

**REVISED RECOMMENDATION
OF THE BOARD GOVERNANCE COMMITTEE (BGC)
RECONSIDERATION REQUEST 13-3**

25 JUNE 2013

Recognizing the community comments made concerning the 16 May 2013 BGC Recommendation on Reconsideration Request 13-3, and as the New gTLD Program Committee has not yet considered the 16 May 2013 BGC Recommendation, the BGC has revised the text of its Recommendation. This revised BGC Recommendation does not alter the outcome of the 16 May 2013 BGC Recommendation, only some of the text in the Recommendation. The BGC hereby revokes its 16 May 2013 BGC Recommendation on Reconsideration Request 13-3, and recommends that the New gTLD Program Committee adopt this revised BGC Recommendation on Reconsideration Request 13-3.

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 Organization 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 proposed improvements to the 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://gns0.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 abusive 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 abusively registered or used 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 abusively registered or used 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 abusive 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.

The first grounds for the NCSG’s Request is its argument that staff’s decision to allow previously abusively registered or used names to be added to verified trademark records in the Clearinghouse was a matter of policy, rather than implementation. (Request, page 5.)

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 existing 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 abusive 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/mailling-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 abusively registered or used 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 abusive 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 abusive 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.

Based upon the record set forth in the Request, it is our opinion that there is sufficient information to proceed to consideration of this matter. As a threshold issue, we want to make clear that while we must respond to Request 13-3 as posed, we have no intention of our Recommendation being seen as against the on-going, community-wide discussion about policy and implementation. Further, it is important to note that this Recommendation should not be construed as discounting the importance of consulting with community members. Community consultation is at the heart of the multistakeholder model, and is critical whether the community is acting as a policy development body or during the implementation of policy.

In sum, we conclude that the staff action at issue here was an implementation of the ICANN Policy that “Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.” By coming to this conclusion, we are not necessarily suggesting that the topic of what may be included in the Clearinghouse could not be a subject of a Policy developed through the GNSO

Policy Development Process (PDP) (as described in Annex A of the bylaws). Further, if the NCSG had identified a specific policy or process that staff action contradicted, the conclusion might be different; however, no such policy or process has been identified. The staff action appears to be a limited extension of the trademark protections that have already been established in response to one of the 19 GNSO Policy recommendations on new gTLDs, directing that strings “must not infringe the existing legal rights of others” This slight modification to an already developed process is much the same as other trademark protections that have been established in the New gTLD Program, such as the 80 or so aspects of trademark protections that were implemented in 2011 in response to GAC advice on implementation of those protections.

A. Staff did not contradict an existing ICANN policy

To support its assertion that staff’s decision on the previously abusively registered or used names issue was more than implementation of an approved Policy or contradicts an existing ICANN policy, 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 the CEO’s stated 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.” A new ICANN Policy cannot be created through a statement in a letter to Congress, however.

Second, ICANN’s 4 December 2012 email to the Chair of the GNSO, seeking “policy guidance” relating to the previously abusively registered or used name issue does not establish that staff’s decision was more than implementation or contradict an existing ICANN policy. Similar requests have gone to the GNSO before. For example, on 12 October 2009, ICANN

asked the GNSO Council (<http://gns0.icann.org/correspondence/beckstrom-to-gns0-council-12oct09-en.pdf>) for 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 the creation of a Policy Recommendation under the PDP process, but guidance on the implementation of rights protection mechanisms stemming from the new gTLD Policy Recommendations from the GNSO. We think the same is true here.

Third, the Chair of the GNSO Council’s response that the previously abusive name issue is “best addressed as a policy concern” does not mean that staff has done more than implementation or that staff has contradicted an existing policy or process. Instead it actually confirms the absence of clear Policy from the GNSO beyond Recommendation 3. The staff approach was conservative, and there is nothing that cannot be undone. The GNSO is free to initiate a Policy Development Process in this area to recommend a new Policy. If such GNSO Policy concurs with the current implementation approach, then there should be no issue. If an eventual adopted Policy does not agree with the current approach, the approach can be overturned. Here, the only identifiable ICANN 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:

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://gnso.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>. The NCSG has not identified any other applicable Policy. Further, 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 just one more aspect of trademark protections within the New gTLD Program.

The NCSG has not identified any policy or process that staff action has contradicted. Rather, what can be shown is that in making its decision on the topic at issue, staff followed well established processes for making its decision by: (i) holding a discussion with community input; (ii) developing a strawman proposal; (iii) seeking, receiving, analyzing and considering public comments; and (iv) making a decision based on all of the above.

B. The NCSG did not show that staff violated the Bylaws.

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 GNSO guidance on previously abusively registered or used names issue as a GNSO Policy Recommendation. The NCSG 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 ("PDP"). (Bylaws, Annex A, Section 9, at <http://www.icann.org/en/about/governance/bylaws#AnnexA-9>.) As of now, 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 PDP. The Board does however meet with the GNSO Council, and the GNSO stakeholder groups, at each public ICANN meeting, and welcomes ongoing consultation on the implementation of policies. The 19 GNSO Policy Recommendations stemming from a PDP have been followed, and continue to be followed. Further, the NCSG has not identified any policy or process with which the staff is acting in contravention. As noted above, this direct response to Request 13-3 should in no way be construed as discounting the importance of consulting with members of the community as appropriate. As always, community consultation is at the heart of the multistakeholder model, whether the community is acting as a policy development body or during implementation of policy.

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 ("AoC") when deciding to accept the previously abusive names proposal. Even assuming that the NCSG is correct in identifying this as 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.) Moreover, while ICANN fully supports the process and outcomes of cross-community consultations, all work within ICANN reflects careful balancing of a variety of inputs, and this decision is no different.

VII. 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.

The BGC concludes that staff's action was implementation of existing Policy, and does not contradict any established ICANN policy. Furthermore, the NCSG has not identified any policies or procedures that the staff failed to follow in taking the decision at issue. 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 and 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. Further, we believe that it is advisable to ask the community to address the issue of how the Board should consider and respond to advice provided by the Supporting Organizations (outside of the PDP) and what types of consultation mechanisms, if any, are appropriate in the event the Board elects not to follow that advice. As ICANN evolves, this is an important question for consideration in upholding the multistakeholder model.