

AMERICAN ARBITRATION ASSOCIATION
INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION

OPENTLD B.V.,) ICDR CASE NO. 01-15-0004-1379
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)
 Claimant,)
)
 v.)
)
 INTERNET CORPORATION FOR ASSIGNED)
 NAMES AND NUMBERS,)
)
)
 Respondent.)
_____)

**ICANN'S RESPONSE TO CLAIMANT OPENTLD B.V.'S
REQUEST FOR A STAY OF THE SUSPENSION**

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For Assigned Names and Numbers

INTRODUCTION

1. The Internet Corporation for Assigned Names and Numbers (“ICANN”) hereby submits this Response to the Request for a Stay of the Suspension (“Stay Request”) submitted by claimant OpenTLD B.V. (“OpenTLD”) on 7 July 2015. As explained below, OpenTLD’s Stay Request is substantively deficient and, thus, should be summarily rejected.

Scope of the Panel’s Review of OpenTLD’s Stay Request.

2. OpenTLD is an ICANN-accredited registrar, which means that it is accredited to offer domain name registrations to consumers pursuant to the Registrar Accreditation Agreement (“RAA”) executed between ICANN and OpenTLD on 1 June 2014. On 23 June 2015, ICANN suspended OpenTLD’s ability to create new domain names or initiate inbound transfers of domain names for 90 days. The suspension was premised on ICANN’s determination that, “[p]ursuant to Section 5.5.2.4 of the RAA, ... OpenTLD has engaged in a pattern and practice of trafficking in or use of domain names identical or confusingly similar to a trademark or service mark of a third party in which the Registered Name Holder has no rights or legitimate interest.”¹

3. OpenTLD thereafter initiated arbitration to challenge its suspension, and simultaneously requested pursuant to Section 5.8 of the RAA that its suspension be stayed pending resolution of the arbitration.² Section 5.8 of the RAA permits a registrar that has otherwise initiated arbitration against ICANN under the RAA to request that the suspension or termination be stayed until the arbitration decision is rendered. Pursuant to the RAA, this Emergency Panel (the “Panel”)

¹ OpenTLD submitted a copy of the 23 June 2015 “Notice of Suspension of Registrar’s Ability to Create New Registered Names or Initiate Inbound Transfers of Registered Names” (“Suspension Notice”) as Exhibit D to its Request for Arbitration.

² OpenTLD submitted a copy of the Registrar Accreditation Agreement (“RAA”) as Exhibit A to its Request for Arbitration.

has just one responsibility – to determine if OpenTLD has met its burden of demonstrating that its “continued operations would not be harmful to consumers or the public interest.”³

4. Much of OpenTLD’s Stay Request focuses on the merits of its suspension, and OpenTLD’s view that the suspension: (i) was improperly issued without notice or an opportunity to cure; (ii) was effectuated in violation of ICANN’s published informal enforcement guidelines; and (iii) is otherwise “unprecedented.” OpenTLD’s argument on the merits is not applicable at this stage, since this Panel has been convened only to address OpenTLD’s request for a stay pursuant to Section 5.8 of the RAA. Thus, this Panel has just one thing to determine, which is whether OpenTLD has met its burden of demonstrating that its “continued operations would not be harmful to consumers or the public interest” such that a stay of the suspension pending arbitration is warranted.⁴

5. However, to be clear, none of OpenTLD’s claims have any merit and ICANN will demonstrate as much in its response to OpenTLD’s Request for Arbitration. Specifically, ICANN will show the following:

- Under the terms of the RAA, ICANN was not required to provide OpenTLD with notice of breach and opportunity to cure prior to the issuance of the Suspension Notice for the type of breach committed by OpenTLD.
- Even though ICANN’s informal enforcement guidelines are not applicable here, ICANN nevertheless did, in fact, provide notice.
- Prior to issuing the Suspension Notice, ICANN notified OpenTLD via email on 2 June 2015 that ICANN was investigating OpenTLD’s possible breach(es) of Section 5.5.2.4 of the RAA in light of two adjudicated UDRP proceedings where

³ RAA, § 5.8.

⁴ *Id.*

OpenTLD was found to have engaged in abusive registration and use practices. ICANN requested a response to its notice and inquiry but OpenTLD never responded.

- The process followed by ICANN in its suspension of OpenTLD is not “unprecedented”; to the contrary, ICANN has previously terminated a registrar without any prior notice, as permitted under the terms of the RAA.

OpenTLD’s Stay Request Is Substantively Deficient.

6. OpenTLD’s Stay Request is substantively deficient. In two UDRP proceedings, OpenTLD was found to have intentionally registered and used domain names identical to the registered trademarks or trade names of OpenTLD’s direct competitors “for the purpose of disrupting the business of a competitor.”⁵ Importantly, the UDRP panels found that OpenTLD engaged in such conduct on at least seven separate occasions.

7. OpenTLD brushes such findings aside, arguing that they implicate a relatively small number of domain names, and thus “do[] not fairly evidence a pattern and practice of domain name trafficking.” OpenTLD also claims that a stay is appropriate because it has taken steps to “cure each of the breach items identified in the June 23 Suspension Notice,” and has expressed a “willingness to cooperate with ICANN.”⁶

8. However, as described below, the record demonstrates that OpenTLD’s abusive practices extend beyond the domain names at issue in the subject UDRP proceedings and, moreover, have continued even after receipt of the 23 June Suspension Notice. Furthermore, contrary to OpenTLD’s claims of cooperation, OpenTLD has to date failed to provide ICANN with any of the

⁵ Declaration of Owen Smigelski, ¶ 7, Ex. 1 (*Key-Systems GmbH v. Joost Zuurbier, OpenTLD B.V.*, WIPO Case No. DME2015-0002, at 8 (April 19, 2015), *also available at*: <http://www.wipo.int/amc/en/domains/decisions/word/2015/dme2015-0002.doc>); *id.* at ¶ 8, Ex. 2 (*NetEarth Group, Inc. v. Stichting OpenTLD WHOIS Proxy*, WIPO Case No. D2015-0428, at 7 (May 19, 2015), *also available at*: <http://www.wipo.int/amc/en/domains/decisions/word/2015/d2015-0428.doc>) (hereinafter “WIPO Decisions”).

⁶ OpenTLD’s Stay Request, at 9.

information requested in the Suspension Notice. Specifically, OpenTLD has: (a) failed to provide to ICANN any of the required lists of domain names, resellers, and privacy and proxy providers; (b) failed to provide to ICANN any of the required remediation plans, or corrective and preventative action(s); and (c) failed to provide any assurances to ICANN that its abusive business practices are isolated or have otherwise abated. In seeking the requested information, ICANN afforded OpenTLD the opportunity to come into compliance during its suspension period, in lieu of an outright termination (as the RAA expressly permits). Rather than working cooperatively with ICANN, the record demonstrates that OpenTLD's abusive practices are continuing. As a result, OpenTLD has failed to demonstrate, as it must, that its continued operations would not be harmful to consumers or the public interest. Having failed to meet its burden of proof, OpenTLD's request for a stay of its suspension should be denied.

BACKGROUND FACTS

I. THE PARTIES

9. ICANN was formed in 1998. It is a California not-for-profit public benefit corporation. As set forth in its Bylaws, ICANN's mission "is to coordinate, at the overall level, the global Internet's system of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems," including the domain name system ("DNS").⁷ ICANN does not engage in commercial business, but rather administers the Internet's DNS on behalf of the Internet community, pursuant to a series of agreements with the United States Department of Commerce.⁸

10. ICANN's coordination role is fulfilled in certain ways. For example, and relevant here, consumers (known as "registrants") may obtain the right to use second-level domain names

⁷ ICANN's Bylaws, at Art. I (ICANN's mission is to protect the stability, integrity, security, and utility of the DNS), available at: <https://www.icann.org/resources/pages/governance/bylaws-en>.

⁸ ICANN's Articles of Incorporation, at Art. I, § 1, available at: <https://www.icann.org/resources/pages/governance/articles-en>.

(such as icann.org) through companies known as “registrars.” ICANN has created principles and rules to determine which entities can serve as registrars; ICANN’s accreditation system has produced a highly competitive registrar marketplace, with over 1,700 accredited registrars.

11. The claimant here, OpenTLD, is an ICANN-accredited registrar and offers domain name registrations to consumers. OpenTLD maintains its status as an ICANN-accredited registrar pursuant to the 2013 version of the Registrar Accreditation Agreement (“RAA”) entered into between the parties on 1 June 2014. OpenTLD attached a copy of the RAA as Exhibit A to its Request for Arbitration.

12. OpenTLD also offers domain name registrations to consumers through its affiliated reseller Freenom. A reseller is a third-party company that offers domain name registration services through a registrar, where the reseller itself may not be an ICANN-accredited registrar. There are additional requirements for a registrar’s resellers under the RAA, including web posting obligations, disclosure requirements, and oversight by registrars.

13. There is more than one type of top-level domain (“TLD”). Currently, the TLDs with three or more characters are called “generic” TLDs or “gTLDs.” Another type of TLD includes two-letter country-code TLDs (“ccTLDs”), such as .fr (for France) and .cz (for the Czech Republic). The responsibility for operating each gTLD (including maintaining a registry of the domain names within the TLD) is delegated to a particular organization. These organizations are referred to as “registry operators.”

14. OpenTLD’s RAA with ICANN applies only to “generic” TLDs (*i.e.*, gTLDs).⁹ Thus, pursuant to the RAA, OpenTLD, as an ICANN-accredited registrar, may offer consumers gTLD domain name registrations at the second level. The RAA does not govern domain name

⁹ Declaration of Owen Smigelski, ¶ 3.

registrations in any country-code TLD.¹⁰ Accordingly, ICANN’s Contractual Compliance function has no authority to mandate that registrations in ccTLDs are managed in accordance with any provision or policy that is embedded in any version of the RAA.¹¹

15. While OpenTLD claims that it “manages more than twenty-five million domains worldwide,”¹² ccTLDs account for 99% of OpenTLD’s domains. Indeed, as of May 2015, OpenTLD had only 4,386 gTLD domains registered.¹³ The RAA – and thus ICANN’s contractual compliance authority – extends only to the gTLD domain name registrations offered by OpenTLD, which equates to less than 1% of OpenTLD’s business.

II. RELEVANT FACTS REGARDING THE UDRP PROCEEDINGS LEADING TO OPENTLD’S SUSPENSION

16. The Uniform Domain Name Dispute Resolution Policy (“UDRP”) was created through a community-driven policy development process, and has been approved as a policy applicable to all gTLD domain name registrations. The World Intellectual Property Organization Arbitration and Mediation Center (“WIPO”) is one of four approved dispute resolution providers that can hear complaints under the UDRP. Each provider follows the Rules for the UDRP as well as its own supplemental rules.

17. The purpose of the UDRP is to provide a process for dispute proceedings arising from alleged abusive registrations of domain names (*i.e.*, cybersquatting) that may be initiated by a holder of trademark rights. The UDRP is a policy between a registrar and its customer, and is included in registration agreements for all ICANN-accredited registrars. ICANN is not a party to

¹⁰ *Id.*

¹¹ *Id.*; see also ICANN, About ccTLD Compliance, available at: <https://www.icann.org/resources/pages/cctld-2012-02-25-en>.

¹² OpenTLD’s Stay Request, at 9.

¹³ Declaration of Owen Smigelski, ¶ 4.

nor involved in any UDRP proceeding (including the UDRP proceedings involving OpenTLD).¹⁴ ICANN also is not included in any communications between WIPO and the parties regarding ongoing UDRP proceedings, nor does ICANN receive notice of filings that are submitted in connection with UDRP proceedings.¹⁵

18. As set forth in the WIPO decisions, on 5 February 2015, Key-Systems GmbH, an ICANN-accredited registrar and competitor of OpenTLD, filed a complaint with WIPO alleging that OpenTLD registered a domain name—<rrproxy.me>—that was identical to Key-Systems’ registered trademark for the purpose of disrupting Key-Systems’ business. The complaint was later amended to add the domain name <key-systems.cc> to the dispute. On 11 March 2015, NetEarth Group, Inc. (another ICANN-accredited registrar and competitor of OpenTLD) also filed a complaint with WIPO alleging that OpenTLD registered a domain name—<netearthone.biz>—that was identical to NetEarth Group’s registered trademark for the purpose of disrupting NetEarth Group’s business.¹⁶

19. Specifically, Key-Systems and NetEarth Group alleged that, on 14 August 2014, OpenTLD registered the disputed domain names and then used those domain names to divert Internet users to a website that encouraged Key-Systems’ and NetEarth Group’s customers to switch to a competing service offered by OpenTLD or its reseller Freenom.¹⁷

20. Pursuant to the applicable WIPO procedure, following the filing of the UDRP proceedings, WIPO sent OpenTLD a request for registrar verification in connection with the

¹⁴ See <http://www.icann.org/en/dndr/udrp/policy.htm> (“[t]he policy is between the registrar (or other registration authority in the case of a country-code top level domain) and its customer (the domain-name holder or registrant”).

¹⁵ See Rules for the UDRP, available at: <http://www.icann.org/en/dndr/udrp/uniform-rules.htm>.

¹⁶ See generally WIPO Decisions.

¹⁷ WIPO Decisions, at 2.

disputed domain names. OpenTLD responded weeks later, only after repeated reminders from WIPO, stating only that the disputed domain names had been “deleted.”¹⁸

21. The deletion of the disputed domain names was in direct violation of Paragraph 7 of the UDRP, which provides that a registrar “will not cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration under [the UDRP]” except as provided in circumstances that are not applicable here.¹⁹ OpenTLD’s deletion of the disputed domain names was also a direct violation of Section 3.7.5.7 of the RAA. Section 3.7.5.7 of the RAA comprises the Expired Domain Deletion Policy, which is an ICANN Consensus Policy applicable to all ICANN-accredited registrars. It provides that domain names which are subject to UDRP proceedings and which are deleted or expire during the course of those proceedings must be made available to the complainant of the UDRP proceeding under the same commercial terms as the registrant. OpenTLD failed to comply with this provision with respect to the disputed domain names in the UDRP proceedings in which it was a party.

22. OpenTLD filed no other response in either dispute.²⁰

23. On 19 May 2015, the WIPO panels found in favor of the claimants and against OpenTLD in both proceedings. In each, the WIPO panel found as follows:

[T]he record amply supports a finding that [OpenTLD] registered the disputed domain names for the purpose of disrupting the business of a competitor. The record further reflects [OpenTLD’s] use of the domain names to intentionally attempt to attract, for commercial gain, Internet users to its website or other online location, by creating a likelihood of confusion with the complainant’s marks as to source, sponsorship, or affiliation. In addition, the record reflects actions taken by [OpenTLD] that, as discussed above, the Panel considers **tantamount to the abusive and bad faith practice of cyberflight**.²¹

¹⁸ WIPO Decisions, at 1.

¹⁹ UDRP, ¶ 7, available at: <https://www.icann.org/resources/pages/policy-2012-02-25-en>.

²⁰ WIPO Decisions, at 3-4.

²¹ *Id.* at 7, 8 (emphasis added). The WIPO panels define cyberflight as “an attempt to avoid or delay judicial or UDRP proceedings by changing domain registration details or registrars after learning of a complaint.” *Id.* (citation omitted).

24. The WIPO panels ordered “that the disputed domain name[s] ... be transferred to the Complainant[s].”²² ICANN is not aware of any steps OpenTLD has undertaken to effectuate the WIPO-ordered transfers; in addition, the WIPO decisions explain that OpenTLD failed to comply with other obligations of the UDRP as well as the EDDP.²³

25. The WIPO panels further found that on 14 August 2014 – the same day the disputed domain names were registered by OpenTLD – OpenTLD registered four other domain names identical to the trade names or trademarks of domain name service providers with whom OpenTLD/Freedom competes: <resellerclub.tk>, <resellbiz.biz>, <godaddy.cf>, and <resell.ws>. The WIPO panels determined that “a use similar to that made with the disputed domain names in [the UDRP cases] has been made with these [four] domain names.”²⁴ Thus, WIPO found no less than seven instances where OpenTLD engaged in bad faith registration and use of domain names.

26. On 2 June 2015, following the issuance of the decisions in the aforementioned UDRP proceedings, ICANN’s Contractual Compliance Department sent an email to OpenTLD seeking more information concerning certain issues raised in those proceedings and notifying OpenTLD of its investigation of OpenTLD’s potential breach(es) of the RAA.²⁵ Specifically, ICANN noted that WIPO had “found that (1) OpenTLD engaged in the abusive and bad faith practice of cyberflight, and (2) registered a domain name identical to the trademark of a competitor for the purpose of disrupting the competitor’s business.”²⁶ While some of the domain names noted in the UDRP proceedings were ccTLDs, others were gTLDs (*see, e.g.*, <netearhone.biz> and <resellbiz.biz>), over which ICANN has contractual enforcement authority pursuant to the RAA. The WIPO decisions finding that OpenTLD had engaged in a pattern and practice of abusive

²² *Id.* at 8.

²³ *Id.* at 4 (stating that OpenTLD represented to WIPO that the disputed domain names merely “had been deleted”); *see also* Declaration of Owen Smigelski, at ¶ 9.

²⁴ WIPO decisions, at 2.

²⁵ Declaration of Owen Smigelski, ¶ 12, Ex. 4.

²⁶ *Id.*

registrations involving both ccTLDs and gTLDs was cause for ICANN to investigate the extent to which OpenTLD's conduct pervaded the gTLD space, which potentially could constitute a breach of the RAA. As a result, ICANN's 2 June 2015 letter was "requesting information to assist in the determination of whether OpenTLD complies with the [RAA] and ICANN Consensus Policies, including whether the requirements of Sections 5.5.2.3 and 5.5.2.4 of the RAA have been triggered."²⁷

27. Any contention by OpenTLD that it did not receive ICANN's 2 June 2015 inquiry notice is easily dispatched. The mail server log entries confirm that OpenTLD's mail server (mail.opentld.com) accepted the message three seconds after it was sent.²⁸ OpenTLD was thus afforded the opportunity to respond to ICANN's concerns regarding its business practices, but failed to do so.

28. ICANN asked that OpenTLD provide ICANN with certain records and information by 10 June 2015. ICANN did not receive a response to the inquiry.²⁹

29. On 23 June 2015, having still received no response from OpenTLD, ICANN sent OpenTLD a Notice of Suspension of Registrar's Ability to Create New Registered Names or Initiate Inbound Transfers of Registered Names ("Suspension Notice").³⁰ The Suspension Notice stated that "[p]ursuant to Section 5.5.2.4 of the RAA, ICANN has found that OpenTLD has engaged in a pattern and practice of trafficking in or use of domain names identical or confusingly similar to a trademark or service mark of a third party in which the Registered Name Holder has no rights or legitimate interest." It is important to note here that ICANN opted not to terminate OpenTLD's RAA even though it had the right to do so. Instead, ICANN "elect[ed] to suspend OpenTLD's ability to create new Registered Names or initiate inbound transfers of Registered Names for 90

²⁷ *Id.*

²⁸ *Id.* at ¶ 13.

²⁹ *Id.* at ¶ 14.

³⁰ 23 June 2015 Suspension Notice, attached as Exhibit D to OpenTLD's Request for Arbitration.

days pursuant to Section 5.7 of the RAA.” In addition, this suspension applies only to OpenTLD’s ability to create new domain name registrations or initiate inbound transfers of domain names; it does not affect renewals of existing domain name registrations; and it has no affect whatsoever on domain name registrations for ccTLDs. The suspension was to take effect fifteen days following the issuance of the Suspension Notice (on 8 July 2015) per Section 5.7.2 of the RAA.

30. On 8 July 2015 at 00:00 UTC (7 July 2015 at 17:00 Pacific Daylight Time), ICANN effectuated the suspension. However, shortly thereafter on 7 July 2015 PDT and following receipt of OpenTLD’s Request for Arbitration, ICANN lifted the suspension pending a determination in these emergency proceedings.³¹

STANDARD OF REVIEW

31. The RAA provides that disputes arising under the agreement shall be resolved by arbitration conducted pursuant to the International Arbitration Rules of the American Arbitration Association.

32. If a registrar initiates arbitration, the registrar may at the same time request that the arbitration panel stay the termination or suspension until the arbitration decision is rendered.³² The arbitration panel may issue a stay only if: (i) OpenTLD demonstrates that continued operations would not be harmful to consumers or the public interest; or (ii) the arbitration panel appoints a qualified third party to manage OpenTLD’s operations until the arbitration decision is rendered.³³ OpenTLD has not requested the appointment of a third party to manage its operations, so only the first prong is relevant here.

³¹ The RAA provides that if an order granting a request for a stay is not issued within fourteen days of the filing of a claimant’s stay request, ICANN may proceed with the suspension or termination of a registrar.

³² RAA, § 5.8.

³³ *Id.*

ARGUMENT

33. In its opening brief, OpenTLD spends a considerable amount of time arguing the merits of its Request for Arbitration. Specifically, OpenTLD argues that ICANN's issuance of the 23 June 2015 Suspension Notice was improper because ICANN allegedly "provided no notice of breach or other warning prior to announcing the suspension of OpenTLD's registrar abilities," that OpenTLD's suspension under such circumstances is "unprecedented," and that "considerations of fundamental fairness" require ICANN to engage in certain informal resolution measures prior to escalating to suspension.³⁴ OpenTLD's contentions are largely misplaced, as this Panel has been convened only to address OpenTLD's request for a stay pursuant to Section 5.8 of the RAA.

34. However, to be clear, none of OpenTLD's claims have any merit, and ICANN will demonstrate as much in its response to OpenTLD's Request for Arbitration. Nevertheless, the only question before this Panel is whether OpenTLD has met its burden of demonstrating that its "continued operations would not be harmful to consumers or the public interest."³⁵

35. OpenTLD does not – and cannot – meet its burden here. OpenTLD's business practices have been found by WIPO to be intentionally abusive and targeted to take advantage of third-party trademark rights through the creation of Internet user confusion. OpenTLD has provided no assurances that these business practices are isolated or have otherwise abated, and thus has not demonstrated, as it must, that its continued operations would not be harmful to consumers or the public interest. Having failed to meet its burden of proof, OpenTLD's request for a stay should be denied.

³⁴ OpenTLD's Stay Request, at 6-7, 9-10.

³⁵ RAA, § 5.8.

I. OPENTLD’S CONTINUED OPERATIONS WOULD BE HARMFUL TO CONSUMERS AND THE PUBLIC INTEREST, SO A STAY IS NOT APPROPRIATE

36. As discussed above, two separate WIPO panels adjudicated complaints filed against OpenTLD or its affiliate for abusive registration practices. OpenTLD attempts to minimize the import of these decisions, arguing that they implicate only “a total of three domain names.”³⁶ However, the WIPO panels in fact found that OpenTLD improperly registered seven domain names corresponding to trade names or trademarks of domain name service providers that are direct competitors of OpenTLD or its reseller Freenom, including: <key-systems.cc>, <rrpproxy.me>, <netearthone.biz>, <resellerclub.tk>, <resellbiz.biz>, <godaddy.cf>, and <resello.ws>.³⁷ The WIPO panels concluded that OpenTLD’s “primary motive in relation to the registration and use of the disputed domain name[s] was to capitalize on, or otherwise take advantage of, the Complainant’s trademark rights through the creation of Internet user confusion.”³⁸

37. In its Stay Request, OpenTLD does not contest the WIPO panels’ conclusions that OpenTLD has engaged in abusive registration practices with respect to the disputed domain names subject to those UDRP proceedings. Instead, OpenTLD attempts to characterize its abusive practices as “isolated instances”³⁹ which, in OpenTLD’s view, “do[] not fairly evidence a pattern and practice of domain name trafficking.”⁴⁰

38. However, OpenTLD has been found to have registered and used domain names in bad faith on at least seven separate occasions. This clearly constitutes a pattern of abusive registration and use. Indeed, WIPO panels routinely hold that the intentional bad faith registration of even just three domain names can constitute a “pattern” of abusive practices under the UDRP

³⁶ OpenTLD’s Stay Request, at 9,

³⁷ WIPO Decisions, at 2.

³⁸ *Id.* at 7, 8.

³⁹ OpenTLD’s Request for Arbitration, at 7.

⁴⁰ OpenTLD’s Stay Request, at 9.

where, like OpenTLD here, the respondent defaulted in the UDRP proceedings and offered no evidence of good faith.⁴¹ Moreover, each WIPO panel found that OpenTLD “was well aware of the Complainant and the Complainant’s mark when registering the disputed domain name,” which demonstrates that OpenTLD’s conduct was intentionally abusive.⁴²

39. Separate and apart from these WIPO decisions (involving seven domain names), ICANN has received various other complaints regarding OpenTLD’s abusive registration practices, which provide even further evidence that OpenTLD appears to be continuing an ongoing pattern and practice of bad faith and abusive business practices.

40. For example, Go Daddy Operating Company, LLC (“GoDaddy”), an ICANN-accredited registrar and competitor of OpenTLD, is the owner of the trademarks for “GODADDY” and “DOMAINS BY PROXY.” In or around February 2015, GoDaddy determined that OpenTLD had registered several domain names that were identical to GoDaddy’s registered trademarks. On 19 February 2015, GoDaddy sent OpenTLD a letter stating:

It has come to our attention that you have been using the GODADDY and DOMAINS BY PROXY marks in connection with several domain names registered by you or affiliated entities located here: <http://www.godaddy.cf>, <http://www.godaddy.ml>, <http://www.domainsbyproxy.tk>, and <http://www.domainsbyproxy.ga>....

Your use of our trademarks in this manner violates GoDaddy’s trademark rights and falsely suggests a connection to GoDaddy and Domains by Proxy.⁴³

41. GoDaddy then asked that OpenTLD “immediately discontinue” its use of the disputed domain names and “take immediate steps to transfer” the domain names to GoDaddy.⁴⁴

⁴¹ See, e.g., *Bellevue Square Managers, Inc. v. Web* (bellevuesquare.com) D2000-0056, available at: <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0056.html>.

⁴² WIPO Decisions, at 7.

⁴³ Declaration of Owen Smigelski, ¶ 10, Ex. 3.

⁴⁴ *Id.*

42. ICANN is not aware of any steps undertaken by OpenTLD to transfer these domain names to GoDaddy. Rather, it appears that at least three of the subject domain names were merely deleted by OpenTLD shortly after GoDaddy’s letter was sent to OpenTLD—which is the same improper tactic OpenTLD employed in response to the UDRP proceedings.⁴⁵

43. ICANN received a similar complaint from Tucows (an ICANN-accredited registrar) indicating that OpenTLD, through its reseller Freenom, had registered a domain name that was identical to Tucows’ trademark.⁴⁶ In addition, Tucows complained that a domain registered to OpenTLD (<freenom.com>) used a third level domain with Tucows’ trademark “opensrs” to redirect traffic to solicit domain name registration business.⁴⁷ That subdomain was <opensrs.freenom.com>.⁴⁸ After ICANN sent the 2 June 2015 inquiry notice to OpenTLD, the third level domain <opensrs.freenom.com> ceased operating.⁴⁹

44. Furthermore, even a brief review of the domain names in OpenTLD’s portfolio demonstrates that OpenTLD appears to be continuing to engage in bad faith and abusive registration practices. As of 3 August 2015, there were at least 73 gTLD domains registered to Stichting OpenTLD WHOIS Proxy (which is OpenTLD’s proxy service) that are identical to or contain the registered trademarks or trade names of third parties, including, by way of small example, the domain names <barnesandnoble.link>, <sephora.bargains>, <at-facebook.com>, <ebaybh.com>, <googlefreeporn.com>, <global-paypal.com>, <hotmailtechnicalsupport.com>, and <secure-

⁴⁵ *Id.*; see also WIPO Decisions at 4 (noting that OpenTLD indicated that the disputed domain names had been “deleted”).

⁴⁶ Declaration of Owen Smigelski, ¶ 11.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

apple.com>.⁵⁰ ICANN is not aware of any legitimate interest or right that OpenTLD has to use these third-party trademarks and trade names.

45. Even more concerning is the fact that at least 14 gTLD domain names that contain the registered trademarks or trade names of third parties were registered by OpenTLD's proxy service after the 23 June 2015 Suspension Notice was issued to OpenTLD, further demonstrating that OpenTLD's overtures of "cooperation" ring hollow.⁵¹

46. Any contention by OpenTLD that it should be permitted to engage in such abusive practices and simply delete disputed domain name registrations only if and when it is caught must be rejected at the outset. OpenTLD cannot be permitted to repeatedly violate its obligations as clearly set forth in the RAA without consequence.

47. OpenTLD's conduct as set forth above, coupled with the practices condemned by WIPO in the two UDRP proceedings, demonstrate OpenTLD's pattern and practice of registering domain names identical to the trademarks of third parties, and supports a conclusion that this conduct comprises a classic example of cybersquatting. Cybersquatting involves the preemptive, bad faith registration of domain names by third parties that do not possess rights in such names.⁵²

48. Intentional infringement of intellectual property rights and cybersquatting are inherently harmful activities. Indeed, the United States Congress has viewed the practice of cybersquatting as harmful because it threatens "the continued growth and vitality of the Internet as a

⁵⁰ *Id.* at ¶ 18. In addition, there were at least 56 ccTLD domains registered to Stichting OpenTLD WHOIS Proxy (which is OpenTLD's proxy service) that are identical to or contain the registered trademarks or trade names of third parties. *Id.* at ¶ 18 n.2.

⁵¹ *Id.* at ¶ 19.

⁵² *Cf. Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, (FAIR)*, 527 F.3d 1045, 1058 (10th Cir. 2008) (stating that cybersquatting may be established where a defendant "intend[s] to profit by diverting customers from the website of the trademark owner to the defendant's own website, where those consumers would purchase the defendant's products or services instead of the trademark owner's").

platform” for “communication, electronic commerce, education, entertainment, and countless other yet-to-be determined uses.”⁵³

49. Two WIPO panels found that OpenTLD’s conduct was “tantamount to the abusive and bad faith practice of cyberflight.”⁵⁴ “Cyber flying” is a term used to describe an attempt to avoid or delay judicial or UDRP proceedings by changing domain registration details or registrars after learning of a complaint.⁵⁵ Here, OpenTLD has an established practice of registering the trademarks of its competitors, and other third parties, and then deleting the subject domain names when its abusive practices are challenged. This conduct is uniformly recognized as an indication of bad-faith registration and use under Paragraph 4(b) of the UDRP.⁵⁶ Allowing OpenTLD to continue its operations and engage in similar conduct in connection with other domain names is unquestionably harmful to the public interest and consumers.

50. OpenTLD argues that a stay of its suspension is appropriate because “it has already undertaken to cure each of the breach items identified in the June 23 Suspension Notice.”⁵⁷ However, OpenTLD has not, to date, complied with any of the requirements set forth in the Suspension Notice:

- OpenTLD has not provided ICANN with “a list of all domain names for which OpenTLD or its affiliates [such as Freenom] are the Registered Name Holder, which are identical or confusingly similar to a trademark or service mark of a third party, in

⁵³ See *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267 (4th Cir. 2001) (quoting S. Rep. No. 106-140, at 8); see also *Web-adviso v. Trump*, 927 F. Supp. 2d 32, 42 (E.D.N.Y. 2013) (noting that “cybersquatters hurt businesses, because consumers seeking a trademark owner’s Web site are diverted elsewhere, which means lost business opportunities for the trademark owner”) (internal quotation marks and citation omitted).

⁵⁴ WIPO Decisions, at 8.

⁵⁵ *Id.* at 4-5.

⁵⁶ See *Fifth Third Bancorp v. Secure Whois Information Service*, WIPO Case No. D2006-0696, at 6, available at: <http://www.wipo.int/amc/en/domains/decisions/word/2006/d2006-0696.doc>; see also *Funix B.V. v. Domain Administrator*, WIPO Case No. D2009-1048, at 6, available at: <http://www.wipo.int/amc/en/domains/decisions/word/2009/d2009-1048.doc>.

⁵⁷ OpenTLD’s Stay Request, at 9.

which OpenTLD or its affiliate(s) have no rights, and which were registered and are being used in bad faith (collectively the ‘Domain Portfolio’);

- OpenTLD has not provided ICANN with a “remediation plan for OpenTLD to collaborate with the trademark or service mark owner(s) to transfer or cancel all domains in the Domain Portfolio”;
- OpenTLD has not in any way demonstrated that OpenTLD and its affiliates “do not use third level domains that are identical or confusingly similar to a trademark or service mark of a third party”;
- OpenTLD has not provided ICANN with the required lists of resellers and privacy and proxy providers, or demonstrated that OpenTLD complies with all RAA requirements regarding such entities;
- OpenTLD has not provided ICANN with any “corrective and preventative action(s) ... to ensure that OpenTLD complies with the [UDRP]”;
- Finally, and critical to OpenTLD’s Stay Request, OpenTLD has not provided ICANN with any “assurances that OpenTLD and its affiliate(s) will not register any domain names in bad faith that are identical or confusingly similar to a trademark or service mark of a third party.”⁵⁸

51. In short, OpenTLD’s claimed “willingness to cooperate with ICANN”⁵⁹ is entirely unsubstantiated, as it has offered no assurances that the numerous abusive registrations found by the WIPO panels were “isolated instances” and presents no other evidence demonstrating that its continued operations would not harm consumers or the public interest. In fact, ICANN’s own review of OpenTLD’s current registrations as well as the complaints that ICANN received from

⁵⁸ 23 June 2015 Suspension Notice, at 2-3, attached as Exhibit D to OpenTLD’s Request for Arbitration.

⁵⁹ OpenTLD’s Stay Request, at 9.

GoDaddy and Tucows demonstrate the exact opposite—namely, that OpenTLD is actively continuing to register domain names that are identical to third-party trademarks.

52. Furthermore, OpenTLD’s suspension was far less restrictive than other enforcement measures available to ICANN under the RAA. Indeed, OpenTLD’s pattern and practice of bad faith registration and use is, by itself, grounds for immediate termination pursuant to Section 5.5.2.4 of the RAA. Moreover, pursuant to Section 5.7.1 of the RAA, ICANN had the discretion to suspend OpenTLD for “up to twelve months,” but ICANN only suspended OpenTLD for 90 days.⁶⁰

53. In short, OpenTLD fails to demonstrate, as it must, that its abusive registration practices were “isolated instances” and do not extend beyond those found in the two UDRP proceedings. Indeed, the relevant evidence proves just the opposite. As such, OpenTLD has failed to meet its burden of proof that its continued operations would not be harmful to consumers or the public interest. OpenTLD’s request for a stay should be denied.⁶¹

II. CONSUMERS SEEKING ccTLD DOMAIN NAME REGISTRATIONS WILL NOT BE AFFECTED AT ALL BY THE SUSPENSION

54. OpenTLD asserts that it offers low cost and free domain registration services for domains within five ccTLDs in certain countries, including Equatorial Guinea (.gq), Tokelau (.tk), Mali (.ml), Gabon (.ga), and the Central African Republic (.cf), and argues that absent a stay of its suspension, consumers in those developing nations will be left without “access to the web.”⁶²

⁶⁰ RAA, § 5.7.1. Furthermore, OpenTLD’s suspension only applies to OpenTLD’s ability to create new domain name registrations or initiate inbound transfers of domain names; OpenTLD’s ability to renew existing domain name registrations or provide services to its current registrants is not affected.

⁶¹ OpenTLD argues that the findings of the WIPO panels “do[] not fairly evidence a pattern and practice of domain name trafficking” because OpenTLD “manages more than twenty-five million domain names worldwide.” See OpenTLD’s Stay Request, at 9. OpenTLD’s position apparently is that, while it has admittedly engaged in abusive registration practices with respect to at least seven domain names, those domain names represent only a small fraction of the domain name registrations it offers to consumers, and thus, in OpenTLD’s view, “does not in any way suggest that OpenTLD’s continued operations pose any risk of harm to the public or consumers.” *Id.* However, as established above, OpenTLD’s abusive practices extend beyond the two adjudicated WIPO proceedings. And until OpenTLD complies with the ICANN’s request that it identify and remedy all other abusive practices, OpenTLD has failed to establish, as it must, that its continued operations do not pose a threat to consumers or the public interest.

⁶² OpenTLD’s Stay Request, at 11-12 (citing Declaration of Joost Zuurbier).

55. OpenTLD’s claims are utterly without merit. The RAA does not govern OpenTLD’s ccTLD services. The RAA governs OpenTLD’s ability to provide registrar services for “Registered Names,” which are “domain name[s] within the domain of a gTLD.”⁶³ “gTLD,” in turn, is defined in the RAA as referring to “the top-level domain(s) of the DNS delegated by ICANN pursuant to a registry agreement that is in full force and effect, other than any country code TLD (ccTLD) or internationalized domain name (IDN) country code TLD.”⁶⁴ The RAA thus expressly excludes registrar services for domain names within the domain of a ccTLD. In other words, ICANN has no authority under the RAA to take compliance action against OpenTLD as to its activities within the domain of a ccTLD.

56. Thus, ICANN’s suspension of OpenTLD’s ability to provide registrar services as to domain name registrations for gTLDs will have no impact whatsoever on OpenTLD’s ability to continue offering domain name registrations for ccTLDs. Consequently, and contrary to OpenTLD’s dramatic overtures, a stay of the suspension is not necessary to protect ccTLD registrants, because those consumers will not be affected in any way by OpenTLD’s suspension by ICANN.

CONCLUSION

57. For the foregoing reasons, ICANN urges the Panel to deny OpenTLD’s request to stay the implementation of the suspension.

Respectfully submitted,

JONES DAY

Dated: 4 August 2015

By: /s/ *Kate Wallace*
Kate Wallace
Counsel for Respondent ICANN

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⁶³ RAA, § 1.15 (emphasis added).

⁶⁴ *Id.* at § 1.11 (emphasis added).