

Six Takeaways From ICANN 57 in Hyderabad

ICANN 57, the most recent public meeting of the Internet Corporation for Assigned Names and Numbers (ICANN), was held in Hyderabad, India, from November 3-9, 2016. Please find below a discussion and analysis of six takeaways, covering a range of topics that should be of interest to brand owners, future applicants for generic top-level domains (gTLDs) and registry operators alike.

1. Community Efforts to Review Trademark Rights Protection Mechanisms Push Forward

Earlier this year, ICANN initiated a community-wide, comprehensive review of all mechanisms available to trademark owners to protect their brands in the Domain Name System (DNS), including the long-standing Uniform Domain Name Dispute Resolution Policy (UDRP).

The Rights Protection Mechanism Review Working Group (RPM Review WG), the ICANN community working group tasked with performing the review and preparing recommendations for possible improvements to the RPMs, began its efforts with reviewing the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP). The PDDRP is intended to provide trademark owners with an avenue for redressing systematic infringement in a new gTLD in which a registry operator is complicit.

In Hyderabad, the Working Group primarily continued discussions around the PDDRP, reaching preliminary consensus that no changes

to the PDDRP are currently warranted, given that the mechanism has not been used to date. However, the Working Group agreed to convene a sub-team to consider possible minor procedural changes to the PDDRP, such as adding an explicit ability for multiple trademark owners to file a joint complaint against a single registry operator, or an explicit option for the parties to engage in voluntary mediation. The sub-team is likely to continue its work for the next few weeks and deliver some proposed procedural modifications as discussed above for the full Working Group's consideration, as the full Working Group moves on to other issues in the meantime.

Having completed initial work on the PDDRP, the Working Group has begun to focus its attention on the Trademark Clearinghouse (TMCH). The TMCH is a repository for verified trademarks from national and regional trademark offices, and enables priority registration of domain names in new gTLDs that exactly match such verified trademarks during each new gTLD's mandatory "Sunrise" Period that must occur before the TLD is open for domain name registrations by the general public. The TMCH also enables the Trademark Claims service, which gives advance notice to potential third-party domain name registrants of the verified trademark rights, and then notifies the brand owner if the domain name registration is made. In early discussions within the Working Group preparing for substantive deliberations on the TMCH, Sunrise and Trademark Claims, domain investor

representatives attempted to distort the role of the TMCH in order to obtain registrant-friendly changes to TMCH requirements, such as more substantial use in commerce requirements. Such participants also cited “gaming” of the TMCH as a reason for re-examining grounds for recording marks in the TMCH. Working Group members representing registries and intellectual property owners have questioned the veracity of allegations regarding gaming of the TMCH. Indeed, any outlier cases of gaming should be dealt with individually, through appropriate challenges to the underlying trademarks and TMCH records, as opposed to through systematic changes to the TMCH itself.

Given the array of charged and critical issues at stake, and the particularly vocal participation by domain investors and other registrant representatives, it is more important than ever that brand owners increase engagement on this topic. Without balanced participation, the RPMs may be weakened heading into future launches of additional new gTLDs.

2. Dialogue on Subsequent Procedures for Additional New gTLD Applications Continues

Nearly everyone in the ICANN community has acknowledged the myriad problems that have frustrated participants throughout and following the 2012 new gTLD application round. Thus, there is general agreement that changes to both existing consensus policies and implementation details are necessary to improve future new gTLD application and launch processes.

The New gTLD Subsequent Procedures Working Group (SUB PRO) has been tasked with reviewing policies and implementation details from the 2012 round of new gTLDs and recommending possible changes for future new gTLD applications. As a threshold issue, the SUB PRO will consider whether further new gTLD applications should be batched into rounds or accepted on a rolling basis. During

ICANN 57, discussions on this issue highlighted continued division, with some participants in favor of an open ongoing application window similar to other ICANN accreditation systems (such as registrar accreditation), while others continue to favor finite application periods in iterative rounds. Both approaches have clear pros and cons for brand owners. For example, an ongoing application system would allow those who wish to protect their rights by applying for their .Brand TLD(s) to act at any time to do so, rather than wait for the next application window to open. On the other hand, a system of discrete application windows conducted in rounds would mean that rights holders would not have to conduct constant monitoring to see if a new application was filed that could threaten their rights.

In addition, as part of its work track on “Overall Process, Support and Outreach,” the SUB PRO has begun to examine a potential accreditation system for backend registry service providers, as well as problems with the Applicant Support Program that was supposed to subsidize applications from otherwise deserving applicants who found the high application fee a barrier to entry. Improvements to these items should benefit brand owners considering applying for .Brand TLDs in the future by streamlining the process of identifying and contracting with a back-end registry service provider, as well as possible future TLD applicants (including brand owners) from the developing world.

In addition, brand owner and current .Brand TLD representatives continue to advocate for a separate Registry Agreement with ICANN for .Brand and other types of closed, single-registrant registry models. Such an agreement would have more commercially reasonable terms across the board, in view of their alternative registry business models that are not designed merely for the purpose of selling domain name registrations, and should drop “one-size-fits-all” provisions that only make

sense for open TLDs, in order to lower the risk profile of the agreement and encourage more robust use by some of the world's largest brands.

The Brand Registry Group (BRG), which is a .Brand TLD operator advocacy structure, continues to discuss three potential options with respect to advocating for such accommodations for .Brand TLDs: demanding a separate registry agreement outright; suggesting that existing exemptions for .Brand TLDs external to the Registry Agreement merely be integrated within it; and simply maintaining the status quo. The SUB PRO has appeared receptive to the possibility of separate provisions applicable to single-registrant TLDs, including both .Brand TLDs and TLDs otherwise exempt from the Registry Operator Code of Conduct (ROCC) (which requires open and non-discriminatory access to the TLD by registrars).

Brand owners must stay involved in the evolution of guidelines for future gTLDs to ensure adequate fairness and opportunity for .Brand applicants, as well as adequate safeguards to protect consumers from fraud, deception and other abusive conduct, including conduct that unfairly trades on brand goodwill or reputation to take advantage of consumers.

3. Community Moves Forward on Additional ICANN Accountability Issues Post-IANA Stewardship Transition

The Internet Assigned Numbers Authority (IANA) contract between ICANN and the US National Telecommunications and Information Administration (NTIA) expired on September 30, 2016, as planned, and the replacement contract between ICANN and the post-transition IANA entity the community devised, an affiliate of ICANN called Public Technical Identifiers (PTI), went into effect as of October 1, 2016. This IANA transition process from US government oversight to oversight by the ICANN multi-stakeholder community is the final piece in a

long process first envisioned in 1998 to fully privatize technical and policy-making oversight over core Internet infrastructure and the authoritative DNS.

As part of the transition, the community also created a new body, the Customer Standing Committee (CSC), to replace the NTIA in overseeing IANA and identify and escalate any problems in the PTI's performance. The CSC is composed of representatives of IANA customers (gTLD and ccTLD managers) and liaisons from other parts of the ICANN community, including a liaison from the Generic Names Supporting Organization (GNSO), which includes intellectual property owner representatives within the Intellectual Property Constituency (IPC).

The ICANN community has developed augmentations to ICANN accountability mechanisms to ensure that ICANN is fully accountable to its stakeholders now that the US government has withdrawn its "safety net" with respect to IANA. The first set of accountability enhancements, contained in new ICANN Bylaws, went into effect simultaneously with the new IANA contract. These enhancements include a revised "Mission, Core Values, and Commitments," enhanced Reconsideration Request and Independent Review Panel processes, and new avenues for the community to remove ICANN Board members.

Although the transition has taken place, the community continues to discuss additional enhancements to ICANN accountability that were not prerequisites for the transition itself (identified as "Work Stream 2"). During ICANN 57, work on these issues continued. Work Stream 2 issues include the impacts of ICANN's headquartering and incorporation in the United States on jurisdiction and choice-of-law issues for contracted parties and other community participants, possible ICANN responsibilities to respect internationally accepted human rights, and enhanced transparency of ICANN and its component stakeholder structures.

While progress on Work Stream 2 is intended to supplement, not supplant Work Stream 1, during ICANN 57, some members of the community continued to attempt to use Work Stream 2 to reverse or undermine decisions made in Work Stream 1. Most notably, a small but vocal faction within the “Jurisdiction” sub-team within Work Stream 2 continues to push that sub-team to re-examine having ICANN as a California-based US not-for profit entity, subject to US and California law. The sub-team’s actual work plan has directed it to examine how ICANN’s incorporation and locus in California impacts choice-of-law issues as well as community member access to, and the effectiveness of, the Work Stream 1 accountability mechanisms.

During ICANN 57, much of the Work Stream 2 discussion focused on issues of ICANN transparency. For example, the community discussed the importance of a mechanism to review any ICANN decision denying a community request to publish otherwise non-public information. ICANN CEO Göran Marby indicated that ICANN would implement a mechanism whereby all accountability-related complaints against ICANN would be published so the entire community could review them. Additionally, in this vein, the community dedicated substantial time to discussing the development of enhancements to the ICANN Document and Information Disclosure Policy (DIDP). Many suggested ICANN should strive to achieve a governmental standard, while others preferred a more carefully tailored approach taking into consideration ICANN’s somewhat unique multi-stakeholder governance model. There was general agreement that DIDP standards should be specific in terms of identifying the rationale for refusing to disclose requested information, such as likelihood of harm to the security or stability of the DNS or likelihood of financial harm to ICANN.

In addition, participants identified the need for additional transparency around Board deliberations. Some specific suggestions for

improving Board deliberation transparency included mandatory release of deliberations transcripts after a set period of time (e.g., five or ten years), or implementing some of the practices other stakeholders already utilize such as public email lists and public real-time audio of meetings (which the GNSO Council already implements). Others cautioned, however, the need to preserve some ability of the Board to maintain confidentiality around sensitive information. A balanced approach that errs on the side of transparency would likely yield the best results.

It is critical that brand owners and .Brand registry operators continue to participate in this ongoing accountability work to ensure that the significant progress made leading up to the transition is not undone, and that the community continues to develop new or enhanced accountability mechanisms in other areas that have not yet been fully explored.

4. Geographic Names Issues Resurface

A number of issues relating to the use of geographic names in the DNS resurfaced during ICANN 57.

THE ARGENTINA PROPOSAL

The Governmental Advisory Committee (GAC) Working Group on Geographic Names met to discuss the development of a document attempting to define the “public interest” in order to supplement and support a revised, but as yet unpublished, draft of the Argentina Proposal.

The Argentina Proposal aims to limit the use of geographic or other culturally significant terms as new gTLDs, on the basis that such restrictions on free expression ultimately benefit the public by preventing a single registry operator from monopolizing the term without approval from the relevant government or other authority. The Proposal is a direct response to strings from the 2012 round such as .AMAZON, which galvanized a number of governments of South American countries to unite to prevent the TLD from being

granted to Amazon, Inc. on the grounds that the term has priority significance as a river and geographic area of cultural significance.

During ICANN 57, GAC representatives from the United States, Canada, Denmark and several other countries questioned the purpose and utility of the document defining “public interest,” as well as the merits of the Argentina Proposal in general. The document defining “public interest” still fails to address trademarks and their public interest purpose vis-à-vis consumer protection. Indeed, by ICANN 57’s conclusion, the Geographic Names Working Group had repeatedly neglected to meaningfully respond to community concerns about the Argentina Proposal.

RELEASE OF TWO-LETTER SECOND-LEVEL DOMAINS

Prior to ICANN 57, ICANN proposed a set of criteria for new gTLD registry operators to implement in order to release all two-letter second level domains (SLDs) that remained subject to governmental opposition. The criteria were intended to assuage concerns from governments and country-code TLD (ccTLD) managers that such SLDs would cause confusion with corresponding two-letter country codes, such as IT for Italy or MY for Malaysia.

Historically, there has been tension between the viewpoints on this matter held by registry operators and brand owners on the one hand, versus governmental entities and ccTLD managers on the other hand. While governmental entities and ccTLD managers are in favor of measures that give them exclusive rights or priority access to two-character labels, registry operators and brand owners have consistently argued that such measures are unwarranted given the dearth of evidence that such names would cause confusion among Internet users vis-à-vis two-letter country codes, and given the lack of any legal basis for governmental priority rights to two-letter names

(as well as a broader category of geographic and cultural names).

After an extended period of consultation with the GAC and broader ICANN community, during its meeting on November 8, 2016 (in the midst of ICANN 57), the Board approved a final set of measures that permit new gTLD registry operators to release the remaining set of two-letter SLDs. These measures require all .Brand registries to:

1. Include a provision in its publicly available registration policy requiring a representation that the registrant of a letter/letter two-character ASCII label will take steps to ensure against misrepresenting or falsely implying that the registrant or its business is affiliated with a government or country-code manager if such affiliation, sponsorship or endorsement does not exist; and
2. For reports from governmental agencies regarding conduct that causes confusion with the corresponding country code in connection with the use of a letter/letter two-character ASCII domain, registry operators must take steps according to the requirements for handling reports pertaining to illegal conduct as set forth in Section 2.8 of the Registry Agreement. In responding to such reports, a Registry Operator will not be required to take any action in contravention of applicable law.

Overall, the Board’s resolution regarding these measures is a win for .Brand registries and brand owners. ICANN was persuaded by principled arguments that governments lack any legal basis for claiming priority over such two-letter names, even where they might correspond to two-letter country codes used as ccTLDs; no evidence indicated that such names cause user confusion as to whether the domain is associated with the specific country/government (such names have always been available in legacy gTLDs).

5. Discussions Regarding Protection of International Governmental Organization (IGO) Names and Acronyms Continue

The GAC continues to push ICANN to protect IGO names and acronyms, going so far as to develop a proposal outside of any formally recognized ICANN structure to protect such identifiers (the “Small Group Proposal”). However, this proposal clashes directly with prior policy advice developed by the GNSO that advised against preemptively protecting IGO names and acronyms, finding that such protection was not supported by international law. Brand owners had participated in that GNSO policy development process, supporting the view that IGO names and acronyms do not receive any priority protection under international or national law, and, at the most, should receive protection on par with trademark protection through Article 6 of the Paris Convention.

During ICANN 57, the GAC and the GNSO were repeatedly at odds on this issue, highlighting a larger malady concerning how each ICANN structure is designed to function within the ICANN community as determined by the ICANN Bylaws. Under the Bylaws, the GAC is expected to serve as an advisory committee, providing advice to the Board on matters of public policy and international and national law, while the GNSO is the designated policy-making body for gTLDs. Yet the Small Group Proposal, developed primarily by members of the GAC working directly with members of the ICANN Board, failed to include any GNSO representatives, lacked any formal charter and lacked any formally recognized mandate coloring the Proposal with any authority or validity.

Although next steps to resolve this unprecedented issue are unclear, GNSO participants, including the brand owner community that originally opposed preemptive protection for IGO names and acronyms, must

remain vigilant to ensure the GAC and Board do not move forward with any proposal that is unacceptable to the stakeholders actually mandated to develop gTLD policy.

6. Conversations on Mitigating Abuse, Content Regulation and Enhancing Trust in the DNS Take Place

Several discussions took place during ICANN 57 regarding various efforts to mitigate abuse and enhance trust in the DNS, and in the new gTLDs in particular.

While the exact parameters of a High Interest Topic session on “Mitigating Abuse in gTLDs” were somewhat unclear, the session ultimately included representatives from Public Interest Registry (PIR) and Rightside Registry describing their specific anti-abuse measures and best practices, including specific data on abuse reporting categories, response times and response steps. A representative from Facebook then provided a brand owner perspective, presenting an impactful case study highlighting insufficient responses from registrars and ICANN in mitigating abuse perpetrated through the COM-VIDEO.NET and LOGIN-ACCOUNT.NET domain names. The case study concluded that it is incumbent on users to report abuse, on registrars to implement anti-abuse mechanisms required under ICANN contracts and their own Terms of Service and policies, and on ICANN to enforce these contracts to ensure appropriate action by registrars.

In addition, domain abuse issues were scrutinized during a discussion on “DNS and Content Regulation.” In this session, debates blustered over the role (both existing and potential) of registry operators and registrars in addressing illegal and objectionable online content (including intellectual property infringement). Many participants expressed concern that should ICANN and its contracted parties expand their roles in this sphere, ICANN may be acting outside the scope of its mission as

defined in its Bylaws. The new ICANN Bylaws that went into effect on October 1, 2016 expressly state that “ICANN shall not regulate (i.e., impose rules and restrictions on) services that use the Internet's unique identifiers or the content that such services carry or provide, outside the express scope of [its Mission to ensure the stable and secure operation of the Internet's unique identifier systems].”

The issue of abuse was also discussed in the context of the non-binding Security Framework intended to provide guidance to registry operators and registrars in compliance with Specification 11 Section 3(b), which is still under consultation with the GAC Public Safety Working Group (PSWG). Under Specification 11 Section 3(b), all registry operators are required to monitor and maintain statistics on threats of malicious conduct and abuse within their TLDs. A new proposal with prescriptive response timelines endorsed by the FBI was introduced, although it was met with concerns that the proposal and its timelines were excessive and unsuitable. Because a new security framework could alter brand owners' obligations in terms of who they may rely upon to monitor abuse, and how detailed (and thus expensive) such monitoring must be, this issue remains unresolved but very relevant to brand owners' interests.

Such considerations are a reminder that discussions of “abuse” and “security” with regard to gTLDs and the DNS encompass many different issues involving many different stakeholders. Brand owners have an inherent interest in minimizing all abuse in the DNS, most especially malicious acts that target brands and harm consumers, such as cybersquatting, trademark infringement and counterfeiting, and fraud.

In a related vein, the community continues efforts to study how the new gTLD program has affected competition in the domain name marketplace, consumer choice with respect to domain name products and services, and

consumer trust in the gTLD space. The Competition, Consumer Trust and Consumer Choice Review Team (CCT-RT) is responsible for studying these issues, as well as the effectiveness of the application and evaluation processes for new gTLDs, and the effectiveness of safeguards put in place to mitigate possible abuse involved in the expansion of the DNS. The CCT-RT's findings will be a key input to the SUB PRO as it develops policy and implementation recommendations for future new gTLDs.

In Hyderabad, the CCT-RT summarized its existing and ongoing research, which includes surveys of end users and registrants, economic and price development information, and analyses of why there was limited applicant participation in the new gTLD program from the global south. Upcoming studies will include DNS abuse review and review of the impact of the new gTLDs on trademark owners. The CCT-RT also discussed early implications of gTLDs on the DNS marketplace.

It is very important that brand owners carefully review, analyze and weigh in on the work of the CCT-RT given that trademarks play a key role in ensuring trust in the global marketplace, including in the DNS. Brand owners must continue to work with the CCT-RT to ensure that any plans for promoting trust in the next round of gTLDs encompass the objectives of brand owners as well as the lessons (both positive and negative) learned from the 2012 gTLD application and evaluation process.

Conclusion

As always, we hope that this high-level guidance provides you with unique insight into several major areas of impact and interest for brand owners and registry operators, including for .Brand TLDs, which received attention during ICANN 57.

Please let us know if you wish to discuss any of these or any other ICANN advocacy matters in greater detail. We look forward to continuing to

provide you with key updates on ICANN matters, prior to and during the next ICANN Meeting, due to take place in Copenhagen, Denmark, from March 11-16, 2017.

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