

December 4, 2014

Seven Key Takeaways From ICANN 51 in Los Angeles

By [Brian J. Winterfeldt](#), [Phillip V. Marano](#) and [Griffin M. Barnett](#)

The 51st international meeting of the Internet Corporation for Assigned Names and Numbers (ICANN) formally concluded on Thursday, October 16, 2014, in Los Angeles. As always, the ICANN community discussed several high-profile topics during the meeting, all of which are relevant to registry operators, new generic top-level domain (gTLD) applicants and brand owners alike, including: two-character names and geographic names; string confusion objection review, indirect contention, and auctions; domain name collision mitigation and trademark sunrise protections; internet governance and accountability mechanisms; planning for subsequent new gTLD rounds; Rights Protection Mechanisms (RPMs); and the ongoing Generic Names Supporting Organization (GNSO) Review. Our new gTLD team has closely examined developments at the meeting and carefully distilled the following high-level takeaways on these subjects, which have continued to blossom and garner further attention since the meeting.

1. Two-Character Names and Geographic Names

Currently, under Specification 5 of the new gTLD Registry Agreement, registry operators must reserve two-character strings from registration at the second level. To date, ICANN has permitted individual registry operators to seek permission to allocate these names by submitting Registry Service Evaluation Process (RSEP) requests on a case-by-case basis. Given the high volume of such requests, during ICANN 51, ICANN indicated its willingness to consider a new process other than RSEP to review requests for “new services” such as the release of two-character domain names that can be triggered under the Registry Agreement or for those services that already have obtained ICANN approval. The Governmental Advisory Committee (GAC) provided its advice on two-character strings in its Los Angeles Communiqué, and since ICANN 51, ICANN has announced a new procedure for approving registry operators to release two-character strings at the second level, taking into account the GAC advice. This new procedure is expected to be implemented as of December 1, 2014. We have long advocated for the efficient release of two-character strings at the second level, and believe that the new procedure announced by ICANN will help streamline the process for new gTLD registry operators.

Similarly, under Specification 5 of the new gTLD Registry Agreement, registry operators also must reserve country and territory names from registration at the second level. As with two-character strings, ICANN has permitted individual registry operators to seek permission to allocate country and territory names by submitting RSEP requests on a case-by-case basis. A few months before ICANN 51, Neustar submitted the first such RSEP to allow it to release country and territory names at the second level in its .NEUSTAR TLD. Prior to ICANN 51, ICANN opened a public comment period to solicit community feedback on Neustar’s request, which is viewed as a test case for all new gTLD applicants, and in

If you would like to discuss any of these topics and their possible impact on your organization, or would like assistance in monitoring developments and/or engaging in advocacy within ICANN, please contact Brian J. Winterfeldt.
+1.202.625.3562
brian.winterfeldt@kattenlaw.com

particular for new .BRAND applicants. Ahead of ICANN 51, the GAC signaled its intent to consider this issue in conjunction with its consideration of the issue of two-character strings. The GAC indicated in its Los Angeles Communiqué that it will continue to review the use of country and territory names at the second level, and advise the ICANN Board in due course. As with two-character strings, we also have long advocated for the efficient release of country and territory names at the second level. We are hopeful that ICANN will respond favorably to the Neustar RSEP, paving the way for other new gTLD applicants to be able to more freely release these names.

In addition to this discussion of the use of country and territory names at the second level, ICANN 51 saw significant discussion surrounding the recent “Argentina proposal” promulgated by a sub-group of the GAC. These proposed amendments to the Applicant Guidebook for future rounds of new gTLDs would prohibit any geographic name from serving as a new TLD unless the applicant first obtains the consent of the relevant government or community. During a public session on the proposal, community representatives expressed general opposition to the proposal in its current form. Comments related to the need to distinguish a geographical indication from a geographical name, the need for a clear definition of “public interest,” burdensome restrictions on the rights of IP rights holders, the limits of international law, the territorial nature of national sovereignty, and the overly broad and vague scope of the proposal, among others.

Intellectual Property Constituency (IPC) representatives explained,

The restrictions set forth in the proposal would prejudice and disadvantage intellectual property rights that are explicitly recognized under international law and existing treaties. Secondly, there is no basis in international law for the governmental consent requirements set out in the proposal, and in practice, this would be unworkable on a large scale. Third, as trademark rights are territorial, so is national sovereignty. International law does not confer priority on governments relating to the use of geographical names outside of their borders. Any such international protection or exclusivity would be derived only from international treaties—the same treaties that require nations to provide protections for private parties’ intellectual property rights.

The IPC indicated that it was preparing full, written comments that it would transmit by the appropriate deadline. All participants were strongly encouraged to submit written comments on the proposal by December 31, 2014, for consideration by the sub-group. We are working with our IPC and other colleagues to prepare comments advocating that the Argentina proposal be rejected, thereby keeping the new gTLD space more open and accessible to future applications.

2. String Confusion Objection Review, Indirect Contention and Auctions

The ICANN New gTLD Program Committee (NGPC) once again discussed string confusion objection review, which effectively would permit parties to appeal seemingly inconsistent independent panel determinations regarding strings that are too visually, aurally and connotatively confusingly similar to each other. During ICANN 51, the NGPC reopened the contention sets for .COM / .CAM and .通販 / .SHOP, after determining that various String Confusion Objection (SCO) panels reviewing the several objections involving these strings inappropriately reached different results. For example, the original SCO panel reviewing Verisign’s (.COM) objection to Rightside’s application for .CAM found that the two strings were too alike to coexist; however, in objections filed by Verisign against two other applicants for .CAM—Dot Agency and AC Webconnecting—a different panelist found that the two strings were not confusingly similar. Similarly, one SCO panelist found .通販 confusingly similar to .SHOP because .通販 means “online shopping” in Japanese. In a different case, another panelist found that .购物 (Chinese for “shopping”) was not confusingly similar to .SHOP.

The NGPC also opined on the .CAR / .CARS SCO results, which it said would have been approved for the review process but for its earlier settlement at private auction. Although this demonstrates some recognition by the NGPC that singular/plural strings are inherently confusingly similar, the NGPC did not deign to open any other SCO outcomes involving singular/plural strings to the review mechanism. Though these developments demonstrate some willingness by the NGPC to open the review process beyond the narrow set of decisions initially approved for potential review, it appears the ICANN Board will continue to restrict access to review mechanisms on an ad hoc basis.

With respect to auctions, ICANN indicated that the schedule is evolving monthly. Just three sets were confirmed for auction at the time of ICANN 51. In general, ICANN would like to see negotiations wrap up about seven days prior to the scheduled auction. Proceeds from ICANN's auctions are being segregated until an appropriate use of the funds has been determined by the ICANN Board with input from the community. ICANN has published a [financial summary](#) detailing costs and proceeds, and will continue to do so monthly. At the time of ICANN 51, there was nearly \$14 million in proceeds from the auctions that had taken place by that time. Since ICANN 51, several additional auctions have taken place and net proceeds now total nearly \$28 million. ICANN stated during the Los Angeles meeting that it would solicit community feedback regarding how it should use money collected from auctions. This may be a valuable opportunity for brand owners to advocate that ICANN dedicate these funds to combatting cybersquatting, lowering RPM-related fees, or other rights protection-related activities. Others in the community, such as new gTLD applicants, also may use that opportunity to advocate for other advantageous uses of the funds, such as a support fund for new registry operators, or even as a partial refund of application fees. While ICANN cannot easily predict the number of ICANN auctions that will occur, since many applicants settle privately and withdraw at the last moment, ICANN nonetheless has scheduled auctions for all eligible contention sets. At the time of ICANN 51, ICANN announced it had finalized auction rules on indirect contention sets and expected to publish the rules in November. Just recently, ICANN published indirect contention set auction rules.

3. Domain Name Collision Mitigation and Trademark Sunrise Protections

Leading up to ICANN 51, ICANN sought public feedback in response to community concern, especially from trademark owners, regarding the inconsistent application of rights protection mechanisms to domains reserved on name collision block lists—many of which correspond to well-known trademarks. During ICANN 51, ICANN reported that they were considering this public input and that a proposal was coalescing that would provide more clarity for registry operators as to how they should release names from name collision block lists while respecting appropriate RPMs. It appeared that ICANN was prepared to accept a joint proposal made by the Business Constituency, IPC and Registry Stakeholder Group, which recommends *inter alia* proactive notification to trademark holders prior to sunrise periods, and two potential sunrise paths, either mirroring original sunrise requirements or launching two batched waves of sunrise period start dates with 10 days advance notice from each registry regarding its intent to join a wave. ICANN has since confirmed that it will, in fact, implement this plan, which will require registry operators to take certain steps to ensure they are satisfying the modified sunrise requirements for releasing name collision names from their particular registry's block lists. Brand owners with name collision block list names matching their trademarks should also be prepared to take advantage of these modified sunrise periods to ensure they are able to obtain early registration for these names.

4. Internet Governance and Accountability Mechanisms

During ICANN 51, the community continued to focus on issues of internet governance and ICANN accountability in the wake of the National Telecommunications and Information Administration (NTIA), announcement regarding the transition of Internet Assigned Numbers Authority (IANA) functions. This meeting saw the chartering of a new Cross Community Working Group on Internet Governance (CWG-IG). The CWG-IG is intended to “coordinate, facilitate, and increase the participation of the ICANN community in discussions and processes pertaining to Internet Governance.” Specifically, it will “convey to the community discussions about ICANN that arise in Internet governance discussions and processes” and also “draft position papers as deemed appropriate.” Notably, the scope of the CWG-IG explicitly excludes the IANA transition and enhancing ICANN accountability, which are the remit of two other CWGs that are now underway: the CWG to Develop an IANA Stewardship Transition Proposal on Naming Related Functions (CWG-IANA) and the CWG on Enhancing ICANN Accountability (CWG-Accountability).

The CWG-IANA is tasked with producing a consolidated transition proposal for the elements of the IANA functions relating to the Domain Name System (DNS) that comports with the requirements imposed by NTIA, the US Government entity currently responsible for overseeing the IANA functions. Currently, this CWG is working toward publishing an initial report for public comment by December 1, 2014. Because all Internet users are affected by the administration of the IANA functions, it will be important for all members of the multistakeholder community, including brand owners, new gTLD applicants and registry operators, to participate in the development of any transition proposal.

In addition, the IANA stewardship transition process is taking place alongside a parallel and related process on enhancing ICANN accountability, through the recently chartered CWG-Accountability. While the CWG-IANA's scope is focused on the arrangements required for the continuance of IANA functions in an accountable and widely accepted manner after the expiry of the NTIA-

ICANN contract, the CWG-Accountability will focus more explicitly on ICANN accountability mechanisms, both with respect to the IANA transition and more broadly. The two processes are interrelated and interdependent and will appropriately coordinate their work. As such, it will be important for all stakeholders to participate in the work of the CWG-Accountability as well.

5. Planning for Subsequent New gTLD Rounds

Even though the current round of new gTLDs remains far from full implementation, the ICANN community is beginning to examine the initial new gTLD round and recommend improvements for subsequent rounds. Several separate, but related, reviews of aspects of the new gTLD program are slated to begin early next year, and a GNSO “discussion group” on the subject already has been convened to begin preparing for those reviews. After several public sessions on this subject during ICANN 51, it was clear that while many in the community are eager for ICANN to open the next round of applications, the majority of the community appears committed to undergoing a full program review before considering opening any new rounds of gTLD applications. Members of the community are now gearing up to participate in various program reviews, including RPM reviews and reviews of new gTLD application contention and objection resolution. The GNSO discussion group already has flagged a number of issues important to brand owners, including the effectiveness of the Trademark Clearinghouse in preventing infringement, the possibility of a formalized domain blocking system, and revisions to objection and dispute resolution procedures. The discussion group also has flagged a number of issues important to new gTLD applicants, including the treatment of string similarity, reduction of application fees and the possibility of different application tracks for different TLD types (e.g., closed, open, community restricted, brand, single registrant/registry). Since some of the new gTLD program and related reviews are expected to begin in the first quarter of next year, we expect this to be a major topic for the next ICANN meeting taking place in Singapore in February 2015. It will be important to continue to highlight issues to add to the discussion, and to participate actively in the review processes to ensure brand owner, applicant and registry operator interests are considered and addressed prior to a new round of applications.

6. Rights Protection Mechanisms

Several discussion topics relating to Rights Protection Mechanisms arose during ICANN 51, including RPM efficacy metrics and RPM user feedback. The efficacy of RPMs, including the Uniform Domain Name Dispute Resolution Policy (UDRP) and the Uniform Rapid Suspension System (URS), is paramount in several forthcoming reviews of the new gTLD program. Specifically, the Competition, Consumer Confidence and Trust (CCT) review mandated by the Affirmation of Commitments (AOC) calls for an examination of the “relative incidence of intellectual property claims made in good faith [to be] measured in [several] areas,” namely “claims against registrants in new gTLDs,” “claims against registrars [and registries] regarding second level domains in new gTLDs,” quantities of defensive second-level registrations, and “costs in domain name policing and enforcement by intellectual property owners.” Specific metrics include, *inter alia* the number of UDRP and URS complaints, lawsuits, cease and desist letters, Post-Delegation Dispute Resolution Policy (PDDRP) complaints, sunrise registrations, domain name monitoring searches, and counter-confusion marketing efforts. Certain community groups, including most notably the IPC, have flagged this metrics-building process as a critical information-gathering and analytical step in the broader RPM reviews that will take place over the next several years. It will be essential for brand owners to contribute to the metrics-building process, and the attendant RPMs review processes, so that the input of the stakeholders most directly impacted by the RPMs will most meaningfully shape their enhancement.

ICANN also held an RPMs user feedback session in Los Angeles, to help ICANN and RPM providers identify areas of concern and possible improvement.

- With respect to the Trademark Clearinghouse, IPC members and brand representatives complained that several large international law firms were unable to execute the agency agreement with the Clearinghouse provider to become an accredited Clearinghouse agent. They also complained about being charged to submit and validate Clearinghouse data, while concurrently having to educate Clearinghouse representatives on how to properly validate trademarks in certain jurisdictions, such as China. In addition, IPC representatives identified challenges in identifying which registrars were accredited to register domains in which TLDs. Finally, the IPC maintained complaints about the lack of any electronic or practical method to update Clearinghouse records in the event of an assignment. While we have not directly experienced some of these issues, we agree that there is significant room for improvement with respect to the efficiency and overall level of service provided by the Clearinghouse, and will continue to advocate for these improvements through all available RPM user feedback mechanisms.

- With respect to Sunrise and Trademark Claims services, IPC members complained that registries will not reveal identities of rights holders in the context of blocking third-party rights. They also highlighted the difficulty many brands have encountered in identifying registrars accredited to register domains in particular TLDs. Extortionate sunrise pricing was highlighted as another complaint, vitiating any meaningful analysis regarding the actual desirability of registering domains in certain TLDs. Similarly, brand owners highlighted that certain registry operators were designating their marks as premium names and charging excessive registration costs. The IPC also maintained its mantra that sunrise protection should apply to all domain names, including reserved names. Finally, the IPC opined that it would be useful for the Clearinghouse to retain data on claims notices so they could be searched and patterns identified regarding certain potential respondents. We agree that these deficiencies and bad practices pose serious concerns to brand owners, and are engaged in various advocacy efforts to address them.
- Lastly, with respect to the URS, IPC members generally expressed frustration and dissatisfaction with the procedure, noting the limited remedy of suspension and inconsistency in decisions. While one member opined that experiences have been good, in light of the limited remedy, most agreed that their clients have preferred moving straight to a UDRP and not using the URS at all. We concur with the assessment that the URS has proven an unattractive option for brand owners seeking to enforce their trademarks in new gTLDs, because of its lack of a transfer remedy, unduly high clear and convincing burden of proof, the apparent focus of panelists on content advertising confusion rather than trademark confusion, and the very lengthy appeal window. For these reasons, we infrequently recommend using the URS.

We expect RPM feedback and review to remain a major topic during the next ICANN meeting, and will continue to engage with ICANN, RPM providers and other brand owners to continually improve the efficacy of RPMs.

7. GNSO Review

Earlier this year, ICANN engaged Westlake Governance to conduct an independent review of the GNSO. As part of the review, Westlake prepared and disseminated a survey seeking input from the community regarding experiences with various components of the GNSO, including the GNSO Council, GNSO stakeholder groups and constituencies, and other aspects of the GNSO environment. During ICANN 51, Westlake provided an overview of its approach and methodologies, solicited feedback on the survey—both on substantive and accessibility issues—and encouraged community members to participate by providing robust survey responses. The deadline for submitting survey responses was October 17, 2014, coinciding with the end of the ICANN meeting. As of the survey close, Westlake had received 152 completed responses. Westlake also promulgated a Supplementary Assessment permitting further feedback on aspects of the GNSO not captured in the base survey. The GNSO has convened a GNSO Review 2014 Working Party to facilitate the review process in conjunction with Westlake, and an initial report of the GNSO Review was expected to be released for public comment in November 2014. However, a supplemental survey was published in late October, and the release date of the initial report has been pushed back to accommodate this additional opportunity for input. Because the GNSO is our arena for addressing the wide variety of ICANN policy-related issues affecting brand owners and TLD applicants and operators alike, it is vital that we continue to engage in the review process to ensure that we optimize the GNSO structure to better facilitate our various advocacy efforts.

ICANN 52 will be held February 8–12, 2015 in Singapore (the meeting was relocated from its original site in Marrakech, Morocco, with a future meeting to take place in Marrakech in March 2016). We will continue to provide updates regarding key ICANN topics as the Singapore meeting approaches.

Katten

Katten Muchin Rosenman LLP www.kattenlaw.com

AUSTIN | CENTURY CITY | CHARLOTTE | CHICAGO | HOUSTON | IRVING | LONDON | LOS ANGELES | NEW YORK | ORANGE COUNTY | SAN FRANCISCO BAY AREA | SHANGHAI | WASHINGTON, DC

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2014 Katten Muchin Rosenman LLP. All rights reserved.

*Katten Muchin Rosenman LLP is an Illinois limited liability partnership including professional corporations that has elected to be governed by the Illinois Uniform Partnership Act (1997).
London: Katten Muchin Rosenman UK LLP.*