In keeping with its stated mandate, this Subgroup has considered how ICANN jurisdiction-related choices, in the Registry Agreement (hereafter, “RA”) as well as the Registrar Accreditation Agreement (hereafter “RAA,”) may have an influence on accountability.

Three such jurisdiction-related choices have retained the attention of the members of this Subgroup, namely the absence of choice of law provision in registry agreements, the absence of choice of law provision in registrar accreditation agreements, and the contents of the choice of venue provision in registry agreements.

Both the RA and the RAA are standard-form contracts which do not give rise to negotiation between ICANN and the contracted party, with some exceptions made when the contracted party is an intergovernmental organisation or a governmental entity. The contents of these contracts are now determined through an amendment procedure, detailed in each agreement (for example, see Art. 7.6 of the RA.)

Through its discussion, the Subgroup has identified three separate issues which appeared as influencing ICANN’s accountability. These issues are listed below.

**ISSUES**

1. Choice of law provision in registry agreements

ICANN’s Registry Agreement does not contain a choice of law provision. The governing law for the RA is thus indeterminate, until a judge or arbitrator takes a decision on that matter in the context of a litigation.

2. Choice of law provision in registrar accreditation agreements

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3. Choice of venue provision in registry agreements

Dispute arising in the context of ICANN’s Registry Agreement are to be resolved under “binding arbitration” pursuant to ICC rules. Moreover, the RA contains a general choice of venue provision. This provision sets the venue to Los Angeles California as both the physical place and the seat of the arbitration (to be held under ICC rules.)

**POSSIBLE SOLUTIONS**

1. Choice of law provision in registry agreements

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1. “At this point in the CCWG-Accountability’s work, the main issues that need to be investigated within Work Stream 2 relate to the influence that ICANN’s existing jurisdiction may have on the actual operation of policies and accountability mechanisms. This refers primarily to the process for the settlement of disputes within ICANN, involving the choice of jurisdiction and of the applicable laws, but not necessarily the location where ICANN is incorporated.” CCWG Accountability WS1 Report
It has emerged from the subgroup’s discussions that, besides status quo, there is a common ground whereby increased freedom of choice for the parties to the agreement could help registries in tailoring their agreements to their specific needs and obligations. There are three possible options regarding possible changes to the fact that there is currently no choice of law being made in Registry Agreements.

This would overall result in the first option being the "Menu" approach, whereby the law(s) governing the whole of the Registry Agreement is (are) chosen at the moment of its conclusion. Such choice would be made according to a “menu” of possible governing laws. The said menu could be composed of +++

This option has the advantage of providing the parties, especially the registries, with effective freedom to define, within a reasonable agreement with ICANN, the law(s) governing their contracts. This may contribute to avoiding conflicts between provisions established in the contract and the provisions of national or supranational law. It may also help registries that are more comfortable with subjecting their agreement in whole or in part to law(s) with which they are more familiar. +++

A possible outcome of this Menu approach would still be the second option being the definition of “California” law as governing one option, whereby the law governing the whole of the Registry Agreement is set as being the law of the State of California.

This option has the advantage of +++

Another possible outcome would be a The third option is the “Carve-Out” option, whereby certain parts of the contract (“some parts of the agreement [which] may require a uniform treatment for all registry operators”) are governed by a predetermined law (for example, California) and other parts (“eligibility rules for second level domains, privacy and data protection rules”) are governed by the same law which governs the registry as a legal person.

This option has the advantage of +++

There could potentially be other possible outcomes of exercising the effective freedom to choose warranted under the Menu approach.

2. Choice of law provision in registrar accreditation agreements

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3. Choice of venue provisions in registry agreements

When entering into contracts with registries, ICANN could offer a list of possible venues for the arbitration to take place rather than generally imposing Los Angeles, California as the place (and hence, both the “seat” and physical location) of the arbitration. The rest of the arbitration clause (namely, the rules of arbitration being ICC rules) would remain unchanged.
The registry which enters into a registry agreement with ICANN could then choose which venue it prefers at the moment of the conclusion of the contract.

Having this option open would diminish the cost of litigation for registries, potentially allowing registries to start arbitration procedures at a location which is more amenable to them than Los Angeles, California (although Los Angeles itself could remain an option.)

From ICANN’s perspective, the only risk associated with such a change is having to deal with a different lex arbitri than that of California. Indeed, related to the prerogatives given to the courts of the seat of the arbitration are competent to order interim relief and hear challenges to the award, among other things, in matters of challenge of the award, for example. Indeed, only the courts of the seat are competent to entertain a challenge of the arbitral award.  

Finally, the options given in the “venue menu” could correspond to ICANN’s own regions as defined in ICANN’s bylaws, that is ICANN could offer at least one venue per region. (e.g., one venue per region.)

RECOMMENDATION

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