



EUROPEAN COMMISSION

Directorate-General for Communications Networks, Content and Technology

Cooperation
The Director

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EUROPEAN COMMISSION COMMENTS TO THE .WINE AND .VIN EXPERT LEGAL ADVICE

[Disclaimer: this document does not constitute a formal legal opinion of the European Commission. The European Commission reserves its right to provide a formal legal opinion via reconsideration request to the Resolution 2014.03.22NG01]

Following the NGPC's Resolution 2014.03.22.NG01 issued during the ICANN Singapore meeting, the European Commission hereby provides a number of interim comments and questions to the NGPC to be taken into account at its next meeting (03.04.2014) On these grounds, we encourage the NGPC to put on hold any further action as regards the new gTLDs ".wine" and ".vin" and, as clearly indicated in the ICANN By-laws, revert to the GAC to request its formal comments on the expert legal advice provided by Professor Jerome Passa.

The European Commission would like to make the following legitimate considerations:

- a) In terms of the form of the legal report provided to the NGPC and the conditions surrounding its authorship and its submission:**
- Can the NGPC provide explanations as per how and under what circumstances the legal expert was selected? Has there been any open and transparent competition based on a list of experts from which he was retained? Was the expert chosen *ad personam*? Can the NGPC provide the necessary documentation or evidence that there is no conflict of interest between ICANN, any of the three applicants and the selected expert?
 - Taking into account that the Buenos Aires GAC Communique requested the Board to "seek a clear understanding of the legally complex and politically sensitive background on this matter in order to consider the appropriate next steps in the process of delegating the two strings" can the NGPC clarify why this question was not addressed to the legal expert? What is the background information, if any, submitted to him? In particular, did ICANN inform him *in extenso* of the arguments raised by the interested parties involved, by the different GAC members and the correspondence received by ICANN as a follow up to the Buenos Aires Communique?
 - Taking into account that the expert report is not dated, can the NGPC confirm the date in which the report was drafted? Can the NGPC confirm that the report seems to have been delivered on 22.03.2014 as indicated in ICANN's website

<http://www.icann.org/en/groups/board/documents/analysis-wine-vin-22mar14-en> and that as such, the NGPC resolved on the matter on the very same day that the report was delivered being that the reason why the NGPC did not consult the GAC?

Pending clarifications from the NGPC, it stems *prima facie* from the above that the circumstances related to the selection of the expert, the drafting and presentation of this report were neither transparent, nor objective, nor respectful of other parties' rights to be heard.

b) In terms of substance of the legal report provided to the NGPC:

- In point 1, § 5, the author indicates that the beneficiary of these top-level domain names is "*the only one permitted to exploit, or to authorise others to exploit, worldwide, the domain names*" concerned. He therefore admits the universal coverage potentially granted to these new gTLDs, affected by several regulatory frameworks that should be duly regarded as local laws.
- In point 1, § 6, the author indicates that "*It then becomes the registrar of these third-party domain names, and as such, draws up its own naming conventions, laying down the conditions under which third parties can reserve these domain names*". This confirms our view that ICANN is not the best party to adjudicate on the matter and that the implementation of safeguards should be left to the concerned parties (applicants and rightholders) unless "*ICANN had serious reasons for believing that the registry of the new gTLD ".wine" or". vin" would assign domain names to third parties without taking account the protection of wine-related geographic indications, i.e.: without taking precautions designed to prevent infringements of these geographical indications in its relations with its contracting parties, that it would then be able to reject the application for the new gTLD*", as indicated in Point 10, § 1, and "*based on a simple precautionary measure designed to prevent what are deemed to be sufficiently serious risks of an infringement of the geographical indication*" as set forth in Point 10, § 2. The application of this precautionary measure appears hence justified due to the lack of commitment of the applicants to the on-going negotiations.
- In point 2, § 1, the author rightfully acknowledges yet that "*reservation of a new gTLD may infringe prior third-party rights or, more generally, interests*".
- In addition, although the Buenos Aires Communique seeks clarification of the legally complex and politically sensitive background and the next steps in order to delegate the two strings (please note that the GAC did not ask for the refusal to delegate the strings), Point 3, § 2 evidences that the author has only been "*consulted on the specific issue of whether, on strictly legal grounds in the field of intellectual property law relating, in particular, to the rules of international law or fundamental principles, ICANN would be **bound**: a) to assign the new gTLDs in question to the applicant, or, to the contrary, to refuse to assign them in order to protect prior rights as mentioned above.*" The question is by all means misleading and it was clear from the outset that ICANN is *not* legally bound by international law to automatically grant or reject an application. On the contrary, our understanding is that for all domain names for which an application was submitted, a series of legal safeguards should be put in place by ICANN or by the potential Registries in order to efficiently protect public and private rights and interests. These safeguards vary however depending *inter alia* on the nature

of the domain names concerned, on the specific concerns expressed by the GAC and the objectors, on the applicable legislation.

In the present case, the purpose of the EU and a series of other wine-producing countries is also to adequately protect prior rights in the realm of geographical indications, through the definition of appropriate safeguards: either such protection is duly ensured and the domain name ought to be granted, or such protection is not adequately ensured, in which case the domain name should be rejected. In this vein, we reiterate again the importance of Point 10, § 1. The EU did not demand "*not to assign these domain names in order to protect prior rights*" (as expressed in the second indent of the question) but clearly requested not to assign these domain names in case prior rights are not appropriately protected and welcomes in any case the availability of these wine-related new gTLDs in the Domain Name System provided that adequate protective measures are put in place.

- The scope of the analysis is intentionally limited by ICANN as indicated in Point 3, § 6 since the author confirms that "*Given the wording of ICANN's questions to the undersigned, this opinion will concentrate exclusively on the reasons why ICANN might be led to assign or refuse to assign the new gTLDs in question, in other words on the disputes which have arisen during the evaluation stage of the applications. It will not examine as its main focus questions and disputes likely to arise in the subsequent stage, following assignment of these new gTLDs during which the second-level domains open in the gTLDs will be exploited*". In this regard, the most essential question is left out of the analysis and therefore it does not provide the necessary insights for the NGPC to respond adequately to GAC's requests.
- In Point 4, § 1 the author makes reference to the application filed by "Donuts". This begs the question of why the author has not been asked by the NGPC to examine the applications filed by Afilias and Famous Four Media pertaining to these wine-related gTLDs, and suggests the existence of a clear conflict of interests.
- The author notes in Point 5, i) that "*wine is a product for which there are various geographical indications around the world, particularly but not exclusively in Europe*". It should be noted that this statement cannot be understood as European geographic indications not deserving adequate protection as it clearly evidences that different local laws, including in various geographical regions outside Europe, should be duly regarded in the delegation of both new gTLDs.
- The author notes in Point 5, iii) that "*a party reserving a domain name does not necessarily have the right to use the geographical indication in question for wines of for products or another type which it sells on the website identified under the domain name in question*", therefore recognizing the existence of a high risk of third-party rights misuse and misappropriation.
- The author notes in Point 5, ii) that "*the domain names reserved by the third parties in the registry of the new gTLD ".wine" or ".vin" may contain an element identical or similar to the name of a geographical indication for wine*". The author further indicates that the domain names concerned, i.e. ".wine"/".vin", refer to generic terms, and that one should then compare the situation to ".cheese" or ".fromage". Yet, one should note that in the EU the overwhelming majority of wines produced are actually

covered by geographical indications, which is not the case for cheeses, where only a small minority of cheeses are covered by a geographical indication. Accordingly, one should not minimise the risk of applications for second-level domain names that would constitute a misuse, evocation or otherwise undue appropriation of a vested right related to an EU geographical indication for wines.

It is also overly restrictive to refer as above to an element "*identical or similar*" to the name of a geographical indication. One should also contemplate mere undue "evocations" of protected geographical indications: thus, a non-authorised operator should not only refrain from applying for a second-level domain name like "Bordeaux.vin", but also regarding a name such as "Burdeos.vin" (i.e.: the Spanish translation thereof), or any other fancy term evoking such geographical indication, i.e.: "Borddo.wine".

- As regards Points 5-8, the author commits a fundamental error in law. He indicates that "*a geographical indication does not enjoy absolute or automatic protection against any use of an identical or similar name by a third party*", and refers to Article 22 of the TRIPS agreement which allegedly provides for protection where an indication is used in a manner which misleads the public. He further indicates that there are other provisions (i.e.: the Lisbon Agreement of 1958 or the EU relevant legislation (EU) No 1308/2013 on wines) that allow for a more extensive protection that includes the concept of evocation.

However, not only Article 22 of the TRIPS agreement also broadly encompasses (see point 2.b) thereof) "any use which constitutes an act of unfair competition (...)"; but in addition, Article 22 of the TRIPS agreement is an incorrect legal basis as far as wines are concerned. Actually, wines (and spirits) enjoy an additional explicit protection under Article 23 of the TRIPS agreement which is considered in international fora as including the aforementioned concept of evocation, and which does not require any "misleading test" to be performed. Concretely, should an operator use the term "JapanChampagne.vin" there would be a clear indication of the actual origin thereof, so at first sight no misleading of the consumer as to the geographical origin, and accordingly no infringement of Article 22 TRIPS; but there would be nonetheless a clear violation of the relevant Article 23.1 TRIPS which prohibits any inappropriate use of a geographical indication, including in translation and where the true origin of the product is indicated. It is difficult to grasp how a qualified law professor specialised in industrial and intellectual property issues has focused his report on a wrong legal basis.

- It is also worth noting that the author, in Point 9, § 2 explicitly mentions that "*If, however, he [understood as the "registrant"] also sells, on his website, products which do not benefit from this geographical indication, it is likely that such sales may constitute an infringement of the geographical indication*". The matter, indeed, as indicated in Point 9, § 2, would require a case by case analysis by reference to a given geographical indication "*which would allow to identify the international, regional – notably European- or national rules governing it and which are therefore applicable*". That is precisely the request of the EU: to avoid worldwide registrations of a second-level domain name that would infringe vested rights according to EU legislation. Geographical indications are by their very nature intellectual property rights governed by the principle of territoriality. Accordingly, a given name might be protected as a

geographical indication in country X, whilst deemed a generic term in country Y, or benefiting from a grandfathered prior use in country Z. Accordingly, in this example, should an operator in country Y apply for a second-level domain name including that name, he would *ipso facto* violate the rights of producers in country X. Yet, this applicant would *de facto* benefit from a worldwide coverage for his domain name, due to the universal nature of the Internet.

- Moreover, as already requested by European and other GAC members, in Point 11, § 1 the author concurs with our opinion and expressed that "*Naturally, pursuant to the rules laid down by ICANN, the registry agreement – an agreement concluded between ICANN and the owner of the new gTLD – may inform this owner of the need to ensure that its co-contracting parties respect third-party rights and, in particular, geographic indications*". This question requires agreement between the wine rightholders and the applicants so as to ensure that those third-party rights are well defined and duly protected, in compliance with local laws. Furthermore, Point 11, § 2, also in full accordance to the views of the European Commission and other interested governments and parties, confirms that "*if this agreement did not make express provision for it, no fault could be attributed to ICANN for it is the registry of the new gTLD in its capacity as a professional to automatically take precautions designed to avoid domain name users, its partners, from infringing third party rights*". It is for that reason that applicants have been continuously encouraged since the ICANN Beijing meeting in mid-2012 to come to an agreeable solution with wine rightholders to ensure that adequate safeguards are provided in the delegation of the ".wine" and ".vin" gTLDs.
- Last not least, in the conclusion the author refers to the fact that "*there is no [...] general principle which obliges ICANN to reject the applications or accept the applications under certain specific conditions*". In this regard, it should be clarified that this statement is misleading from the moment that ICANN has not been asked by the GAC or by any wine stakeholder to reject or to accept the applications, but to ensure that the applications proceed under the condition that adequate safeguards are in place (as suggested by the author of the expert advice in several instances of the letter given the high probability of negative consequences arising from the lack of precautions to prevent infringements of geographical indications). We therefore agree that ICANN is not best placed to adjudicate on the matter (but should nonetheless ensure that the public interest is safeguarded) and that an agreement between the concerned parties (applicants and rightholders) should be supported, without undue pressure and without time limitations which may impinge on or render useless the on-going discussions.

We therefore respectfully request from the NGPC to consider the aforementioned questions and comments at its next meeting (03.04.2014) at, a minima, grant more time to applicants and interested parties in order to reach a proper agreement before the delegation of the .wine and .vin gTLD strings. In the case that the NGPC does not reconsiders the Resolution, the European Commission stands ready to file a reconsideration request as soon as possible, and in any case before 08.04.2014.

Respectfully submitted

-SIGNED-

Linda Corugedo Steneberg

on behalf of the European Union and its Member States,

Switzerland and Norway