

PROPOSED TRADEMARK POST-DELEGATION DISPUTE RESOLUTION PROCEDURE (TRADEMARK PDDRP)

INTRODUCTION

Several community participants, including the Implementation Recommendation Team (IRT) and the World Intellectual Property Organization (WIPO) have suggested that one of the rights protection mechanisms (RPM) for trademark holders should be a trademark post-delegation dispute resolution procedure (Trademark PDDRP). Various recommendations as to how such a process would be implemented have also been discussed. One point that seems to be generally accepted, is that such a procedure should only afford trademark holders the right to proceed against registry operators who have acted in bad faith, with the intent to profit from the systemic registration of infringing domain names (or systemic cybersquatting) or who have otherwise set out to use the gTLD for an improper purpose. The procedure is not intended to apply to a registry operator that simply happens to have infringing domain names within its gTLD.

Some have expressed concerns that a post-delegation procedure challenging registry operator conduct might confer third-party beneficiary rights upon non-signatories to the Registry Agreement. Further, questions have arisen as to the rights of bona fide registrants (and applicability of remedies to registrars) if they are not a party to the post-delegation dispute resolution proceedings. Such concerns are understood and can be addressed differently for alleged violations of trademark rights at the top level and for such alleged violations at the second level.

It is important to note that this Trademark PDDRP is not intended to replace ICANN's contractual compliance responsibilities. ICANN will continue to pursue its contractual compliance activities and enforcement for all of its contracted parties. This Trademark PDDRP is meant to enhance such activities and provide ICANN with independent judgment when required.

At the top level, the rights of a trademark holder to proceed against a gTLD operator for trademark infringement exist separate and apart from any contract between ICANN and a registry operator. The Trademark PDDRP simply provides a limited avenue in which to pursue rights that already exist.

Standards

Taking into account the various proposals as to the standards required to hold a registry operator liable for infringement at the top-level, it is proposed that 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.

An example of infringement at the top-level is where a TLD string is identical to a trademark and then, contrary to declared intentions not to infringe the rights of the mark holder, the registry operator holds itself out as the beneficiary of the mark.

Contributors mentioned above also recommend that the post-delegation procedure apply at the second level, i.e., that in some cases, the registry operator might have to answer for trademark infringing conduct in the registrations within the gTLD, rather than the TLD itself. Whether and in what manner to extend the post-delegation process to the second level must be worked through carefully. Contemplation of holding registry operators accountable for registrations in its gTLD has resulted in a number of comments regarding the standard to be applied to the registry operator, whether intervention rights should be permitted, and whether the net result of extension to the second level has a *de facto* effect of requiring registries to police all domain names and content of websites for trademark infringement. Such concerns are understood and continue to be the subject of review and discussion.

To the extent that the Trademark PDDRP is extended to the second level: some have suggested that a standard similar to that applicable to the top level apply to the second level, others have suggested that the standard be even higher to hold registry operators accountable for second level registrations in order to avoid improper results.

Accordingly, to hold a registry operator accountable for registrations at the second level, it is proposed that complainants be required to 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) 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.

An example of infringement at the second level is where a registry operator repeatedly encourages registrants to register second level domain names and to take unfair advantage of the trademark to the extent and degree that bad faith is apparent.

Remedies

Regardless of whether application of the Trademark PDDRP is at the top level or at the second level, the remedies available must take into account that only the registry operator, and not the registrant or registrar, is a party to the dispute resolution proceeding. Accordingly, the applicable remedies should be limited to the registry operator and cannot provide for transfer of the infringing domain name(s) that would affect a registrant and require registrar compliance when neither are parties to the proceedings. If transfer is sought, the UDRP, or other appropriate procedure in a competent jurisdiction, can be initiated. In this regard, a balance is achieved in that the aggrieved trademark holder still has an avenue in which to bring its claims but the registry operator is only penalized for conduct in which it was an active participant.

Because intellectual property rights are at issue, there have been some suggestions that the only remedy that should be considered is cancellation of the gTLD. The IRT Final Report

envisions that the remedies would be graduated and would allow for the imposition of sanctions through forfeiture. The timing and escalation of sanctions will be specifically detailed so that this RPM produces its intended preventive effect.

Therefore, the procedure will recommend remedies that will be available for use at the discretion of the independent dispute resolution provider. These include sanctions and suspension.

In the extreme example where termination of the registry agreement is the ordered remedy, ICANN's registry continuity procedures, intended to protect registrants and provide for the ongoing resolution of domain queries, will be initiated. As there are a number of complex issues surrounding whether and to what extent the registry operator should be responsible for registrations at the second level, including the acts of registrars or registrants, it makes sense that the application of this Trademark PDDRP to the second level, and the resulting remedies, be further evaluated. With that in mind, below is a procedure for consideration and discussion.

DRAFT PROCEDURE

Parties to the Dispute

- The parties to the dispute will be the trademark holder and the gTLD registry operator. (Although there has been some suggestion that prior to commencing such a procedure, that ICANN first be notified and asked to investigate, from a practical standpoint, it does not make sense to add this layer to the procedure. It would unnecessarily slow the process.)

Applicable Rules

- This procedure is intended to cover dispute resolution proceedings generally. To the extent more than one Trademark PDDRP provider (Provider) is selected to implement the procedures, each Provider may have additional rules that must be followed when filing a Complaint. The following are general procedures to be followed by all Providers.
- In the Registry Agreement, the registry operator agrees to participate in all post-delegation procedures and be bound by the resulting Determinations.

Language

- The language of all submissions and proceedings under the procedure will be English.
- Parties may submit supporting evidence in their original language, provided and subject to the authority of the panel to determine otherwise, that such evidence is accompanied by an English translation of all relevant text.

Communications and Time Limits

- All communications with the Provider must be submitted electronically.
- For the purpose of determining the date of commencement of a time limit, a notice or other communication will be deemed to have been received on the day that it is transmitted.

- For the purpose of determining compliance with a time limit, a notice or other communication will be deemed to have been sent, made or transmitted on the day that it is dispatched.
- For the purpose of calculating a period of time under this procedure, such period will begin to run on the day following the date of receipt of a notice or other communication.
- All reference to day limits shall be considered as calendar days unless otherwise specified.

Standing

- The mandatory administrative proceeding will commence when a Complaint has been filed with a Provider asserting that the Complainant is a trademark holder (which may include either registered or unregistered marks) claiming to have been injured by the registry operator's manner of operation or use of the gTLD.

Filing of the Complaint

- The Complaint will be filed electronically. Once reviewed for technical compliance, the Provider will electronically serve the Complaint and serve a paper notice on the registry operator that is the subject of the Complaint consistent with the contact information listed in the Registry Agreement.

Content of the Complaint

- The Complaint will include:
 - The name and contact information, including address, phone, and email address, of the Complainant, and, to the best of Complainant's knowledge, the name and address of the current owner of the registration.
 - The name and contact information, including address, phone, and email address of any person authorized to act on behalf of Complainant.
 - The basis for standing; that is, why the Complainant believes it has the right to complain.
 - A statement of the nature of the dispute, which should include:
 - The particular legal rights claim being asserted, the marks that form the basis for the dispute and a short and plain statement of the basis upon which the Complaint is being filed.
 - A detailed explanation of how the Complainant's claim meets the requirements for filing a claim pursuant to that particular ground or standard.
 - A detailed explanation of the validity of the Complaint and why the Complainant is entitled to relief.

- Copies of any documents that the Complainant considers to evidence its basis for relief, including web sites and domain name registrations.
- A statement that the proceedings are not being brought for any improper purpose.
- Complaints will be limited to 5,000 words or 20 pages, whichever is less, excluding attachments.
- At the same time the Complaint is filed, the Complainant will pay a non-refundable filing fee in the amount set in accordance with the applicable Provider rules. In the event that the filing fee is not paid within 10 days of the receipt of the Complaint by the Provider, the Complaint will be dismissed without prejudice.

Administrative Review of the Complaint

- All Complaints will be reviewed by the Provider within 10 days of submission to the Provider to determine whether the Complaint contains all necessary information and complies with the procedural rules.
- If the Provider finds that the Complaint complies with procedural rules, the Complaint will be deemed filed, and the proceedings will continue. If the Provider finds that the objection does not comply with procedural rules, it will dismiss the Complaint and close the proceedings without prejudice to the Complainant's submission of a new Complaint that complies with procedural rules. Filing fees will not be refunded.

Response to the Complaint

- The registry operator will file a Response to each Complaint. The Response will be filed within twenty (20) days of service the Complaint. Service will be deemed effective, and the time will start to run, upon confirmation that the written notice sent by the Provider has been received at the last known address of the registry operator.
- The Response will comply with the rules for filing of a Complaint and will contain a point by point response to the statements made in the Complaint, should be filed with the Provider and served upon the Complainant in paper and electronic form.
- If the registry operator fails to respond to the Complaint, it will be deemed to be in default and the allegations found in the Complaint will be deemed to have been sustained. The Provider will award an appropriate remedy in the event of default.
- Limited rights to set aside the finding of default will be established by the Provider, but in no event will they be permitted absent a showing of good cause to set aside the finding of default.
- If the registry operator believes the Complaint is without merit, it will affirmatively plead in its response the specific grounds for the claim.

- The Complainant is permitted 10 days from Service to submit a reply addressing the statements made in the Response showing why the Complaint is not “without merit.”
- Once the Complaint, Response and Reply (as necessary) are filed and served, a Panel will be appointed and provided with all submissions.

Panel

- Appropriately qualified panelist(s) will be selected and appointed to each proceeding by the designated Provider within thirty (30) days after receiving the response and/or reply as applicable.
- The Provider will appoint a Panel, which shall consist of one Panel member, unless all parties agree that there should be three Panelists. In the case where all Parties agree to three Panelists, selection of those Panelist will be made pursuant to the Providers rules or procedures.
- Panelists must be independent of the parties to the post-delegation challenge. Each Provider will follow its adopted procedures for requiring such independence, including procedures for challenging and replacing a panelist for lack of independence.

Costs

- The Provider will determine the costs for the proceedings that it administers under this procedure in accordance with the Provider’s applicable rules. Such costs will cover the administrative fees of the Provider and for the Panel and are intended to be reasonable.
- Each party shall be required to submit the full amount of the Provider administrative fees and the Panel fees at the outset of the proceedings.
- The Provider shall refund the full amount to the prevailing party, as determined by the Panel.

Discovery

- Whether to permit discovery has been the subject of commentary. Whether and to what extent is still under review, however, given the nature of the proceeding and potential remedies, some form of written discovery might make sense, but it should be at the discretion of the Panel upon request from the Parties if the Parties cannot agree among themselves as to the scope and timing of the exchange of written discovery.
- If permitted, discovery will be limited to that for which each Party has a substantial need.
- Without a specific request from the Parties, the Provider may appoint experts to be paid for by the Parties, request live or written witness testimony, or request limited exchange of documents.

- At the close of discovery, if permitted, the Parties will make a final evidentiary submission to the Panel, the timing and sequence to be determined by the Provider in consultation with the Panel.

Hearings

- Disputes under this Procedure will be resolved without a hearing unless, in the discretion of the Panel, extraordinary circumstances require a hearing.
- The Panel may decide on its own initiative, or at the request of a Party, to hold a hearing if, extraordinary circumstances exist. However, the presumption is that the Panel will render Determinations based on written submissions and without a hearing.
- If a request for a hearing is granted, videoconferences or teleconferences should be used if at all possible. If not possible, then the Panel will select a place for hearing if the Parties cannot agree.
- Hearings should last no more than one day, except in the most extraordinary circumstances.
- All dispute resolution proceedings will be conducted in English.

Burden of Proof

- The Complainant bears the burden of proving the allegations in the Complaint, the burden should be by clear and convincing evidence.

Remedies

- The Panel will have at its disposal a variety of graduated enforcement tools such as:
 - Monetary sanctions intended to equal the financial harm to the complainant;
 - Suspension of accepting new domain name registrations in the gTLD until such time as the violation(s) is cured or a set period of time; or, in extraordinary circumstances,
 - Providing for the termination of a Registry Agreement.
- In making its Determination of the appropriate remedy, the Panel will consider the ongoing harm to the Complainant.
- While still under consideration, the Panel may also determine whether the Complaint was filed "without merit," and, if so, award the appropriate sanctions on a graduated scale, including:
 - Temporary bans from filing Complaints;
 - Imposition of costs of registry operator, including reasonable attorney fees;

- Penalty fees paid directly to DRP;
- Permanent bans from filing Complaints after being banned temporarily.

The Panel Determination

- The Provider and the Panel will make reasonable efforts to ensure that the Panel Determination is rendered within 45 days of the appointment of the Panel.
- The Panel will render a written Determination. The Determination will state whether or not the Complaint is factually founded and provide the reasons for that Determination. The Determination should be publicly available and searchable on the Provider's web site.
- The Determination will state specifically when the applicable remedies are to take effect. Any Determination as to remedy, however, will not be ordered to take effect any sooner than ten (10) business days of the Determination.

Availability of Court or Other Administrative Proceedings

- The Trademark PDDRP is not intended as an exclusive procedure and does not preclude individuals from seeking remedies in courts of law.
- In those cases where a Party provides the Provider with documented proof that a Court action was instituted prior to the filing date of the Complaint in the post-delegation dispute proceeding, the Provider may suspend or terminate the post-delegation dispute resolution proceeding.

Appeal

- All Determinations by a Panel will be immediately appealable to a court of competent jurisdiction located in either the Complainant's or the registry operator's jurisdiction.