

## **CCT-RT Draft Report January 2017 (22/1/2017)**

### **SAFEGUARDS AND TRUST**

#### **Section 4: Rights Protection Mechanisms**

The CCT Review Team examined whether the new rights protection mechanisms specifically developed in connection with the introduction of the new gTLD Program alongside existing rights protection mechanisms helps encourage a safe environment and promoted consumer trust in the DNS and also sought to measure the costs impact of the new gTLD Program to intellectual property owners.

Prior to the 2012 gTLD expansion in the number of gTLDs, aside from action taken by courts, the main rights protection mechanism for the Domain Name System was the Uniform Domain Name Dispute Resolution Policy (UDRP), an alternative dispute resolution procedure (adopted by ICANN on 26 August 1999) that applied to all generic Top Level Domains. However the existence of issues concerning trademark protection were identified prior to the 2012 gTLD expansion in particular the trademark community had voiced concerns that this mechanism alone would be insufficient to adequately protect trademark rights and consumers in an expanded DNS. . The ICANN Board therefore resolved (2009.03.06) that an internationally diverse group of persons with knowledge, expertise and experience in the fields of trademark, consumer protection, competition law and the interplay of trademarks and the domain name system be convened to propose solutions to the overarching issue of trademark protection in connection with the introduction new gTLDs<sup>1</sup>. This group was named the Implementation Recommendation Team (IRT).

A set of new rights protection mechanisms (RPMs) were proposed by IRT, namely: Uniform Rapid Suspension System (URS); Post-Delegation Dispute Resolution Procedures (PDDRRPs); the Trademark Post-Delegation Dispute Resolution Procedure (TM-PDDRRP); Registry Restriction Dispute Resolution Procedure (RRDRP); Public Interest Commitments Dispute Resolution Procedure (PICDRP); and the Trademark Clearinghouse (Sunrise and Claims Service)<sup>2</sup>.

#### **Description of the RPMs**

##### **UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (UDRP)**

The Uniform Domain Name Dispute Resolution Policy (UDRP) is an alternative dispute resolution procedure adopted by ICANN on 26 August 1999 that applies to all generic Top Level Domains (gTLDs), including legacy gTLDs (such as .com, .net, .info) as well

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<sup>1</sup> <https://www.icann.org/resources/board-material/resolutions-2009-03-06-en#07>

<sup>2</sup> In addition, string contention processes were introduced for applications for the gTLDs themselves, relating to string confusion, limited public interest, community objection and legal rights objection. These are discussed in more detail in the Application and Evaluation section.

as new gTLDs, and certain country code Top-Level Domains (ccTLDs) that have adopted it. To be successful under the UDRP, a complainant must demonstrate by preponderance of the evidence the following three requirements: (i) the domain name registered by the respondent is identical or confusingly similar to a trade mark or service mark in which the complainant has rights; and (ii) the respondent has no rights or legitimate interests in respect of the domain name; and (iii) the domain name has been registered and is being used in bad faith.

A procedure under the UDRP takes approximately 2 months, from the filing of a complaint to a decision. Costs for filing a complaint under the UDRP range between USD 1500 for 1 to 5 domain names (single-member panel) and USD 4000 for 1 to 5 domain names (three-member panel), excluding lawyers' fees. The remedies available under the UDRP are limited to the transfer or cancellation of a domain name. No damages are awarded and there is no appeal mechanism in place. A decision is generally implemented after 10 business days following the notification of the decision, unless court proceedings are initiated in a court of competent jurisdiction.

UDRP complaints are filed electronically with an ICANN-approved dispute resolution provider. To date, the following providers have been approved by ICANN: the Asian Domain Name Dispute Resolution Centre (ADNDRC), the Forum (NAF), World Intellectual Property Organization (WIPO), the Czech Arbitration Court Arbitration Center for Internet Disputes (CAC) and the Arab Center for Domain Name Dispute Resolution (ACDR).

### **UNIFORM RAPID SUSPENSION SYSTEM (URS)**

The Uniform Rapid Suspension System (URS) is an alternative dispute resolution procedure launched in 2013 that was originally designed for clear-cut cases of cybersquatting under new generic Top Level Domains (gTLDs), although it has been voluntarily adopted by a handful of ccTLDs and "sponsored" TLDs (such as .pw, .travel, .pro and .cat). The substantive requirements under the URS are similar to those under the UDRP, although the required burden of proof is heavier ("clear and convincing evidence", as opposed to "preponderance of the evidence"). A complainant must thus prove the following 3 requirements: (i) that the domain name is identical or confusingly similar to a word mark: (a) for which the Complainant holds a valid national or regional registration and that is in current use; or (b) that has been validated through court proceedings; or (c) that is specifically protected by a statute or treaty in effect at the time the URS complaint is filed (1.2.6.1 of the URS); (ii) that the registrant has no rights or legitimate interests in the domain name; and (1.2.6.2 of the URS) and (iii) the domain name was registered and is being used in bad faith (1.2.6.3 of the URS). Complaints are limited to 500 words. The URS is intended for the most clear-cut cases of cybersquatting and so it is generally not appropriate for domain name disputes involving more complex, genuine contestable issues (such as fair use).

The only remedy available under the URS is the suspension of the domain name, as opposed to the transfer or cancellation (which are remedies available under the UDRP).

Under the URS a domain name may be suspended in as quickly as 3 weeks from the filing of a complaint. In the event of a favourable decision for the complainant, the domain name is suspended for the remainder of the registration period (which may be extended for an additional year). The website associated with the domain name in question will display a banner stating "This Site is Suspended" but the Whois for the domain name will continue to display the information of the original registrant (except for the redirection of the name servers). If the decision in favour of the complainant was a judgment by default, the registrant may seek a de novo review by filing a response up to 6 months after the notice of default (which may be extended by 6 additional months upon request by the registrant).

In the event the decision is denied, the URS provides for an appeal mechanism based on the existing record.

Costs for filing a URS complaint are around USD 375 (for 1 to 14 domain names).

Only three providers have so far been accredited for the URS: the Asian Domain Name Dispute Resolution Centre (ADNDRC), the Forum (NAF) and MSFD Srl (based in Milan, Italy).

### **POST-DELEGATION DISPUTE RESOLUTION PROCEDURES (PDDRP)**

Post-Delegation Dispute Resolution Procedures are rights protection mechanisms that have been designed to provide relief against a new gTLD Registry Operator's conduct (as opposed to a domain name registrant or registrar). There are three PDDRPs:

**The Trademark Post-Delegation Dispute Resolution Procedure (TM-PDDRP)** allows a trade mark holder to file a complaint against the Registry Operator for its involvement in trade mark infringement either at the top or second level of a new gTLD.

At the top level, a complainant must demonstrate by "clear and convincing evidence" that "the registry operator's affirmative conduct in its operation or use of a new gTLD that is identical or confusingly similar to the complainant's trade mark, causes or materially contributes to the gTLD doing one of the following: (a) taking unfair advantage of the distinctive character or the reputation of the complainant's trade mark; or (b) impairing the distinctive character or the reputation of the complainant's trade mark; or (c) creating a likelihood of confusion with the complainant's mark" (paragraph 6.1 of the TM-PDDRP).

At the second level, complainants are required to demonstrate by "clear and convincing evidence" that "through the registry operator's affirmative conduct: (a) there is a substantial pattern or practice of specific bad faith intent by the registry operator to profit from the sale of trade mark infringing domain names; and (b) the registry operator's bad faith intent to profit from the systematic registration of domain names within the gTLD that are identical or confusingly similar to the complainant's mark, which: (i) takes unfair advantage of the distinctive character or the reputation of the complainant's trade mark; or (ii) impairs the distinctive character or the reputation of the complainant's trade mark, or (iii) creates a likelihood of confusion with the complainant's trade mark" (paragraph 6.2 of the TM-PDDRP).

If the Registry Operator is found liable by the expert panel, a number of remedies may be recommended, including remedial measures to prevent future infringing registrations; suspension of accepting new domain name registrations in the gTLDs at stake until the violation has ceased or for a set period of time prescribed by the expert; or termination of the Registry Agreement, in extraordinary circumstances, where the Registry Operator has acted "with malice" (paragraph 18 of the TM-PDDRP). Ultimately, ICANN has the authority to impose the remedies it deems appropriate, if any.

To date, ICANN has appointed the following dispute resolution providers to resolve disputes under the TM-PPDRP: the Asian Domain Name Dispute Resolution Centre (ADNDRC), the Forum (NAF), and World Intellectual Property Organization (WIPO).

**Registry Restriction Dispute Resolution Procedure (RRDRP)**, allows an established institution to file a complaint against a community-based new gTLD Registry Operator for failing to meet registration restrictions set out in its Registry Agreement. For a claim to be successful, a complainant must demonstrate by "preponderance of the evidence" that: "(i) the community invoked by the objector is a defined community; (ii) there is a strong association between the community invoked and the gTLD label or string; (iii) the TLD operator violated the terms of the community-based restrictions in its agreement; (iv) there is a measureable harm to the Complainant and the community named by the objector". The remedies recommended by the expert panel are similar to those prescribed under the TM-PDDRP. Ultimately, ICANN has the authority to decide whether to impose such remedies.

**Public Interest Commitments Dispute Resolution Procedure (PICDRP)**, allows any person or entity (the "reporter") to file a complaint against a new gTLD Registry Operator for failure to comply with the Public Interest Commitment(s) in Specification 11 of its Registry Agreement. The Reporter must file a "PIC report" with ICANN by completing an online form. The "PIC Report" must (i) identify which PIC(s) form the basis for the report, (ii) state the grounds for non-compliance with one or more PICs and provide supporting evidence and (iii) state how the "reporter" has been harmed by the alleged noncompliance. ICANN may undertake a compliance investigation or invoke a "Standing Panel". If the Registry Operator is found to be not in compliance

with its PIC, it will have 30 days to resolve its noncompliance. If the Registry Operator fails to resolve the noncompliance issues, ICANN will determine the appropriate remedies.

### **TRADEMARK CLEARINGHOUSE (TMCH)**

The Trademark Clearinghouse (TMCH) is a centralized database of verified trademarks from all over the world mandated by ICANN to provide protection to trade mark holders under the new gTLDs. The TMCH performs several important functions, including authenticating and verifying trade mark records, storing such trade mark records in a database and providing this information to new gTLD registries and registrars. The data contained in the TMCH supports rights protection mechanisms such as Sunrise Services (which provide an opportunity to trade mark holders to register domain names corresponding to their trademarks prior to general availability) and the Trademark Claims services (a notification service to domain name registrants and trade mark holders of potentially infringing domain name registrations). Registration of a trade mark with the TMCH is required to be able to participate not only in the Sunrise Period and Trademark Claims services but also in other registry-specific rights protection mechanisms such as domain name blocking mechanisms such as Donuts' Domain Protected Marks List (DPML) (although it is optional for other RPMs, such as the URS). The TMCH is therefore an important tool to protect trade mark rights under the new gTLD program.

The CCT Review Team looked at whether these mechanisms have helped to mitigate the issues around the protection of trademark rights and consumers in this expansion of gTLDs.

A full and robust analysis is not possible at the present time due to a lack of relevant and pertinent data. Whilst such data are being collated some preliminary findings have been made based on the information that was available as of November 2016:

#### Numbers of Cases filed (UDRP and URS)

According to metrics available to ICANN which have been compiled from Uniform Dispute Resolution Procedure (UDRP) and Uniform Rapid Suspension (URS), there has been a decline in the number of UDRP complaints since the introduction of new gTLDs. There were 3987 UDRP complaints filed in 2012. In 2013, this had dropped 15% to 3371 before rising in 2014 to a total of 3436 complaints and in 2015 to 3466 complaints. However, the number of complaints in both years was still 13% below the 2012 level. One possible explanation for the decline that this data exhibits is that the URS may have been found to be more attractive to certain trademark owners as an alternative and cheaper recourse. In both 2014 and 2015, there were 229 and 220 URS complaints filed, respectively. However, even taking these into account, the total number of complaints filed through either the UDRP or the URS was still lower than the total number of UDRP complaints filed in 2012 by around 7.5%.

Overall we are seeing a small decline in cases filed (less than 10%) based on this data.

Before making any recommendations we await the data from ICANN concerning the number of complaints filed in 2016.

It is important to note, however, that the number of UDRPs and URSs filed reflect only part of the costs incurred by trademark owners in defending their brands and the bulk of enforcement costs may have been incurred in the form of defensive registrations / blocking/ watching / cease and desist letters for which we do not presently have data. It is anticipated that the INTA Impact Study will provide data in this respect.

<b>Year</b>	<b>Total of Complaints filed</b>
2012	3,987 (UDRP)
2013	3,371 (UDRP)
2014	3,436 (UDRP) & 229 (URS)
2015	3,466 (UDRP) & 220 (URS)

We also note that the number of complaints filed under the UDRP before the World Intellectual Property Organisation (WIPO) has been steadily increasing since the introduction of the first new gTLDs in 2013, with 2,754 complaints filed in 2015 compared with 2,634 filed in 2014, representing a growth of 4.6 percent year over year. Contrary to the previous data this points to a small growth in cases filed but again this is less than a 10% change. While the number of domain name disputes filed with WIPO in 2015 did not surpass the all-time record high of 2,884 cases filed in 2012, it did reach the third highest level since 1999. From these data, it would seem to indicate that the number of complaints filed is increasing with the introduction of new gTLDs. But of course we are also looking at a greater number of domain name registrations overall with the new gTLDs being introduced. Here again we need to look at the 2016 figures when available before making recommendations.

WIPO reports that, domain name disputes under new gTLDs accounted for 10.5 percent of all UDRPs filed with WIPO in 2015, with .XYZ, .CLUB and .EMAIL amongst the new gTLDs with the most disputed domain names.<sup>3</sup>

Indeed, the current figures for 2016 show that new gTLDs currently account for 15% of the 2016 caseload for WIPO. With new gTLDs being less than 10% of registration volume of gTLDs, these data indicate that there may be proportionately more trademark infringement in new gTLDs than in the legacy gTLDs.

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<sup>3</sup> [http://www.wipo.int/pressroom/en/articles/2016/article\\_0003.html](http://www.wipo.int/pressroom/en/articles/2016/article_0003.html)

### Complaints to ICANN concerning Implementation of UDRP and URS decisions

ICANN's role is to ensure that the registrars comply with the UDRP and UDRP Rules as well as the URS procedure and rules.

For example, a UDRP provider may file a UDRP complaint that a registrar did not timely lock a domain subject to a UDRP or respond to the provider's verification request. The Complainant may then submit a complaint to ICANN when the registrar fails to timely implement a UDRP decision.

With regard to the URS, for example, the registry operator must also timely lock, and if applicable suspend the relevant domain name in accordance with the URS determination and the URS procedure and rules. The prevailing Complainant in the URS proceeding and the URS Provider may submit a URS complaint regarding such alleged violations to ICANN via the URS compliance web form.

Looking at the number of complaints made to ICANN concerning implementation of UDRP and URS decisions<sup>4</sup>, the number of UDRP complaints has been declining year on year from 2012 to 2015, with 2015 seeing complaints down by some 70% compared to 2012. However, URS complaints have risen in the two years for which data are available and indeed were 42% higher in 2015. It is too early to make conclusions other than it would seem that there are potentially more issues with URS complaints and registrar compliance with the relevant rules than UDRP complaints since as a percentage of total complaints in 2015 the UDRP saw 6% complaints. There were 210 complaints in 2015 for 3466 UDRP complaints filed thus a 6% complaint level. Compared to the URS with 27 complaints in 2015 for 220 URS complaints filed thus a little over 12% complaint level. The higher level of implementation complaints concerning the URS compared to the UDRP may be down to a number of factors including its relative newness, complexity of process and recent adoption by registrars.

<b>Year</b>	<b>UDRP Complaints</b>
2012	658
2013	408
2014	226
2015	210

<b>Year</b>	<b>URS Complaints</b>
2014	19
2015	27

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<sup>4</sup> It should be noted that Complaints regarding the merits of the decision are outside of ICANN's contractual scope.

### The Trademark Post-Delegation Dispute Resolution Procedure (TM-PDDRP)

ICANN Contractual Compliance has received no complaints regarding a registry operator's non-compliance with the PDDRP. However, it should be noted that there is currently a GNSO Working Group conducting a Policy Development Process (PDP) to Review all Rights Protection Mechanisms (RPMs) in all gTLDs that is exploring possible impediments to implementation of the PDDRP since there are no known PDDRP filings with such providers to date. If there are conclusions from that working group prior to our final report we will review and include.

### Registry Restrictions Dispute Resolutions Procedure (RRDRP) Decisions

The RRDRP is intended to address circumstances in which a community-based new gTLD Registry Operator deviates from the registration restrictions outlined in its Registry Agreement. As of 22 February 2016, there have been no RRDRP cases.

### Share of Sunrise Registrations and Domain Blocks to Total Registrations in Each TLD

At the time of writing (November 2016), the only available data on the number of sunrise registrations compared to total registrations in new gTLDs are from ICANN. According to ICANN there are no consolidated data available regarding commercial blocking services offered by registries. The CCT-RT remains open to receive any such data.

Sources:

**Compilation of procedures related sources:**  
<https://community.icann.org/display/CCT/Procedures>

**Compilation of impact of safeguards & PICs related sources:**  
<https://community.icann.org/pages/viewpage.action?pageId=59649288>

<https://www.icann.org/resources/pages/cct-metrics-rpm-2016-06-27-en>

### **PRIORITY TO ADDRESS:**

Full INTA Impact Study results and other data is needed to fully inform the community

### **RECOMMENDATIONS:**



**Recommendation 1:** A Full Impact Study to identify actual costs incurred by trademark owners

**Rationale/Related findings:** Very little concrete data is currently available to enable recommendations to be made

**To:** INTA / ICANN (TBD)

**Must be completed prior to subsequent rounds:** Yes

**Consensus within team:** Yes (TBC)

**Details:** Without concrete data it is difficult to assess whether the new rights protection mechanisms specifically developed in connection with the introduction of the new gTLD Program alongside existing rights protection mechanisms and the costs impact of the new gTLD Program to intellectual property owners. This impact study would help identify the actual costs incurred by trademark owners with regard to new gTLD enforcement and defensive registrations.

**Success Measures:** The availability of more data enabling recommendations to be made in the final CCT-RT report.

**Recommendation 2:** This Full Impact Study to identify actual costs incurred by trademark owners should be repeated at regular intervals for example every 18 -24 months in order to see the evolution over time as the new gTLD program evolves.

**Rationale/Related findings:** Costs will likely vary considerably over time as new gTLDs are delegated and registration levels evolve. The repeating of the Impact Study would enable a comparison over time.

**To:** INTA / ICANN (TBD)

**Must be completed prior to subsequent rounds:** Would be ongoing.

**Consensus within team:** Yes TBC

**Details:** The evolution over time will provide a more precise picture of costs as they evolve.

**Success Measures:** The availability of more data enabling recommendations to evolve appropriately in future CCT Reports.

**Recommendation 3:** A review of the URS should be carried out.

**Rationale/Related findings:** The uptake in use of the URS appears to be below expectations so it would be useful to understand the reasons for this and whether the URS is considered an effective mechanism to prevent abuse. It is also important for all gTLDs to have a level playing field.

**To:** Subsequent Procedures Working Group (TBD)

**Must be completed prior to subsequent rounds:** Not necessarily but preferable.

**Consensus within team:** Yes (TBC)

**Details:** A review of the URS should cover inter alia a) whether there should be a transfer option with the URS rather than only suspension, b) whether two fully systems should continue to operate (namely UDPR and URS in parallel) considering their

relative merits, and c) the potential applicability of the URS to all gTLDs and d) whether the availability of different mechanisms applicable in different gTLDs may be a source of confusion to consumers and rights holders.

and

**Success Measures:** Based on the findings a clear overview of the suitability of the URS and whether it is functioning effectively in the way originally intended .

**Recommendation 4:** A review of the TMCH and its scope should be carried out.

**Rationale/Related findings:** The effectiveness of the TMCH appears to be questioned. We await the RPM Impact Study results to see whether these questions are widespread and the extent of any potential review of the TMCH.

**To:** Subsequent Procedures Working Group (TBD)

**Must be completed prior to subsequent rounds:** Not necessarily but preferable.

**Consensus within team:** Yes (TBC)

**Details:** There appears to be considerable discussion and comment on whether the TMH should be expanded beyond applying to only identical matches and if it should be extended to include mark+keyword or common typographical errors of the mark in question.

If an extension is considered valuable then under what basis.

**Success Measures:** Based on the findings a clear overview of the TMCH and confirmation that any enlargement of scope has proved beneficial.