

RECOMMENDATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)

RECONSIDERATION REQUEST 13-7

25 SEPTEMBER 2013

On 23 August 2013, Dish DBS Corporation (“Dish”) submitted a reconsideration request (“Request”). The Request asked the Board to reconsider the 29 July 2013 Expert Determination from a dispute resolution panel established by the Arbitration and Mediation Center of the World Intellectual Property Organization (“WIPO”) regarding The DirecTV Group, Inc.’s (“DirecTV”) objection to the application for .DIRECT. Specifically, the Request seeks reconsideration of the Panel’s determination sustaining DirecTV’s objection to Dish’s application for .DIRECT.

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.

To properly initiate a request for reconsideration, the requesting party must review and follow the Reconsideration Request Form posted on the ICANN website

(<http://www.icann.org/en/groups/board/governance/reconsideration/request-form-11apr13->

en.doc). The requesting party must also acknowledge and agree to the terms and conditions set forth in the form when filing.

Dismissal of a request for reconsideration is appropriate if the Board Governance Committee (“BGC”) recommends, and in this case the New gTLD Program Committee 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).

Dish was notified of the 29 July 2013 Expert Determination on 8 August 2013. The Request was received on 23 August 2013, which makes it timely under the Bylaws. Bylaws, Art. IV, § 2.5.

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.

There are four (4) grounds upon which an objection to a new gTLD application may be filed:

- (i) “String Confusion Objection” – the applied-for string is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications.

(ii) “Legal Rights Objection” – the applied-for gTLD string infringes the existing legal rights of the objector.

(iii) “Limited Public Interest Objection” – the applied for gTLD string is contrary to generally accepted legal norms of morality and public order that are recognized under principles of international law.

(iv) “Community Objection” – there is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.

(Applicant Guidebook, Section 3.3.2.1; Procedure, Art. 2(e).)

As part of the dispute resolution proceedings, properly stated objections for which a response has been submitted will be considered by a panel of appropriately qualified expert(s) appointed by the designated DRSP. (Applicant 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. The panel may also refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable. The objector bears the burden of proof in each case. (Applicant 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. (Applicant Guidebook, Section 3.4.6.; Procedure, Art. 21.) The findings of the panel will be considered an expert determination and advice that ICANN will accept within the dispute resolution process. (Applicant Guidebook, Section 3.4.6.)

B. DirecTV's Objection to Dish's Application for .DIRECT

Dish is an applicant for the .DIRECT string. DirecTV timely filed a legal rights objection (the "Objection"), and Dish timely filed a response (the "Response"). DirecTV was permitted to file a reply brief (the "Reply"), and Dish was permitted to file a rejoinder (the "Rejoinder"). WIPO's appointed panelists (the "Panel") rendered their expert determination on 29 July 2013 ("Expert Determination"), and the parties were notified of the determination on 8 August 2013.

The Panel determined that DirecTV had standing to object as a rights holder in the "DirecTV" mark and other marks containing the term "direct." Applying the standards that have been defined in Section 3.5.2 of the Applicant Guidebook for a legal rights objection ("LRO"), the Panel sustained DirecTV's objection on the grounds that Dish likely chose the .DIRECT string for the sole purpose of disrupting the business of DirecTV. (Expert Determination, Page 4.)

Although the LRO was 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->.

III. Analysis of Dish’s Request for Reconsideration¹

Dish seeks reconsideration of the decision to sustain DirecTV’s objection to Dish’s application for the .DIRECT new gTLD. More specifically, Dish requests that ICANN disregard the Panel’s Expert Determination and requests that the decision be reviewed by a new expert panel. Dish also requests that ICANN provide applicants of “inconsistent or erroneous DRSP panel determinations with an avenue of redress that is consistent with ICANN’s mandate to act with fairness.” In the event that ICANN will not immediately reverse the decision, Dish requests that it be provided an opportunity to respond to the BGC, before the BGC makes a final recommendation. (Request, Section 9.) Dish also requests a hearing. (Request, Page 11.)²

A. The Panel’s Alleged Influence by Media Accounts Does Not Demonstrate A Process Violation

Dish’s Request is based primarily on a claim that the Panel, in reaching its conclusion that Dish’s application for .DIRECT was not a “bona fide application,” failed to accord proper weight to the declaration of Dish’s Senior Vice President of Product Management, Vivek Khemka (“Khemka Declaration”), and instead, was improperly influenced by Dish advertisements that were not part of the record. (Request, Section 10.) To support this assertion, Dish claims that other LRO Expert Determinations have applied a “very high burden for trademark-based objections” and have found that an applicant’s business model does not

¹ A letter from DirecTV’s counsel, requesting that Dish’s Request be denied, was received on 6 September 2013 (<http://www.icann.org/en/groups/board/governance/reconsideration/davis-to-bgc-06sep13-en.pdf>). DirecTV’s letter has been reviewed and given appropriate consideration in connection with this Recommendation.

² Hearings are not required in the Reconsideration Process, however requestors may request a hearing. The BGC retains the absolute discretion to determine whether a hearing is appropriate, and to call people before it for a hearing. See Reconsideration Request Form at <http://www.icann.org/en/groups/board/governance/reconsideration/request-form-11apr13-en.doc>.

automatically translate into a finding of bad intent. (Request, Section 10, Page 8.) Dish contends that the Khemka declaration along with Dish’s responses in its application for the .DIRECT string “clearly show on the record that Dish filed a bona fide application” for the string, and that a “more objective review of other information outside the record” would have clearly shown that Dish has used the term “direct” in connection with Dish productions and services since at least December 1998. (Request, Section 10, Page 9.) Dish further asserts that there is nothing in the record showing that Dish engaged in a pattern of conduct from which any type of bad faith can be inferred, there is nothing in the record to support a finding of confusion, and Dish will be injured if the Expert Determination is permitted to stand. (Request, Section 10, Page 9-10.)

The relevant standard for evaluating a LRO is set out in Section 3.5.2 of the Applicant Guidebook:

[A] DRSP panel of experts presiding over a legal rights objection will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector’s registered or unregistered trademark or service mark (“mark”) or IGO name or acronym ... or unjustifiably impairs the distinctive character or the reputation of the objector’s mark or IGO name or acronym, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector’s mark or IGO name or acronym.

The Applicant Guidebook sets forth eight non-exclusive factors that a panel will need to consider in cases where the objection is based on trademark rights. (Applicant Guidebook, Section 3.5.2.) The Procedure also makes clear that, in addition to applying the standards that have been defined by ICANN, the panel “may refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable.”

(Procedure, Art. 20(b).) Contrary to Dish’s contention, there is no provision in the Procedures that restricts a panel’s ability to refer to or rely upon media accounts.³

Moreover, Dish misstates the alleged influence of media accounts on the Panel in rendering its determination. The Panel noted:

That these two parties are direct competitors can scarcely be doubted. Indeed, the Panel notes that as it has been deliberating over this case, [Dish] is running a series of television advertisements squarely at [DirecTV] and its satellite television offerings.

(Expert Determination, Pages 4-5.) These statements show that the Panel referenced the advertisements to illustrate the fact that Dish and DirecTV are direct competitors in the satellite television industry. Dish does not dispute the fact that the two are competitors, and both parties acknowledge that they provide satellite television services. (Expert Determination, Pages 2-3.) Thus, even if the Panel’s reference to television advertisements was somehow improper, there does not appear to be any prejudice to Dish. The BGC also notes that the “media accounts” at issue here are advertisements produced by the parties to the objection proceedings, and not statements of journalists, so Dish’s opposition to the decision because of these “media accounts” seems misplaced in any event.

³ Dish relies on the wrong section (Section 2.4.3) of the Applicant Guidebook in its attempt to establish the alleged breach of ICANN policy and procedure. (Request, Section 8.) Module 2 of the Applicant Guidebook describes the evaluation procedures and criteria used to determine whether applied-for gTLDs are approved for delegation. The Module explains that all applicants will undergo an Initial Evaluation, which includes various reviews (as part of the string review and applicant review) by third-party panelists appointed by ICANN. (Applicant Guidebook, Section 2.2 & 2.4.) Section 2.4.3 of the Applicant Guidebook provides the code of conduct for panelists used at the Initial Evaluation – not objection – stage of the evaluation process. Section 2.4.3, and its statement against panelists being influenced through media accounts, does not govern the code of conduct for panelists used in the dispute resolution procedure set out in Module 3 of the Applicant Guidebook.

As required by the Applicant Guidebook, the Panel applied the eight non-exclusive factors to Dish's LRO and determined that each factor was in favor of DirecTV: (i) .DIRECT is similar to the DirecTV mark; (ii) DirecTV's acquisition and use of rights in its various Direct-formative marks is bona fide; (iii) the public recognizes "direct" as a mark of DirecTV, noting that Dish, a purveyor of satellite television services, is seeking to use the dominant part of the family of marks owned and used by its chief competitor in the satellite television business; (iv) Dish is well aware of DirecTV's DirecTV and Direct-formative marks and applied for the .DIRECT string in order to gain market share over a competitor; (v) Dish has not used the term "direct" as a trademark or service mark; (vi) Dish has no marks or other intellectual property rights that correspond to the word "direct"; (vii) Dish is not commonly known by the word "direct"; and (viii) consumer confusion would likely result if Dish were allowed to keep and use the .DIRECT string. (Expert Determination, Pages 5-8.)

In evaluating the fourth factor – Dish's intent in applying for the .DIRECT string – the Panel concluded "based on the record before it" that Dish applied for the .DIRECT string as "part of an ongoing battle for market share." (Expert Determination, Page 7.) The Panel indicated that Dish's application essentially admitted as much and found that Dish's admission in its application was more reliable than the statements in the Khemka Declaration disavowing Dish's brand-centered motivation in applying for .DIRECT. (Expert Determination, Page 7.) It is within the Panel's purview to weigh the evidence in front of it in making its Expert Determination.

Ultimately, Dish has not been able to identify any policy or process that the Panel did not follow. Rather, the Request challenges the Panel's substantive determination. In the context of the New gTLD Program, Reconsideration is not a mechanism for direct, de novo appeal of panel

decisions with which the requester disagrees, and seeking such relief is, in fact, in contravention of the established processes within ICANN. See BGC Recommendation on Reconsideration Request 13.5 at

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

For the reasons stated above, Dish's claim that the Panel failed to accord proper weight to the Khemka Declaration, and was instead, improperly influenced by Dish advertisements that were not part of the record, do not demonstrate policy or process violations. Similarly, Dish's references to standards applied by other DRSP panels and Dish's general claims that the evidence supports a different outcome, are not enough for Reconsideration. Reconsideration is not available as a mechanism to re-try the decisions of the DRSP panels.

B. ICANN's Purported Breach from "Automatic Acceptance" of DRSP Decisions Does Not Support Reconsideration

In its Request, Dish contends that ICANN's automatic acceptance of DRSP panel decisions, including those that are "erroneous or inconsistent," is contrary to ICANN's mandate to act transparently and fairly. (Request, Section 8, Page 4.) To support this assertion, Dish relies on the following:

(a) Paragraph 7 of the "Summary of ICANN Generic Names Supporting Organisation's (GNSO's) Final Report on the Introduction of New Generic Top-Level Domains (gTLDs) and Related Activity" (prepared for the GNSO's 29 October 2007 New gTLD Workshop in Los Angeles, available at <http://losangeles2007.icann.org/files/losangeles/gnso-newgtlds-workshop-29oct07.pdf>). Paragraph 7 is entitled "Fairness of Process" and refers to the GNSO's recommendation that ICANN implement an evaluation and selection process that respects the principles of fairness, transparency and non-discrimination. The GNSO further provides that "all applicants should be evaluated against transparent and predictable criteria, fully available before initiation of the process."

(b) ICANN’s Articles of Incorporation (<http://www.icann.org/en/about/governance/articles>), which requires ICANN to act “through open and transparent processes.”

(c) ICANN’s Bylaws (<http://www.icann.org/en/about/governance/bylaws>). Dish references ICANN’s obligation to “operate to the maximum extent feasible in an open and transparent manner and consistent with procedures designed to ensure fairness” (Art. III, § 1), to “mak[e] decisions by applying documented polices neutrally and objectively, with integrity and fairness (Art. 1, § 2.8), and “not to apply its standards, policies, procedures, or practices inequitably or single out any particular party for disparate treatment unless justified by substantial and reasonable cause, such as the promotion of effective competition (Art. II, § 3).

Dish is not suggesting here that the dispute resolution procedures set out in Module 3 of the Applicant Guidebook, or the attached Procedure, were not followed. To the contrary, Dish is asserting that if the procedures are followed – *i.e.*, ICANN accepts the findings of the Panel pursuant to Section 3.4.6 of the Applicant Guidebook – ICANN will in some way be in violation of its mandate to act transparently and fairly. Dish’s conclusions in these respects are not accurate and do not support Reconsideration.

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 input from participants around the globe led to numerous and significant revisions of each 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 legal rights 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. (Applicant Guidebook, Section 3.5.2 & Section 3.3.2; Procedure, Art. 1(d).) Applicants are evaluated against transparent and predictable criteria, and the procedures are designed to ensure fairness.

Dish's attempt to claim here that the procedures set forth in the Applicant Guidebook, which followed years of inclusive policy development and implementation planning, are inconsistent with ICANN's Articles of Incorporation and Bylaws (or the recommendations of the GNSO) is not supported and must be rejected. The Applicant Guidebook sets out the standards used to evaluate and resolve objections. The Expert Determination shows that the Panel followed the evaluation standards. ICANN's acceptance of that Expert Determination as advice to ICANN is also in accordance with the established process. (Applicant Guidebook, Section 3.4.6.) Dish's disagreement as to whether the standards should have resulted in a finding in favor of DirecTV's objection does not mean that ICANN (or the Panel) violated any policy or process in reaching the decision (nor does it support a conclusion that the decision was actually wrong).

Dish further contends that DRSP panels are taking "diverse and sometimes opposing views in their decision-making." (Request, Section 8, Page 5.) Dish claims that ICANN's failure to provide a mechanism for redress for erroneous and inconsistent DRSP panel decisions is contrary to ICANN's mandate to act with fairness, and prevents Dish (and other applicants) from challenging erroneous and inconsistent decisions in a "non-arbitrary and non-

discriminatory fashion.” (Request, Section 8, Page 5.) For the same reasons as stated above, ICANN’s purported inaction in implementing certain quality controls does not demonstrate a violation of any ICANN policy or process.

While parties to a dispute resolution proceeding may not always be satisfied with the determinations of the DRSP panels – and there may be divergence in the conclusions reached between the various panels – the Reconsideration process is not intended to reexamine the established dispute resolution process. Dish’s belief that the objection and dispute resolution procedures should be changed does not constitute a policy or process violation that supports reconsideration.

IV. Recommendation and Conclusion

Based on the foregoing, the BGC concludes that Dish has not stated proper grounds for reconsideration and we therefore recommend that Dish’s Request be denied without further consideration. Based on the information available, Dish’s request for the provision of additional information as well as the request for a hearing both have the potential to put before the BGC additional information that only challenges the substantive ruling of the DRSP, as the record before the BGC makes clear that no policy or process has been identified that the Panel or ICANN failed to follow. As a result, Dish’s request for an opportunity to respond to the BGC, as well as the request for a hearing, do not have the potential to bring before the BGC additional material information that is relevant to the evaluation of this Request and we therefore recommend they be denied.

As there is no indication that either the Panel or ICANN violated any policy or process in reaching or accepting the determination sustaining DirecTV’s objection, this Request should not proceed. If Dish thinks that it has somehow been treated unfairly in the process, and the Board

(through the New gTLD Program Committee) adopts this Recommendation, Dish is free to ask the Ombudsman to review this matter.

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