

RECOMMENDATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)

RECONSIDERATION REQUEST 13-10

10 OCTOBER 2013

On 5 September 2013, Commercial Connect, LLC (“Commercial Connect”) submitted a reconsideration request (“Request”). The Request asked the Board to reconsider ICANN staff’s acceptance of what Commercial Connect argues to be two inconsistent expert determinations from dispute resolution panels appointed by the International Centre for Dispute Resolution (“ICDR”). Specifically, the Request challenges the staff’s acceptance of the 8 August 2013 Expert Determination dismissing Commercial Connect LLC’s objection to Top Level Domain Holdings Limited’s (“TLDH”) new gTLD application for the Chinese translation of “shop” (“TLDH’s Applied-for String”) in light of the 21 August 2013 Expert Determination sustaining Commercial Connect’s objection to Amazon EU S.a.r.l.’s (“Amazon”) new gTLD application for the Japanese translation of “online shopping” (“Amazon’s Applied-for String”).

I. Relevant Bylaws

Article IV, Section 2.2 of ICANN’s Bylaws states in relevant part that any entity may submit a request for reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

- (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
- (b) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could have submitted, but did not submit, the information for the Board’s consideration at the time of action or refusal to act; or
- (c) one or more actions or inactions of the ICANN Board that are taken as a result of the Board’s reliance on false or inaccurate material information.

Dismissal of a request for reconsideration is appropriate if the Board Governance Committee (“BGC”) recommends, and in this case the New gTLD Program Committee (“NGPC”) agrees, that the requesting party does not have standing because the party failed to satisfy the criteria set forth in the Bylaws. These standing requirements are intended to protect the reconsideration process from abuse and to ensure that it is not used as a mechanism simply to challenge an action with which someone disagrees. The reconsideration process is for situations where the staff acted in contravention of established policies (when the Request is based on staff action or inaction).

For reconsideration requests that challenge staff actions, requests must be submitted to the BGC within fifteen days after the date on which the party submitting the request became aware of, or reasonably should have become aware of, the challenged staff action. Bylaws, Art. IV, § 2.5.

The Request was received on 5 September 2013. Commercial Connect asserts that it did not become aware of the challenged staff action (the staff’s acceptance of two seemingly inconsistent expert determinations) until after the second expert determination was rendered on 21 August 2013. Because the Request was received within fifteen days of the second expert determination, Commercial Connect’s Request is deemed timely under the Bylaws.

II. Background

A. The New gTLD Objection Procedure

The New gTLD Program includes an objection procedure pursuant to which objections to applications for new gTLDs are submitted to an independent dispute resolution service provider (“DRSP”). The objection procedures are set out in Module 3 of the Applicant Guidebook (<http://newgtlds.icann.org/en/applicants/agb/objection-procedures-04jun12-en.pdf>) and the New gTLD Dispute Resolution Procedure (the “Procedure”) attached thereto.

As detailed in the Request, Commercial Connect filed two string confusion objections with the ICDR asserting that two applied-for strings are “confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications.” (Guidebook, Section 3.3.2.1; Procedure, Art. 2(e).)¹

A panel of appropriately qualified expert(s) appointed by the ICDR is required to consider an objection that has been registered for processing and for which a response has been submitted. (Guidebook, Section 3.4.4.) Each panel will determine whether the objector has standing to object and will use appropriate general principles/standards to evaluate the merits of each objection. The panel must apply the standards that have been defined in Section 3.5 of the Applicant Guidebook for each type of objection. (Guidebook, Section 3.5; Procedure, Art. 20.)

The panel’s final determination will include a summary of the dispute and findings, identify the prevailing party, and provide the reasoning upon which the expert determination is based. (Guidebook, Section 3.4.6.; Procedure, Art. 21.) The findings of the panel will be

¹ With string confusion objections, where a new gTLD applicant successfully asserts string confusion with another applicant, the two applied-for strings will be placed in a “contention set” and be referred to the String Contention Procedures in Module 4 of the Applicant Guidebook. (Guidebook, Section 3.2.2.1.)

considered an expert determination and advice that ICANN will accept within the dispute resolution process. (Guidebook, Section 3.4.6.)

B. Commercial Connect’s Objections to TLDH’s Applied-for String and Amazon’s Applied-for String

Commercial Connect is an applicant for the .SHOP string (“Commercial Connect’s Applied-for String”). Commercial Connect objected to both TLDH’s Applied-for String and Amazon’s Applied-for String, asserting that both strings were confusingly similar to Commercial Connect’s Applied-for String; TLDH and Amazon each filed responses in separate proceedings.

For Commercial Connect’s objection to TLDH’s Applied-for String, the ICDR’s appointed panelist rendered an expert determination on 8 August 2013 (“TLDH Expert Determination”). Based on the evidence and the parties’ submissions, the TLDH Panel dismissed Commercial Connect’s objection on the grounds that the two-applied for strings are not confusingly similar to the average, reasonable Internet user under the standard set forth in the Procedure and the Applicant Guidebook. (TLDH Expert Determination, Pg. 7.)

Separately, for Commercial Connect’s objection to Amazon’s Applied-for String, a different panelist appointed by the ICDR rendered an expert determination on 21 August 2013 (“Amazon Expert Determination”). That Panelist (“Amazon Panel”) determined that Commercial Connect had standing to object as an applicant for the .SHOP string. (Amazon Expert Determination, Pg. 3.) Based on the evidence and the parties’ submissions, the Amazon Panel sustained Commercial Connect’s objection on the grounds that the two-applied for strings are confusingly similar. (Amazon Expert Determination, Pgs. 4-5.)

Although Commercial Connect’s objections were determined by a third-party DRSP, ICANN has determined that the Reconsideration process can properly be invoked for challenges of the third-party DRSP’s decisions where it can be stated that either the DRSP failed to follow

the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision. See BGC Recommendation on Reconsideration Request 13-5 at

<http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-01aug13-en.doc>.

III. Analysis of Commercial Connect’s Request for Reconsideration

Commercial Connect seeks reconsideration of the staff’s acceptance of the purportedly inconsistent TLDH Expert Determination and the Amazon Expert Determination. More specifically, Commercial Connect requests that ICANN “issue clear and well-defined guidance” to the expert panels and “ensure that the Panels comply with the guidelines” (especially for string similarity objections involving Internationalized Domain Names with foreign characters). Once ICANN establishes “well-defined guidance,” Commercial Connect requests that staff return to the expert panels any determinations that do not comply with the guidance, and Commercial Connect contends that the TLDH Expert Determination should be returned because it is inconsistent with the standards set forth in the Applicant Guidebook and the Amazon Expert Determination. (Request, Section 9.)

A. The Purported Inconsistencies Between Expert Determinations Do Not Demonstrate A Process Violation

Commercial Connect’s Request is based primarily on a claim that the TLDH Panel and the Amazon Panel inconsistently applied the standard for evaluating string confusion objections.²

² On 4 September 2013, Amazon separately sought reconsideration of the Amazon Expert Determination. (Request 13-9, available at <http://www.icann.org/en/groups/board/governance/reconsideration/request-commercial-connect-05sep13-en.pdf>.) Amazon’s reconsideration request is based in part on Amazon’s contention that the Amazon Panel applied the wrong standard in evaluating Commercial Connect’s objection. Amazon relies on the TLDH Expert Determination as evidence that the Amazon

To support this assertion, Commercial Connect relies on Section 2.2.1.1.3 of the Applicant Guidebook, which states that a string confusion objection may be based on any type of similarity, including visual, aural or similarity of meaning. (Request, Pg. 4.) Although both panels concentrated on the meanings of the applied-for strings (determining there was no visual or aural similarities between the objected-to strings and Commercial Connect’s application for .SHOP), Commercial Connect concludes that the two panels, applying the same standard, rendered inconsistent determinations “as to whether a Roman root and a gTLD string of foreign characters having the same meaning should be placed in the same contention set.” (Request, Pg. 5.) To support this conclusion, Commercial Connect contends that the TLDH Panel determined that “the guidelines do not permit confusion to be based on meaning alone” when evaluating an application for Internationalized Domain Names with foreign characters, while the Amazon Panel determined the “use of essentially the same word in two different languages is sufficient to cause string confusion.” (Request, Pg. 5.)

The fact that these two panels, evaluating similar objections, came to different conclusions does not mean that the panels inconsistently applied the standard for evaluating string confusion objections, nor does it establish a policy or process violation to support Reconsideration. On a procedural level, each expert panel generally rests its determination on the materials presented to it by the parties to that particular objection, and the objector bears the burden of proof. Two panels confronting nearly identical issues could rightfully reach different determinations, based on the strength of the materials presented. While Commercial Connect

(continued...)

Panel applied the wrong standard. For the same reasons as stated herein, Amazon’s claims are unsupported and do not support Reconsideration.

was the objector in each of these determinations, each objection was rebutted by a different applicant. Thus, the panels reached different decisions at least in part because the materials submitted by each applicant (TLDH and Amazon) in defense of its proposed string were different, and not because one panel violated any established policy or process in reaching its determination.

For instance, in dismissing Commercial Connect’s objection, the TLDH Panel determined that Commercial Connect failed to meet its burden of proof that the two strings (Commercial Connect’s Applied-for String and TLDH’s Applied-for String) would cause probable confusion in the mind of the average, reasonable Internet user. (TLDH Expert Determination, Pg. 7.) The Amazon Panel, on the other hand, in sustaining Commercial Connect’s objection, found that Amazon’s arguments:

[d]o not appear to be consistent with the applicable standard of review, the apparent purpose or goal of implementing gTLDs, or the purpose or goal in allowing a string confusion objection.

(Amazon Expert Determination, Pg. 5.) Overall, the Amazon Panel found that Amazon’s arguments were “not persuasive.” (Expert Determination, Pg. 5.)

Moreover, according to the TLDH Expert Determination, TLDH asserted that Commercial Connect’s Applied-for String and TLDH’s Applied-for String are aimed at distinct markets, as evidenced by the descriptions in the two applications. TLDH claimed that Commercial Connect’s Applied-for String will be marketed to “the global ecosystem of e-commerce” with a “strict verification process where Commercial Connect researches the identity of that applicant and [the] business.” (TLDH Expert Determination, Pg. 5.) In contrast, TLDH’s Applied-for String is directed to “Chinese-language vendors” and requires no such pre-verification. TLDH noted that these markets may overlap to some extent, but one is “global and

restricted,” while the other is “language-specific and open.” (TLDH Expert Determination, Pg. 5.)

The TLDH Panel found that the similarity in meaning between the two strings is apparent only to individuals who read and understand both Chinese and English. Relying on the intended markets for the strings, the TLDH Panel determined:

While there is some potential for overlap between these two markets, they are largely distinct. Therefore, there is little likelihood that a bilingual user would be deceived or confused.

(TLDH Expert Determination, Pg. 7.) The TLDH Panel therefore dismissed Commercial Connect’s objection not because it concluded that translations of essentially the same word are insufficient to cause string confusion – as Commercial Connect contends – but because TLDH presented convincing evidence that there was little likelihood of confusion between Commercial Connect’s Applied-for String and TLDH’s Applied-for String.

Ultimately, Commercial Connect has not been able to establish an actual policy or process that either panel failed to follow. The Request instead challenges the substantive determinations of the panels rather than the processes by which the panels reached their determinations. While Commercial Connect may disagree with the TLDH Panel’s findings, Reconsideration is not available as a mechanism to re-try the substantive determination of the TLDH Panel. Commercial Connect’s claims that the panels inconsistently applied the standards set out in the Applicant Guidebook are unsupported and do not support Reconsideration.

B. ICANN’s Alleged Failure To Provide Guidance To The Panels Does Not Support Reconsideration

In its Request, Commercial Connect contends that its participation in the dispute resolution process was predicated on its reliance that DRSP-appointed panels would comply with the clear and well-defined guidance provided by ICANN and that ICANN would only accept

determinations that complied with ICANN's guidance. Commercial Connect claims that ICANN's "failure to provide and ensure compliance with clear and well defined guidance has resulted in inconsistent results in identical fact patterns." (Request, Pg. 6.)

Commercial Connect does not contend that the dispute resolution procedures set out in Module 3 of the Applicant Guidebook, or the attached Procedures, were not followed. Instead, it appears that Commercial Connect is challenging an alleged inaction – *i.e.*, ICANN's purported failure to act to provide "clear and well-defined guidance" to dispute resolution panels and failure to "ensure compliance" with that guidance. (Request, Pg. 6.) But Commercial Connect does not identify any established policy or process that required ICANN to take action above the action it has already taken in implementing the New gTLD Program.

ICANN's decision to proceed with the New gTLD Program followed many years of discussion, debate and deliberation with the Internet community, including end users, business groups and governments. ICANN's work to implement the New gTLD Program – including the creation of an application and evaluation process for new gTLDs that is aligned with the policy recommendations and provides a clear roadmap for applicants to reach delegation – is reflected in the drafts of the applicant guidebook that were released for public comment, and in the explanatory papers giving insight into the rationale behind some of the conclusions reached on specific topics. Meaningful community input from participants around the globe has led to numerous and significant revisions of each the draft version of the applicant guidebook, resulting in the Applicant Guidebook that is used in the current application round.

The current Applicant Guidebook is publicly posted on an ICANN website dedicated to the New gTLD Program. See <http://newgtlds.icann.org/en/applicants/agb>. The standards for evaluating the merits of a string confusion objection are provided in the Applicant Guidebook,

and by filing an application for a new gTLD, each applicant agrees to accept the applicability of the gTLD dispute resolution process. (Guidebook, Section 3.5.1 & Section 3.3.2; Procedure, Art. 1(d).) Applicants are evaluated against transparent and predictable criteria, and the procedures are designed to ensure fairness.

Commercial Connect's disagreement as to whether the standards should have resulted in the TLDH Panel dismissing Commercial Connect's objection does not mean that ICANN violated any policy or process in accepting the decision (nor does it support a conclusion that either panel's decision was wrong). The Applicant Guidebook sets out the standards used to evaluate and resolve objections. The TLDH Expert Determination and the Amazon Expert Determination reflect that the panels followed the evaluation standards. As explained above, Commercial Connect has not been able to establish any policy or process that either panel failed to follow. ICANN's acceptance of the determinations as advice to ICANN is also in accordance with the established process. (Guidebook, Section 3.4.6.) Commercial Connect's attempt to claim here that the procedures set forth in the Applicant Guidebook for evaluating string confusion objections, which followed years of inclusive policy development and implementation planning, are somehow deficient because of allegedly inconsistent expert determinations is therefore not supported and should be rejected.

IV. Recommendation and Conclusion

Based on the foregoing, the BGC concludes that Commercial Connect has not stated proper grounds for reconsideration, and we therefore recommend that Commercial Connect's Request be denied without further consideration.

As there is no indication that the TLDH Panel violated any policy or process in dismissing Commercial Connect's objection, and there is similarly no indication that ICANN acted inconsistent with any established policy or procedure, this Request should not proceed. If

Commercial Connect thinks that it has somehow been treated unfairly in the process, and the Board (through the New gTLD Program Committee) adopts this Recommendation, Commercial Connect is free to ask the Ombudsman to review this matter.

Though there are no grounds for reconsideration presented in this matter, following additional discussion of the matter the BGC recommended that staff provide a report to the NGPC, for delivery in 30 days, setting out options for dealing with the situation raised within this Request, namely the differing outcomes of the String Confusion Objection Dispute Resolution process in similar disputes involving Amazon's Applied-for String and TLDH's Applied-for String. In addition, the BGC suggested that the strings not proceed to contracting prior to staff's report being produced and considered by the NGPC.