fee requirement. Further, there will be instances where additional costs will be required: for example, for auction, objections, and extended evaluation. In such events, the GAC proposes fee reduction and waivers in these processes/instances where additional costs are required. The GAC would further like to propose an additional waiver of the annual US\$ 25,000 fee during the first 3 years of operation."

Board Rationale

The Board is committed to implementing a program to aid deserving applicants, particularly those from developing countries. The Board is working toward developing a solution for the first round. In order to get a workable program in place, in time, the Board, after listening to community input through the JAS and other places, will develop solutions for funding and distributing funds.

The Board will include: (a) consideration of the GAC recommendation for a fee waiver corresponding to 76 percent of the USD 185,000 evaluation fee, (b) consideration of recommendations of the ALAC and GNSO as chartering organizations of the Joint Applicant Support (JAS) Working Group, (c) designation of a budget of up to USD \$2 million for seed funding, and creating opportunities for other parties to provide matching funds, and (d) the review of additional community feedback and advice from ALAC and recommendations from the GNSO following their receipt of a Final Report from the JAS Working Group..

Areas of agreement: remaining work

The GAC comments on the Applicant Guidebook (15 April 2011 version) also described additional work to be done: some as a prerequisite to accepting new gTLD applications and some as post-launch study; some as joint GAC-Board work and some for the ICANN Board to take on or facilitate. In each case, the Board essentially agrees and will undertake the following work:

1. Handling of sensitive strings

“Further discussions are needed between the GAC and the ICANN Board to find a mutually agreed and understandable formulation for the communication of actionable GAC consensus advice regarding proposed new gTLD strings.”

2. Communications: Government objection processes

“The GAC cannot determine whether the Board’s commitment to fund at least one objection per individual national government will be sufficient, in view of the as-yet-unknown number of new gTLD strings that may be considered controversial, objectionable, or to raise national sensitivities. The GAC therefore advises the Board that its Communication Outreach program should specifically identify the options available to governments to raise objections to any proposed string.”

3. Root scaling: complete documentation

“The GAC looks forward to the final implementation of GAC advice and to the publication by ICANN of a single authoritative document describing the monitoring system and reporting mechanisms. This document should be ready before the launch of the new gTLD program.”

4. Operating practices for Community TLDs

“The GAC requests information from the Board regarding how the GAC’s concerns can be effectively taken into account in the course of the GNSO’s deliberations of a new procedure for determining the circumstances under which a Community TLD registry may (or may be required to) amend its registration policies.”

5. Trademark protections

a. Post-launch study

“The GAC ... proposes that a comprehensive post-launch independent review of the Clearinghouse be conducted one year after the launch of the 75th new gTLD in the round. The GAC advises that this review should examine whether

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the aims, functionality and operation of the Clearinghouse would benefit from incorporating the current GAC proposals as well as any unforeseen questions and issues that may arise following the launch of the round.

“The post-launch review should establish whether the automated IP Claims system should be enhanced to include key terms associated with the goods or services identified by the mark, and typographical variations identified by the rights holder.

“The GAC advises that the review should include:

- a) a consultation with registry providers, registrants and rights holders on the benefits or otherwise of extending the period of the Clearinghouse notifications beyond 60 days;
- b) an analysis of the impact of the operation of the Clearinghouse notifications on the commercial watch services market;
- c) an assessment of the likely resource requirements for extending the operation of the Clearinghouse notifications to potential registrants for the life of each new registry.”

b. The Clearinghouse tender or request for proposals

“With regard to the issue of non-exact matches ... the GAC ... recommends that the request for proposal (RFP) that ICANN will issue to potential Clearinghouse providers includes a requirement that the candidate assess whether domain names that include a mark at the beginning or the end of an applied for second level domain could be included in the services.”