

Com Laude Briefing Note March 2009



To accompany version two of the Draft Applicant Guidebook

New gTLDs - ICANN slows and consults on RPM

ICANN, the Internet Corporation for Assigned Names & Numbers, has embarked on a programme of expansion that will see the domain name system grow dramatically with the introduction of hundreds of new generic Top Level Domains (gTLDs)¹.

If ICANN succeeds then in five years time, the 250 country code (ccTLDs) registries of today could be overshadowed by a thousand or more gTLD registries run by entrepreneurs and affinity groups, cities and even brands. The business of protecting trade marks in the domain name system will change forever as the number of registered domains expands from 170 million to 250 million, maybe many more.

In a First Draft Applicant Guidebook (DAG) published at the end of October 2008², Paul Twomey, President and CEO of ICANN, set out his vision of a domain name system no longer "constrained by only 21 gTLDs". The fact that no-one outside the ICANN "family" of organisations with a commercial interest in the expansion of the domain name system had called for this expansion had not bothered ICANN very much until over 300 brand owners, IP and industry associations and national governments submitted a range of comments on the First DAG.

As a result ICANN has slowed down. The proposed launch date of the application process has been put back from June 2009 by at least six months, maybe more. In the Second DAG³, published on 18 February 2009 along with a 155 page analysis of the comments on the First DAG, Paul Twomey says, "There have been a number of overarching issues raised in the comment process that require further work including Trade Mark Protection, Security & Stability, Malicious Conduct and Demand/Economic Analysis. It is very important to take the time

to resolve these overarching issues. DNS stability, user protection, and trademark rights must not be undermined by the introduction of new gTLDs. As a consequence it is unlikely that the application round will open before December 2009".

Soon afterwards, at the 34th ICANN Open Meeting in Mexico City on 6 March 2009, the Board of ICANN approved the establishment of a so-called Implementation Recommendation Team (IRT) to be formed by the Intellectual Property Constituency of ICANN to develop solutions to the first of these "overarching issues", namely trademark protection in connection with the introduction of new gTLDs⁴. The IRT has been asked to draft a report by 24 April 2009 for comment and to produce a final report no later than 24 May so it can be considered at ICANN's Sydney meeting in June.

"The Board has clearly heard and believes strongly that the concerns of trademark holders must be addressed before this process is opened for applications," said ICANN Chairman Peter Dengate Thrush. *"The establishment of this team is an attempt to get proposed solutions from the people with skill in trademark protection and other issues."*

In plain English, the IRT is charged with the task of developing an implementable practical mechanism so that trade mark owners do not have to file defensive registrations at the second level in every new gTLD registry. The team will undoubtedly look closely at the idea of creating one registry of pre-validated IP rights that gTLD registry operators can access whilst running their pre-launch Rights Protection Mechanisms. Deloitte demonstrated such a system at the Mexico City ICANN meeting based on the validation systems used for the .eu, .mobi, .asia, .me and .tel Sunrises.

WIPO are getting in on the act too. In addition to being the sole supplier of Legal Rights Objection services to those who wish to challenge an applicant for a new gTLD at the Top Level

¹ gTLDs are generally three letter domains such as .com, .net or .org that anyone anywhere in the world who meets the registry requirements is free to register.

² ICANN New gTLD Website: <http://www.icann.org/en/topics/new-gtld-program.htm>

³ Second Draft Applicant guidebook: www.icann.org/en/announcements/announcement-3-18feb09-en.htm

⁴ www.icann.org/en/minutes/resolutions-06mar09.htm#07

- a preventative measure so that rights owners can challenge someone wishing to run a registry that corresponds with their mark - it wants to develop curative measures for infringing registration at the second level. In a letter⁵ to ICANN on 13 March 2009, Erik Wilbers, Director of the WIPO Arbitration & Mediation Centre writes: "Such a WIPO procedure would be made applicable through new gTLD registry agreements, which would provide trademark holders with a mechanism to protect their rights in the post-delegation conduct of the new gTLD, by filing an administrative case against a registry whose manner of operation is considered to cause or materially contribute to trademark infringement. WIPO's proposals also aim to encourage best practices by registries, particularly with regard to the widespread availability and use of fair and effective notice and take down options for rights holders"

The remedies that WIPO suggests are far-reaching, partly based on the idea that liability attaches through wilful blindness: "The Panel may, in its sole discretion, order appropriate remedies including (i) transfer, cancellation or locking of domain name registrations, (ii) injunctive relief (such as prohibition against registration of domain names identical or similar to complainant's marks), (iii) implementation of appropriate Rights Protection Mechanisms, (iv) termination of contracts with selected registrars, or (v) a recommendation to ICANN that the Panel determines to be appropriate, such as operational sanctions (including without limitation an order temporarily restricting the registry operator's right to sell new registrations), or (vi) a recommendation to ICANN for termination of the agreement with the registry operator"

What of the other three "overarching issues"?

Scale & Demand: Many commentators have been concerned about the impact the new gTLDs will have in a time of global economic crisis. Fulfilling a commitment first made back in 2007 to investigate this before launching new gTLDs, ICANN commissioned two reports⁶ from a University of Chicago Economics Professor. In the first entitled "Preliminary Report of Dennis Carlton Regarding Impact of New gTLDs on Consumer Welfare," Professor Carlton states: "I conclude that ICANN's proposed framework for introducing new TLDs is likely to improve consumer welfare by facilitating entry and creating new competition to the major gTLDs such as .com, .net, and .org. Like other actions that remove artificial restrictions on entry, the likely effect of ICANN's proposal is to increase output, lower price and increase innovation. This conclusion is based on the fundamental principles that competition promotes consumer

welfare and restrictions on entry impede competition."

In his second report titled, "Preliminary Analysis Regarding Price Caps for New gTLD Internet Registries," Professor Carlton addresses pricing issues associated with new TLDs. He states "I conclude that price caps or ceilings on prices charged by operators of new gTLD registries are unnecessary to insure competitive benefits of the proposed process for introducing new gTLDs". A public forum is open for comments⁷ on both these reports and currently overflows with attacks on the methodology, the scale and speed with which these reports were conducted. However, ICANN apparently feels it has done enough to justify its new gTLD programme.

Security & Stability: Four major ICANN projects will be reaching a critical point in the next year, namely the introduction of new IDNs, DNSSEC (an extension of the DNS system to improve security), IPv6 (a protocol that expands the availability of IP addresses) and new gTLDs. Is it wise for ICANN to introduce so much change in such a short time frame? Addressing this point, the ICANN Board has asked for a revised version of the IDN Implementation Plan to be prepared for the end of this year and for staff to press ahead with the recommendation of the Security Advisory Committee that DNSSEC is deployed as soon as practically possible. Meanwhile, the DNSSEC Industry Coalition, a global group of registries and industry experts whose mission is to work collaboratively to facilitate the adoption of "Domain Name Security Extensions," is continuing to expand with the creation of a Registrar Review Team. Members will work together to establish a consistent set of tools and applications, shared best practices and specifications, with the aim of enhancing DNS security and stability.

Malicious Content: Will a dramatic increase in the number of registries lead to a corresponding increase in malicious behaviour from on-line counterfeiting to phishing? At the Mexico Open Meeting there was an "e-Crime Forum" looking at how e-Crime online works and how it relates to the DNS. ICANN needs to take this issue seriously. It has also been petitioned by a group of activists who participated in the Forum who wish to form a CyberSafety Constituency to contribute to ICANN's policy development process. In its application to ICANN, Cheryl Preston, Edwin M. Thomas Professor of Law at Brigham Young University says, "This new constituency will be organized around both an interest in Internet security, and around a community of previously unrepresented users, including parents, children, women, cultural organizations, religions, and others"⁸

⁵ <http://www.wipo.int/export/sites/www/amc/en/docs/icann130309.pdf>

⁶ <http://www.icann.org/en/announcements/announcement-04mar09-en.htm>

⁷ www.icann.org/en/public-comment/public-comment-200904.html#compri

⁸ <http://gns0.icann.org/en/improvements/cyber-safety-petition-charter-letter-28feb09.pdf>

It now appears that the roadmap for the introduction of the new gTLDs features the following stages:

- Comment period open on the Second DAG until 13 April 2009
- IRT to deliver final report on Rights Protection Mechanisms by 24 May 2009
- 3rd DAG to be published at the end of June 2009, in time for the ICANN Sydney Open Meeting
- Further Comment Period on 3rd DAG
- Launch of four month "Outreach and Communication Programme" to promote the New gTLD Programme to potential applicants
- Publication of "A Request For Proposals for New gTLDs"(the Final Application Guidebook) in December 2009 or Quarter 1 of 2010
- Applications Open for 45 days from date of publication of Guidebook

What can be made of the decision of ICANN to slow the process whilst prioritising IP matters? It can be read as a wise response to genuine concerns from the business community and the US Government. However, taken with the resignation of CEO Paul Twomey, who announced in Mexico City on 2 March 2009 that he would not be seeking a third three year term when his contract expires on 1 July 2009, though he will stay on until at least December to mentor his successor, then perhaps ICANN is awakening to the fact that the new gTLD programme threatens to bring cost and confusion in equal proportion to any benefits, at least initially.

For further information on anything in this article, contact **nick.wood@comlaude.com**. To learn about the consultancy service Com Laude's sister company Valideus is providing to help law firms, IP owners and public agencies tackle the new gTLD phenomena, go to **www.valideus.com**.