The Intellectual Property Constituency (IPC) of the GNSO appreciates this opportunity to comment on the Proposed Amendments to the Base New gTLD Registry Agreement. *See* https://www.icann.org/public-comments/proposed-amend-new-gtld-agreement-2016-05-31-en. Please find our comments regarding the proposed amendments below.

In the comments below, the IPC strives primarily to highlight proposed Registry Agreement amendments with a potentially negative impact on intellectual property rights holders, as well as identify redlines that perhaps are not extensive enough, or could be improved upon, to better protect third party intellectual property rights. In addition, the IPC also touches on areas of concern to intellectual property owners as current or potential operators of .Brand TLDs.

Procedural Issues

As a threshold matter, the IPC notes that negotiations with ICANN that produced the proposed amendments took place in a fairly non-transparent manner and involved only a small portion of the ICANN community. Many within the IPC were not able to participate directly in these negotiations. The IPC encourages ICANN staff and the ICANN community to consider how other stakeholder groups can have both a view and a voice during negotiations, rather than being limited to *ex post facto* public comment periods. The IPC has previously expressed concern regarding this lack of transparency in contract negotiations.[1] We would also encourage consideration of how best to involve non-RySG-member registries/applicants – including .Brands – in the negotiation process, since these entities will be signatories to the resulting agreements.

Article 2.1 and Exhibit A. Approved Services.

Article 2.1 states that a "Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in [Specification 6] and such other Registry Services set forth on Exhibit A." Exhibit A further states that "[i]f [the] Registry Operator wishes to place any DNS resource record type or class into its TLD DNS service (other than those listed in Sections 1.1 or 1.2 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS." Exhibit A also notes that "The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g. apex A, AAA, MX records) in the TLD zone."

However, based on findings from the ICANN Security and Stability Advisory Committee noting dotless domains' linkage to security issues and allowance of malicious activities,[2] the ICANN Board's New gTLD Program Committee (NGPC) voted to prohibit dotless domains.[3]

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[1] *See* http://ipconstituency.org/PDFs/IPC_comments_on_prelim_issues_report_RAA_amendments-1-13-2012.pdf (pp. 3-4 and fn. 2).
[2] https://www.icann.org/en/system/files/files/sac-053-en.pdf.
[3] https://www.icann.org/resources/board-material/resolutions-new-gtld-2013-08-13-en#1.a.

Because the above-quoted text in proposed Exhibit A presents ambiguity as to whether the RSEP process could be used to enable dotless domains that could facilitate malicious activity harming owners of intellectual property, the new proposed text in Exhibit A should be amended to clearly state that the RSEP process will not permit introduction of dotless domains. While the IPC notes clarifications and public assurances made by Cyrus Namazi during ICANN 56 in Helsinki, Finland on this point, greater clarity within the Registry Agreement itself may still be necessary.[4]

Section 4.3(e). Termination by ICANN.

While this proposed amendment is intended to "provide more specificity" about enforcement of the Public Interest Commitments (PICs) contained in Specification 11 to the Registry Agreement, as drafted it may create the impression that termination of the agreement can result only from breaches of PICs obligations that are processed using the PIC Dispute Resolution Procedure (PICDRP) and that conclude in determinations of a PICDRP panel. In fact, as the terms of Specification 11 themselves state, these obligations can be enforced directly by ICANN as with any other breach of the agreement, a point recently underscored by ICANN Board Chair Steve Crocker in a letter to IPC:

> Because the PICs are incorporated in Specification 11 of the Registry Agreement, they are part of the contract between ICANN and the Registry Operator, and accordingly, these PICs are subject to enforcement by ICANN's contractual compliance department in the ordinary course of its enforcement activities…. The Public Interest Commitments Dispute Resolution Procedure (PICDRP) provides a potential alternative or parallel mechanism for a harmed party to pursue remedies, but it does not preclude or limit ICANN from enforcing the PICs through its normal contractual compliance process and timetable.[5]

The same point would apply to PICs contained in those versions of Specification 11 that extend beyond the three sections of Specification 11 that appear in all new gTLD Agreements.[6]

To provide greater clarity on these points, the IPC suggests that the proposed amendment to section 4.3(e) be further modified, as follows:

> (e) **Without prejudice to termination by any other method authorized by this Agreement,** ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to a determination by any PDDRP panel or RRDRP panel under Section 2 of Specification 7 or a determination by any PICDRP panel under Section 2, ~~or~~ Section 3, **or any other applicable Section** of Specification 11, subject to Registry Operator's

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[4] *See* ICANN, Transcript; Discussion of Proposed Amendments to the Base New gTLD Registry Agreement (June 28, 2016) ("I just want to make sure for the record that there is no implication here of ICANN, and perhaps the stakeholder group, wanting to provide a backdoor for Dotless Domains to come back. There is no intention of that at all … In terms of any registries being able to submit an RSEP to ICANN for any type of service they want to, they can. There is no way that we could tell them not to. How we end up processing it and ultimately approving or disapproving it then falls into that category.")

[5] *See* https://www.icann.org/en/system/files/correspondence/crocker-to-shatan-30jun16-en.pdf, at 3-4.

[6] *See, e.g.,* https://www.icann.org/sites/default/files/tlds/wedding/wedding-agmt-pdf-24apr14-en.pdf (.wedding registry agreements containing additional obligations in section 4 of Specification 11).

right to challenge such termination as set forth in the applicable procedure described therein.

Section 6.7. Fee Reduction Waiver.

The IPC supports the concept of a Fee Reduction Waiver. However, the IPC is concerned by the lack of any objective criteria on which fee reduction waivers will be based, or any objective process for determining such criteria. The ability for ICANN staff to waive fees "at [their] sole discretion" with no stated criteria or requirement for public disclosure, is not an appropriate mechanism. The IPC urges ICANN staff to utilize a data-driven and transparent process to formulate its fee reduction process. In order to appropriately incentivize and reward good registry practices, such objective criteria might include the fact that there are few UDRP or URS complaints or reported incidents of cybersquatting, intellectual property infringement, spam or other abuse. In addition, as noted above, .Brand registry operators with total domains under their management that fall below a certain threshold should also be considered eligible for fee reduction waivers, given their extremely low compliance risk.

Specification 7, Section 1. Rights Protection Mechanisms.

Amendments to this provision introduce contractual deadlines for registry operators to enter into "a binding and enforceable Registry-Registrar Agreement (RRA) with at least one ICANN accredited registrar." These amendments attempt to prevent registry operators from circumventing mandatory trademark Rights Protection Mechanisms (RPMs). For example, registry operators might simply wait out prescribed sunrise and claims service periods, never accrediting any registrars through which sunrise registrations are made or claims notices are sent. As such, the IPC supports these amendments.

As a threshold matter, in order to prove effective, the operative language could be further amended for non .Brand TLDs to specify and mandate "a binding and enforceable RRA with at least one ICANN accredited registrar that is not an Affiliate." The term Affiliate is already defined in the RA; the definition focuses on control by or common control among legally distinct entities. Absent a focus on unaffiliated registrars, mandatory RPMs can be—and have been—circumvented through collusion among vertically integrated parties, to the exclusion and detriment of independent registrars, particularly corporate registrars who tend to serve trademark owners. More specifically, there have been and could continue to be instances where registry operators simply accredit a single affiliated registrar under instruction against actively soliciting or accepting registration requests from trademark owners during mandatory sunrise and claims periods. These "stealth" sunrise periods should be prohibited.

Specification 13, Section 11. .Brand TLD Provisions.

The proposed amendments limit any future changes to Specification 13 unless they are approved by .Brand TLDs. The amendments essentially create a "veto power" for .Brand TLDs on any future changes to Specification 13. The IPC is generally supportive of giving .Brand registries more control over Specification 13 terms uniquely applicable to them.

However, this veto power is counterbalanced by a corresponding "veto" from a majority of the RySG. The redline language provides that "if any amendment does not receive the

required [RySG approval], as applicable, the terms of this Specification 13 shall not be amended by such amendment even if such amendment receives brand registry operator approval."

The RySG veto appears to negate the self-determination given to .Brand TLDs by the .Brand TLD veto. This may not strike the appropriate balance between the interests of .Brand TLDs in controlling terms solely applicable to them and the interests of open TLDs in Specification 13 concerns.

The proposed "Applicable Brand Registry Operator Approval" is by reference to both (i) Brand Registry Operators responsible for 2/3 of the fees payable to ICANN and (ii) a majority of Brand Registry Operators, where there is one vote per TLD (s 9.4 of spec 13). Higher fees are paid by those registries with greater numbers of domains under management; for .Brand TLDs, the number of domains under management may reflect strategic or organizational differences; as such it is not necessarily a good proxy for the success or level of influence to be accorded to a registry operator. It may therefore be more appropriate to delete (i) and base approval on one vote per TLD.

Conclusion

The IPC appreciates ICANN's consideration of these comments, and looks forward to further engagement as the community works to improve the base new gTLD registry agreement.

Respectfully submitted,

Intellectual Property Constituency