

RECOMMENDATION OF THE BOARD GOVERNANCE COMMITTEE

RECONSIDERATION REQUEST 13-3

16 MAY 2013

On 19 April 2013, the GNSO Noncommercial Users Stakeholders Group (the “NCSG”), through Robin Gross, submitted a reconsideration request (“Request”) to the Board Governance Committee (“BGC”). The Request asked the Board to reconsider the ICANN staff action of 20 March 2013 regarding “Trademark Claims Protection for Previously Abused Names.”

I. Relevant Bylaws.

This Request was submitted under the Bylaws effective 20 December 2012. Article IV, Section 2.2 of that version 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.

When challenging a staff action or inaction, a request must contain, among other things, “a detailed explanation of the facts as presented to the staff and the reasons why the staff’s action or inaction was inconsistent with established ICANN policy(ies).” Bylaws, Art. IV, § 2.6(g).

Dismissal of a request for reconsideration is appropriate if the BGC finds that the requesting party does not have standing because it failed to satisfy the criteria set forth in the Bylaws. Bylaws, Art. IV, § 2.16. 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, but that it is limited to situations where the staff acted in contravention to established policies.

The Request was received on 19 April 2013, which makes it timely under the Bylaws. Bylaws, Art. IV, § 2.5. The Bylaws require that the BGC publicly announce by 19 May 2013 its intention either to decline to consider or to proceed to consider the Request. Bylaws, Art. IV, § 2.9.

II. Background.

In June 2008, the Board adopted the GNSO's policy recommendations on the introduction of new gTLDs. On rights of others, the GNSO recommendation stated:

Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law. Examples of these legal rights that are internationally recognized include, but are not limited to, rights defined in the Paris Convention for the Protection of Industry Property (in particular trademark rights), the Universal Declaration of Human Rights (UDHR) and the International Covenant on Civil and Political Rights (ICCPR) (in particular freedom of expression rights).

ICANN Generic Names Supporting Organisation Final Report Introduction of New Generic Top-Level Domains, at <http://gns0.icann.org/en/issues/new-gtlds/pdp-dec05-fr-part-08aug07.htm>, adopted by the Board at

<http://www.icann.org/en/groups/board/documents/resolutions-26jun08-en.htm>.

On 20 March 2013, ICANN posted a Memorandum regarding the TMCH Strawman Solution (available at <http://newgtlds.icann.org/en/about/trademark-clearinghouse/strawman-solution-memo-20mar13-en.pdf>) that set out the implementation decisions reached on a variety of issues relating to the Trademark Clearinghouse (“Clearinghouse” or “TMCH”). The Clearinghouse, a cornerstone to some of the rights protection mechanisms within the New gTLD

Program, has long been a topic of community conversation. Leading up to the posting of the Memorandum, in November 2012, a group of community stakeholders developed a “Strawman Solution” (or “Strawman”) regarding implementation of the Clearinghouse and its associated rights protection mechanisms. The Strawman proposal was posted for public comment on 30 November 2012, at <http://www.icann.org/en/news/public-comment/tmch-strawman-30nov12-en.htm>. While the Strawman Solution was still out for public comment, via a 4 December 2013 email from ICANN’s President and CEO, ICANN sought the GNSO’s guidance on the proposal.

One of the portions of the Strawman proposal stated: “Where there are domain labels that have previously determined to have been abusively registered or used (e.g., as a result of a UDRP or court proceeding), a limited number (up to 50) of these may be added to a Clearinghouse record (i.e., these names may be mapped to an existing record for which the trademark has already been verified by the Clearinghouse). Attempts to register these as domain names will generate the Claims notices as well as the notices to the relevant rights holders (for both Claims 1 and 2).” See Strawman at <http://newgtlds.icann.org/en/about/trademark-clearinghouse/strawman-solution-03dec12-en.pdf>, page 3.

On 28 February 2013, Jonathan Robinson, the Chair of the GNSO, submitted a letter to ICANN’s President and CEO regarding the Strawman Solution. See <http://gnsso.icann.org/en/node/36783>. The Chair of the GNSO reported that “the majority view of the Council is that the proposals on changes to the TMCH implementation amount to an expansion of trademark scope. We believe that this . . . make[s] them a matter of policy, not implementation.” (Letter, page 2.) In reference to the previously abused names issue, the GNSO Chair reported that “the majority of the council finds that this proposal is best addressed as a policy matter, where the interests of all stakeholders can be considered.” (Letter, page 4.)

After review of the public comment, ICANN's 20 March 2013 Memorandum set out ICANN's determination on the implementation of all portions of the Strawman proposal. On the "previously abused names" issue, the Memorandum stated:

Having reviewed and balanced all feedback, this proposal appears to be a reasonable add-on to an existing service, rather than a proposed new service. Given that domain names would only be accepted for association with an existing Clearinghouse record, and only on the basis of a determination made under the UDRP or national laws, the proposal would not require any adjudication by the Clearinghouse. Additionally, the provision of notifications concerning associated domain names would not provide sunrise or other priority registrations, nor have a blocking effect on registration of these names by any party.

It is difficult to justify omission of a readily available mechanism which would strengthen the trademark protection available through the Clearinghouse. Given that the proposal relies on determinations that have already been made independently through established processes, and that the scope of protection is bounded by this, concerns about undue expansion of rights do not seem necessary.

Based on this analysis, ICANN intends to proceed with implementing this aspect of the proposal.

Memorandum, at <http://newgtlds.icann.org/en/about/trademark-clearinghouse/strawman-solution-memo-20mar13-en.pdf>, page 3. The NCSG noted its concern with the previously abused names issue in a public comment submitted on 14 January 2013. See <http://forum.icann.org/lists/tmch-strawman/msg00029.html>.

III. The NCSG's Request for Reconsideration.

The NCSG seeks reconsideration of the ICANN staff decision to allow trademark holders to include, along with a Clearinghouse record of a verified trademark, up to 50 names that previously had been found to have been abusively registered or used. The NCSG requests that ICANN "revert[s] back to the 'exact match' trademark protection policy contained in the Applicant Guidebook."

IV. Stated Grounds For The Request.

The grounds for the Request are as follows:

- The previously abused name expansion is a “staff developed policy” in that the “issue at hand is one of policy and not one of implementation.”
- To the extent that staff rejected the GNSO recommendation on this issue, the Bylaws require that a specific procedure be followed, and that was not done here.
- Staff’s action was in contravention of the Affirmation of Commitments, which requires “detailed explanations of the basis of decision, including how comments have influenced the development of policy considerations.”

A. The NCSG Asserted that the Action Resulted in “Staff-Developed Policy.”

Fundamental to the NCSG’s Request is its argument that staff’s decision to allow previously abused names to be added to verified trademark records in the Clearinghouse was a matter of policy, rather than implementation. (Request, page 5.)

In an effort to support its argument, the NCSG first refers to a 19 September 2012 letter from Fadi Chehadé to members of the U.S. Congress, where the President and CEO states that the TMCH “is a repository for existing legal rights” and states that expansion to allow additional forms of the name, such as the mark plus generic term request from the Congress, could “potentially expand rights beyond those granted under trademark law and put the Clearinghouse in the role of making determinations as to the scope of particular rights. The principle that rights protections ‘should protect the exiting rights of trademark owners, but neither expand those rights nor create additional legal rights by trademark law’ was key to the work” of developing the rights protection mechanisms.” (Request, citing 19 September 2012 Letter from Fadi Chehadé, at <http://www.icann.org/en/news/correspondence/chehade-to-leahy-et-al-19sep12-en>.)

Based on this, the NCSG claims that the development of the previously abused names provision “causes the [TMCH] to act precisely in the way Mr. Chehadé claimed it would and should not.... ICANN policy, it was then claimed, simply would not allow for the creation of new legal rights expanding the scope of the trademark law in the context of the [TMCH].” (Request, Page 5.)

The NCSG also argues that various statements made by both ICANN’s GNSO and ICANN’s President and CEO establish the *policy* nature of this decision. For instance, the Strawman proposal states “the inclusion of strings previously found to be abusively registered in the Clearinghouse for purposes of Trademark Claims can be considered a policy matter.” (Request, at page 5, citing Strawman, at page 4.) This line was re-stated in a 26 November 2012 blog post by the President and CEO. (Request, at page 5, citing <http://blog.icann.org/2012/11/a-follow-up-to-our-trademark-clearinghouse-meetings/>.) When the President and CEO requested input from the GNSO on this issue, Mr. Chehadé requested “policy guidance” from the GNSO. (Request, at page 5, citing 4 December 2012 email from Fadi Chehadé at <http://gns0.icann.org/mailing-lists/archives/council/msg13964.html>.) And when replying to Mr. Chehadé, the GNSO Chair stated that “the majority of the council feels that this proposal is best addressed as a policy concern.” (Request, at page 5, citing Letter from Jonathan Robinson.)

B. The NCSG Asserted that the Action Follows “No Known” Policy or Procedure.

The NCSG also claims that the 20 March 2013 decision to allow previously abused names to be added to verified trademarks in the Clearinghouse ignored the GNSO’s input on this issue, was provided without any rationale for ignoring the GNSO Council, and followed “no known established ICANN policy or procedure.” Specifically, the NCSG argues that staff improperly ignored the GNSO’s recommendation by stating that the proposal on previously

abused names “appears to be a reasonable add on to an existing service, rather than a proposed new service.”

C. The NCSG Asserted that the Action Violates the Bylaws Consultation Process and the AoC.

Finally, although the NCSG acknowledges that GNSO policy recommendations do not always have to be accepted, the NCSG claims that the Board is obligated to follow the Bylaws-mandated procedure at Annex A, Section 9 prior to taking action in contravention to the GNSO Council and that no such procedure was undertaken here. (Request, page 6.) In addition, the NCSG asserts that the cross-community deliberation that occurred within the GNSO (either to develop the TMCH standards prior to the Strawman proposal, or in the provision of policy guidance related to the Strawman proposal) was ignored in contravention to the Affirmation of Commitments (“AoC”). (Request, pages 6-7.) In Section 7 of the AoC, ICANN commits to adhere to “cross-community deliberations, and responsive consultation procedures that provide detailed explanations of the basis for decisions, including how comments have influenced the development of policy consideration,” and the NCSG says that this was not done here.

D. How NCSG and Others Will be Adversely Affected.

The NCSG claims that noncommercial users will be materially affected by the staff action because it “presumes” that because a mark was deemed to have been infringed at one time that “every subsequent use of that trademark by every subsequent person is also an infringement.” (Request, page 2.) The NCSG argues that including these previously abused names “does not allow for differentiations in context,” is a “significant departure from the balance struck between trademark holders and noncommercial users of words in domain names,” and “will be particularly injurious to noncommercial users.” (*Id.*) The NCSG further argues that

this will have a “chilling and pre-emptive effect on noncommercial speech” due to the “new legal risks” that prospective registrants will face if a claim process is initiated through the TMCH, “despite [the non-commercial user’s] intended use of the domain being perfectly legal and non-infringing.” (*Id.*) Continuing, the NCSG claims that users may face increased costs and liability under some national laws in seeking to register certain domain names and may face liability. (*Id.*, at page 3.)

The NCSG also claims that those outside of the noncommercial arena will also be adversely affected if this decision stands. First, “small commercial users will face many of the same challenges as noncommercial users.” Second, the NCSG states that this decision will increase Registry Operators’ compliance costs, because it will reduce the number of names available for sale, as well as the costs in lost sales from those who are “frightened away from completing their lawful registration after having received the TMCH infringement notice.” Third, this is a deviation from the Applicant Guidebook, on which applicants relied, and could result in costs based on changes to business plans. Finally, the NCSG argues that allowing the “hierarchical top down staff driven policy” to stand will adversely impact volunteers’ “belief in ICANN’s adherence” to the bottom-up consensus-based multistakeholder model.

V. Request for Stay.

The NCSG does not request a stay in the event the Board “adheres to the reconsideration timeline,” which is expected to allow for this issue to be resolved prior to new TLDs going live. In the event that new TLDs will go live before the Board has an opportunity to complete its review of the Request, a temporary stay may be necessary to prevent the types of injury identified within the Request. (Request, page 4.)

VI. Analysis of the Request.

In our opinion, the fundamental question behind this Request is whether staff's action was one of implementation of existing policy or the creation of new policy. If the staff action is one of creation of new policy, Reconsideration is well-taken here. If the staff action is one of implementation of existing policy, then ICANN's processes were followed, and there is no further merit to the Request. As a result, the BGC will consider whether the action is a creation of new policy or implementation of existing policy. Based upon the record set forth in the Request, it is also our opinion that there is sufficient information to proceed to consideration of this matter now and we conclude that the staff action at issue here was one of implementation of existing policy, and not creation of new policy.

This Request is largely built on two companion premises: (1) there was established policy within ICANN on the Clearinghouse (the "exact match" baseline in the Applicant Guidebook) and staff changed this policy through inappropriate procedures; and/or (2) even if there was not existing policy on the Clearinghouse, the questions of which records are appropriate for inclusion within the Clearinghouse could be a matter for policy development, therefore staff action regarding the expansion of the number of records that are attendant to a verified mark in the Clearinghouse is therefore a creation of new policy.

A. Statements of Potential Policy Applicability Are Not Determinative.

To support its assertion that staff's decision on the previously abused name issue was creation of new policy – and not implementation – the NCSG relies on a series of statements from ICANN's GNSO and ICANN's President and CEO regarding the Clearinghouse. First, the NCSG states that the 19 September 2012 letter from Fadi Chehadé to members of Congress sets forth a "policy" on the scope of the TMCH, in its refusal to expand the TMCH to marks plus generic terms, or other areas where the TMCH would be responsible for making "determinations

as to the scope of particular rights.” The NCSG fails to explain, however, is how ICANN policy can be created through a proclamation in a letter to Congress without following ICANN policy development procedures. To be clear, ICANN cannot create policy in this fashion.

Even accepting the NCSG’s position that this statement should be considered a documented “policy” of ICANN, the action in allowing for previously abused names to be entered into the records in the Clearinghouse does not run afoul of this “policy.” The inclusion of up to 50 names in the record for a verified trademark does not require the Clearinghouse to make *any* determinations as to the scope of trademark protections or rights. Only those names that have been independently determined (for example by a UDRP provider) to be abusively used or registered may be included into the Clearinghouse records. This is far different from giving the Clearinghouse provider subjective allowance to add on generic terms or other identifiers to a trademark, without any external or objective limitations.

The NCSG’s Request can also be read to claim that moving away from the “exact match” standard is a change of policy, based on ICANN’s statements in the Strawman proposal and an associated blog post, each stating: “the inclusion of strings previously found to be abusively registered in the Clearinghouse for purposes of Trademark Claims *can* be considered a policy matter.” But this statement merely reflects that some in the community have raised the possibility that the inclusion of records for previously abused names could be a policy matter. The views of these community members, while important, are not determinative of what is, or is not, ICANN policy.

Nor is ICANN’s 4 December 2012 email to the Chair of the GNSO, seeking “policy guidance” relating to the previously abused names issue, persuasive on this front. Admittedly, the term “policy guidance” may be an inartful phrase that does not appear to be defined within

ICANN. Indeed, similar requests have gone to the GNSO before. For example, on 12 October 2009, ICANN sent a letter to the GNSO Council (<http://gns0.icann.org/correspondence/beckstrom-to-gns0-council-12oct09-en.pdf>) seeking input on the “policy implications” of staff’s proposed implementation of the rights protection mechanisms for the New gTLD Program. The resulting work of the GNSO was not deemed to be policy recommendations of the GNSO, but guidance on the implementation of rights protection mechanisms as called for in Recommendation 3 of the GNSO recommendations. While ICANN would surely benefit from better-defined terms for the input it seeks from the GNSO or other parts of that community, the use of inartful terms is not determinative of whether something is policy or implementation.¹

Similarly, the Chair of the GNSO Council’s response that the previously abused name issue is “best addressed as a policy concern” does not make staff’s limited implementation of the proposal into a “staff-developed policy.” In fact, the policy/implementation nature of this decision is not clear-cut to all within the ICANN community. For example, the Intellectual Property Constituency supported the proposal as “not an expansion of rights but merely a normal and logical implementation of the accepted rules.” (Reply Comments of the IPC on the Strawman, at <http://forum.icann.org/lists/tmch-strawman/pdfIKSGUcaRT3.pdf>.)

At bottom, the only policy associated with the Clearinghouse is the Board’s 2008 adoption of the GNSO’s policy recommendations on the introduction of new gTLDs. On rights of others, Recommendation 3 stated:

¹ There is an ongoing discussion within the ICANN community regarding Policy v. Implementation, including a paper that was posted for public comment (<http://www.icann.org/en/news/public-comment/policy-implementation-31jan13-en.htm>), and sessions at ICANN’s Toronto and Beijing meetings. That dialogue is still in the formative stages.

Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.

Examples of these legal rights that are internationally recognized include, but are not limited to, rights defined in the Paris Convention for the Protection of Industry Property (in particular trademark rights), the Universal Declaration of Human Rights (UDHR) and the International Covenant on Civil and Political Rights (ICCPR) (in particular freedom of expression rights).

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The staff action to allow trademark holders to include, along with a Clearinghouse record of a verified trademark, up to 50 names that had previously been found to have been abusively registered or used, is implementation of the established ICANN policy found in Recommendation 3, as are the other rights protections mechanisms within the New gTLD Program.

While the GNSO and staff have indicated that definition of the types of records appropriate for inclusion within the Clearinghouse *could be* the subject of GNSO policy development, there are not, to date, any policies within ICANN that specifically relate to this issue. Clearinghouse policy was not created by the Applicant Guidebook, the CEO's letter to the U.S. Congress, by statements in blog posts or by letters exchanged with the GNSO. As staff is further refining the multi-year implementation work on the Clearinghouse that resulted from Recommendation 3 of the GNSO policy, the staff action is, in our opinion, a clear matter of implementation of existing policy.

B. The NCSG's Claim of a Potential Bylaws Violation Is Without Merit.

The NCSG raises a separate issue with staff's determination to move forward in potential contravention to the GNSO Council letter, and not treating the previously abused names issue as a policy issue. The NGPC calls for the invocation of the process embedded in Annex A of the ICANN Bylaws, which defines the Board Approval Process for recommendations arising out of the GNSO policy development process. (Bylaws, Annex A, Section 9, at <http://www.icann.org/en/about/governance/bylaws#AnnexA-9>.) There is *no defined policy or process within ICANN* that requires Board or staff consultation with the GNSO Council if the Board or staff is acting in contravention to a statement made by the GNSO Council outside of the Policy Development Process. Therefore, even if staff's action here was in direct contravention to the GNSO Council statement in a letter, the Bylaws requirement for consultation does not apply, and no policy was violated.

C. No Violation of the Affirmation of Commitments is Stated.

Finally, the NCSG's claims that staff's "ignoring" of the GNSO Council statement, and providing "no substantive explanation of the policy created unilaterally," demonstrate that staff acted in violation of the Affirmation of Commitments when deciding to accept the previously abused names proposal. But even assuming that this is a policy-related decision to which this provision of the AoC applies, staff provided a rationale for its decision. In the 20 March 2013 Memorandum, staff identified the main objections to the proposal, citing that some (including the GNSO Council) believe that this is a policy concern, and then explained that those comments were weighed in light of all feedback as well as the actual scope of the protection that is implemented through the decision. (Memorandum, pages 2-3.) That the NCSG disagrees with staff's decision, as well as the rationale provided, does not mean that a rationale was never provided. Moreover, while ICANN supports the outcomes of cross-community consultations,

nowhere is it defined which portions of those consultations that ICANN must adopt and which it must reject. All work within ICANN reflects careful balancing of a variety of inputs, and this decision is no different.

D. ICANN Process for Implementation Decisions is Clear and Was Followed.

In addition, the Request's claim that in taking this action ICANN staff acted "unilaterally and following no known established ICANN policy or procedure" is not supported. It is long established within ICANN that after public comment, the inputs are summarized and weighed, and a decision is reached. This is the case for Board and staff actions, and the staff process is: (i) evaluation of the comments received on the proposal for previously abused names; (ii) subsequent weighing of those inputs; and (iii) announcement of how it would proceed, is a regular part of ICANN's processes. That is exactly what happened here.

VI. Analysis of Request for Stay.

We agree that this Request can reach conclusion prior to any TLDs entering the root. As a result, no stay is requested or required at this time. In the event evaluation of this Request is extended, further consideration analysis will be undertaken to determine if a stay is necessary.

VIII. Recommendation And Conclusion.

Because the NCSG has raised a question as to whether or not the staff action complained of is a matter of implementation of existing policy or creation of new policy, the BGC concludes that it is proper to consider the Request based on the existing record. After such consideration, the BGC concludes that staff's action was an implementation of existing policy, and not creation of new policy. Furthermore, the NCSG has not identified any other policies or procedures that the staff failed to follow in taking the decision. The BGC therefore recommends that no further consideration of the Request is warranted.

The Request, however, does demonstrate the import of the ongoing work within the ICANN community regarding issues of policy versus implementation, and the need to have clear definitions of processes and terms used when seeking community guidance and input. As such, we believe it is advisable for the Board to pay close attention to the policy/implementation debate, and to make sure that the issues raised within this Request be part of that community work.