

[DRAFT] Summary of Differences between IRT Recommendations and Applicant Guidebook v3

The following chart sets out the differences between the recommendations in the IRT Final Report (<http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>) and the versions of the IRT proposals as incorporated into Applicant Guidebook version3 (<http://www.icann.org/en/topics/new-gtlds/comments-3-en.htm>), and in the trademark protection issues referred to the GNSO (<http://www.icann.org/en/topics/new-gtlds/gnso-consultations-reports-en.htm>). The proposals in the Guidebook and related materials do not constitute a formal position by ICANN, and have not been approved by ICANN's Board of Directors. The guidebook and related materials have been set out for review and community discussion purposes, and we encourage comments and suggestions for improvement.

TRADEMARK CLEARINGHOUSE

IRT Recommendation	Proposal	Comments/Rationale
1. Call it an IP Clearinghouse.	Call it the Trademark Clearinghouse.	Different name suggested to reflect the fact that only trademarks and not other forms of intellectual property such as copyrights or patents are the subject matter.
2. Holders would grant a license to ICANN to use the data and ICANN would sublicense that right to the Clearinghouse.	No licenses to ICANN to use data.	Not necessary because the Clearinghouse is storing information. It should be clear that in so storing that no rights to use the data exist separate and apart from the purpose of the Clearinghouse.
3. Maintenance of and dissemination of information related to Globally Protected Marks List.	The provision for a GPML is not included in this set of recommendations.	It is difficult to develop uniformly acceptable standards can be developed – it might lead to the creation of new rights. It would create only marginal benefits because it would only apply to a relatively small number of names.
4. Information (Clearinghouse) repository to interact with URS such	Pre-registration complaint process in URS not	While combining the functionality of the URS and Clearinghouse presents opportunities for

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that marks registered in Clearinghouse are pre-vetted in the URS.	included.	efficiency, they remain separate for now – in order to avoid additional complexity in considering the proposals. The efficiency can be introduced later.
5. Single global provider performing both the validations and clearinghouse operating roles.	Two providers, each global, one charged with database administration (including IP claims and sunrise services), one with data validation. There were suggestions that regional clearinghouses be set up to avoid risks associated with a single database and to address local cultural issues.	Public comments pertaining to sole source providers suggest this approach to prevent abuse – such as removing an incentive to falsely validate trademark claims. The detriments of establishing of regional clearinghouses seem to outweigh the risks: a single database can be made secure and restricted; multiple clearinghouses might increase costs, result in inconsistent decisions and lead to forum shopping.
6. Contract between ICANN and provider of five years recommended	Specific term nor form of association not proposed.	A renewable license or accreditation is preferred to a contract (a relationship akin to that between ICANN and a UDRP provider) to limit ICANN’s participation or involvement in operational aspect of the clearinghouse. Some sort of instrument will be required as there will be one clearinghouse at any one time and an approach is needed so that if the service provider is not performing adequately a successor can be found.
7. Specific standards for acceptance into the clearinghouse were not specified.	Standards (not be based on the laws of any particular jurisdiction) include:	Holders of common law rights can also gain entry to the Clearinghouse upon the appropriate showing of use. The criteria selected are a balance

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	<p>a) ownership of a valid trademark registration from an entity authorized to grant such registrations and that verifies the validity of the trademark; or</p> <p>b) in the absence of a registration, evidence of continuous use of the mark in connection with the bona fide offering for sale of goods or services for a period of five years prior to the application for membership.</p> <p>Specific recommendations as to how to validate data in connection with b) including copies of labels, tags, promotional materials, and invoices.</p>	<p>of the need to weed out fraudulent applications without burdening the verification process while insuring that only true trademark “use” can be admitted to the Clearinghouse.</p>
<p>8. Clearinghouse will validate any registered mark issuing from a jurisdiction that conducts substantive review.</p>	<p>Same, except registrations that include top-level extensions not included so that “ICANN” could be registered but not “ICANN.org,” even if it was registered in some jurisdiction conducting substantive review.</p>	<p>Deters second-level registrations made for the purpose of establishing trademark rights filings.</p>

PDDRP

IRT Recommendation	Guidebook Proposal	Comments/Rationale
<p>1. Prepayments by complainant: to ICANN to initiate proceedings; to dispute resolution providers for further proceedings; and for penalty fee in cases of “meritless” claims.</p>	<p>Payment directly to the Dispute Resolution Provider (“Provider”) by the complainant and the registry operator (not ICANN). Prevailing party has their payment refunded. No prepayment of penalty fee.</p>	<p>Pre-payment by both parties was proposed so as to avoid the undue time and costs of having to collect fees after the fact if the respondent is not the prevailing party.</p> <p>The Panel seated by the Provider will be able to deter abusive filings through the flexibility of graduated sanctions and through the loser pays mechanism. Pre-paying a penalty <i>in case</i> the complaint is without merit could create obstacles for the trademark holders in obtaining relief for the most egregious forms of cybersquatting conduct.</p>
<p>2. ICANN is notified of complaint and has 30 days to investigate whether the registry operator is in material breach of the representations in the Registry Agreement and report its conclusions. If ICANN determines the Registry Operator is in material breach, ICANN must use enforcement mechanisms in the Registry Agreement. If ICANN’s investigation reveals no material breach, ICANN, complainant and Registry Operator have 15 days to resolve the dispute. If the parties are</p>	<p>ICANN will investigate all breaches of the registry agreement and pursue them to conclusion. Claims alleging violation of third party rights will be filed as part of the formal dispute resolution process, and directly with the appropriate Provider. Third parties can take advantage of either: a claim of agreement breach (made to ICANN) or filing triggering an independent dispute process.</p>	<p>The IRT Report describes two goals of the post-delegation process: it should be efficient and cost effective; and it should not create third party beneficiary rights. Basing third party claims on an alleged breach of the Registry Agreement could have the unintended effect of creating such rights. The rights of a trademark holder need not be tied to the Registry Agreement. As such, the requirement for ICANN to investigate any and all claims of agreement breach remains, but other third party right can be addressed directly by the dispute resolution provider. ICANN remains</p>

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unable to resolve the dispute, post delegation procedures can be filed.		<p>responsible for ultimate contract enforcement and can still receive and will investigate complaints of breach of contract as part of its ongoing contractual compliance activities.</p> <p>The availability of both solutions in a timely manner provides the best protections for registrants and leaves to the complainant the decisions for how to pursue remedies.</p>
3. A Registry Operator can allege that a complaint is “without merit”. ICANN investigates whether a complaint is without merit. If so, complainant loses the initial deposit.	ICANN would not separately investigate such claims as part of the formal dispute resolution process, before they are forwarded to the Dispute Resolution Provider for administration. The “without merit” allegations will be addressed by Panel seated by the Provider in connection with the process initiated by the Complainant. As such, the “without merit” claim is still available through the proceedings and the Panel can issue a Determination recommending the appropriate sanctions on a graduated scale if such a Determination is made.	It is thought that ICANN should not play a direct role in a dispute to be adjudicated by an independent Panel and administered by an independent Provider – should not be making decisions intended for independent review – even at the preliminary level. See response to second comment in this section above.
4. Three Strikes – if ICANN finds a complainant to have lodged three complaints that are “without merit,” the complainant will be banned from filing for one year. After a one year ban, a subsequent “without merit” finding	“Without” merit is a finding that will be made by the Panel and the Panel has the authority to award costs, fees, temporary and permanent bans.	Retaining flexibility in determining the appropriate sanctions to be recommended by a Panel appears to be an efficient way of deterring abusive filings and also enables the Panel to recommend sanctions for specific conduct on a graduated scale. It is meant to

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<p>will result in a permanent ban. If the Panel makes two Determinations that the complaint is “without merit” the one-year ban is in effect followed by the permanent ban upon a subsequent without merit finding.</p>		<p>follow the intent of the IRT recommendation while providing flexibility to the Panel to fashion an appropriate remedy.</p>
<p>5. Standard for Asserting a Claim – 3 types:</p> <p>(a) The Registry Operator’s manner of operation or use of a TLD is inconsistent with the representations made in the TLD application as approved by ICANN and incorporated into the applicable Registry Agreement and such operation or use of the TLD is likely to cause confusion with the complainant’s mark; or</p> <p>(b) The Registry Operator is in breach of the specific rights protection mechanisms enumerated in such Registry Operator’s Agreement and such breach is likely to cause confusion with complainant’s mark; or</p>	<p>For a Registry Operator to be liable for top-level infringement, a complainant must assert and prove by clear and convincing evidence that the Registry Operator’s affirmative conduct in its operation or use of its gTLD, that is identical or confusingly similar to the complainant’s mark, causes or materially contributes to the gTLD: (a) taking unfair advantage of the distinctive character or the reputation of the complainant’s mark, or (b) unjustifiably impairing the distinctive character or the reputation of the complainant’s mark, or (c) creating an impermissible likelihood of confusion with the complainant’s mark.</p> <p>For a Registry Operator to be liable for the conduct at the second level, the complainant must assert and prove by clear and convincing evidence: (a) that there is substantial ongoing pattern or practice of specific bad faith intent by the registry operator to profit from the sale of trademark infringing domain names; and (b)</p>	<p>The changes do not affect the core purpose of this rights protection mechanism, it remains a protection mechanism for trademark holders. Since the rights of the trademark owner exist separate and apart from the registry agreement, there was no need to tie the trademark holder’s rights solely to whatever the resulting registry agreement would be. Moreover, as the IRT Report recognizes, there is a difference in culpability at the top and second level. So, to accommodate the difference in the type of systemic conduct that the IRT envisioned as actionable, the standards were separated and set forth in that fashion. Indeed the aim was for liability to attach to a Registry Operator for the conduct of a registrant only if the Registry Operator was truly culpable and not simply a passive intermediary.</p> <p>Remember also that the ICANN proposal also provides for separate contractual compliance</p>

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<p>(c) The Registry Operator manner of operation or use of the TLD exhibits a bad faith intent to profit from the systemic registration of domain name registrations therein, which are identical or confusingly similar to the complainant's mark, meeting any of the following conditions: (i) taking unfair advantage of the distinctive character or the reputation of the complainant's mark, or (ii) unjustifiably impairing the distinctive character or the reputation of the complainant's mark, or (iii) creating an impermissible likelihood of confusion with Complainant's mark.</p>	<p>of 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 mark, or (ii) unjustifiably impairs the distinctive character or the reputation of the complainant's mark, or (iii) creates an impermissible likelihood of confusion with the complainant's mark. In this regard, it would not be nearly enough to show that the registry operator was on notice of possible of trademark infringement through registrations in the gTLD.</p>	<p>actions for direct agreement violations.</p>
<p>6. Three Member Panel</p>	<p>Parties can all agree that there will be three panelists or decide, otherwise, one member will make the decision.</p>	<p>Consistent with UDRP approach, with a goal of managing cost and time to determination.</p>
<p>7. The IRT Report is silent on whether there should be live hearings.</p>	<p>Resolution without a hearing unless special circumstances.</p>	<p>To maximize efficiency, and minimize costs, the proposed policy allows for a hearing, but states that a hearing would be the exception rather than the rule. Because the matters are limited</p>

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		to systemic cases of cybersquatting, and because recommended remedies would be graduated, the need for a hearing would appear to be very limited. Accordingly, to keep the balance envisioned by a cost effective, prompt resolution of the most egregious cases of cybersquatting, it was recommended that the hearing be the exception. However, ICANN welcomes further comment in this regard.
8. Default/Review of Default Proceedings is not mentioned.	Default available after 14 days with limited basis to set aside default that must equate to good cause.	Because of the seriousness of the offense and the impact the procedure could have on the business of the registry operator, it was believed that the incidences of default would be rare, particularly since notice of the proceedings would not be an issue.

Uniform Rapid Suspension

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1. Mandatory participation in the process through the Registry Agreement. In turn, registries would bind all registrars.	Suggested best practice with scoring for participation. If included in the Guidebook, there will be 22 technical & operational questions, each with scoring of 0, 1, or 2 points as described above. There will be two “optional” questions (this is one) where the	Since 23 points are required to pass the evaluation, the applicant will be incented to adopt the URS. Since the ultimate adoption of this procedure that is similar to a policy based process (UDRP), it has been recommended by some that it should remain a best practice for

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	applicant can get zero and still pass.	now.
2. Two ways to initiate proceedings: (a) through a pre-registration process in the Clearinghouse; and (b) using the standard practice of asserting rights in a trademark and then proceeding to the merits.	The Guidebook proposal does not mention a pre-registration process utilizing the Clearinghouse.	The IRT pre-registration process idea is that the IP Clearinghouse would work in conjunction with the URS proceedings. At this proposal stage, the URS and Clearinghouse models are being kept separate for clarity's sake. The IRT developed efficiencies introduced by using the Clearinghouse for pre-registration could be introduced later.
3. Lower fees for pre-registration proceedings, but no specific amounts set.	Same fees apply, thought to be in the range of \$300. The fee will ultimately be determined by the Provider. The Provider will have to meet certain requirements to assure provision of timely, quality services.	This fee range is comparable to the Nominet summary decision process. It is thought this fee can be attained in conjunction with the pre-registration implementation above.
4. Fee imposed on registrant to file an answer if more than 26 domains are at issue.	This fee is not included in the current proposal.	Registrants should not have to pay to assert they have a valid interest in domain names. Also, since the URS will apply to cases where there is generally no reply by the registrant, the fee becomes meaningless in nearly all cases.
5. The URS allows 14 calendar days from the date of the initial email notification to answer.	14 days, but an extension of time of not more than seven days can be obtained. Fax notification is included in the notice process.	Comments have suggested that additional time may be needed to obtain counsel and defend. Notice by email and postal mail alone was considered by some to not be sufficient since spam filters and postal mail delays could prevent or delay receipt of the complaint. The ability to apply for an extension is thought to

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		be a way to address the concern and to keep the “R” in URS.