

Challenging Unfavorable ICANN Objection and Application Decisions

Leveraging the Appeals Process and Courts to Overcome ICANN Determinations Absent Guidance

THURSDAY, SEPTEMBER 26, 2013

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

Paul D. McGrady, Jr., Partner, **Winston & Strawn**, Chicago

Marc H. Trachtenberg, **Winston & Strawn**, Chicago

Robert H. Newman, **Winston & Strawn**, Chicago

The audio portion of the conference may be accessed via the telephone or by using your computer's speakers. Please refer to the instructions emailed to registrants for additional information. If you have any questions, please contact **Customer Service at 1-800-926-7926 ext. 10.**

Tips for Optimal Quality

FOR LIVE EVENT ONLY

Sound Quality

If you are listening via your computer speakers, please note that the quality of your sound will vary depending on the speed and quality of your internet connection.

If the sound quality is not satisfactory and you are listening via your computer speakers, you may listen via the phone: dial **1-866-869-6667** and enter your PIN when prompted. Otherwise, please **send us a chat** or e-mail **sound@straffordpub.com** immediately so we can address the problem.

If you dialed in and have any difficulties during the call, press *0 for assistance.

Viewing Quality

To maximize your screen, press the F11 key on your keyboard. To exit full screen, press the F11 key again.

Continuing Education Credits

FOR LIVE EVENT ONLY

For CLE purposes, please let us know how many people are listening at your location by completing each of the following steps:

- In the chat box, type (1) your **company name** and (2) the **number of attendees at your location**
- Click the SEND button beside the box

If you have purchased Strafford CLE processing services, you must confirm your participation by completing and submitting an Official Record of Attendance (CLE Form).

You may obtain your CLE form by going to the program page and selecting the appropriate form in the PROGRAM MATERIALS box at the top right corner.

If you'd like to purchase CLE credit processing, it is available for a fee. For additional information about CLE credit processing, go to our website or call us at 1-800-926-7926 ext. 35.

If you have not printed the conference materials for this program, please complete the following steps:

- Click on the ^ sign next to “Conference Materials” in the middle of the left-hand column on your screen.
- Click on the tab labeled “Handouts” that appears, and there you will see a PDF of the slides for today's program.
- Double click on the PDF and a separate page will open.
- Print the slides by clicking on the printer icon.



Challenging Unfavorable ICANN Decisions

Paul D. McGrady, Jr
Winston & Strawn LLP
pmcgrady@winston.com

Marc H. Trachtenberg
Winston & Strawn LLP
mtrachtenberg@winston.com

Robert H. Newman
Winston & Strawn LLP
rnewman@winston.com

Adverse gTLD Application Decisions

Status of Application Process

Evaluation > Application Statistics

* Statistics as of 13 September 2013

All Applied-for Strings	
Active	1806
Withdrawn	121
Not Approved	3
TOTAL	1930

Initial Evaluation	
Passed	1749
On-hold	20
Eligible for EE	37
TOTAL	1806

Extended Evaluation	
Under Review	22
CQs Issued	14
Outreach	1
TOTAL	37

Adverse Application Evaluation Decisions by ICANN

- 37 Applications in Extended Evaluation
- Common Reasons for Rejection
 - Failure to provide financial statements
 - Geographic name and missing required documentation of support/non-objection
 - Funding critical registry functions
 - Certain technical failures

Adverse GAC Advice

- GAC is ICANN's Governmental Advisory Committee
 - Made up of representatives from governments of participating countries
- Per the AGB, GAC Advice may take one of the following 3 forms:
 1. The GAC advises ICANN that it is the consensus of the GAC that a particular application should not proceed.
 2. The GAC advises ICANN that there are concerns about a particular application
 3. The GAC advises ICANN that an application should not proceed unless remediated.

Effect of Adverse GAC Advice

- Advice that an application should not proceed
 - Strong presumption for the ICANN Board that the application should not be approved or should not be approved unless there is a remediation method available in the Guidebook
- Advice that there is a concern about an application
 - The Board should enter into dialogue with the GAC to understand the scope of concerns.
- BUT – ICANN Board Makes the final determination
 - The ICANN Board is also expected to provide a rationale for its decision.

Effect of Adverse GAC Advice (continued)

- Exclusive Access Registries on Beijing Communique List suspended unless
 - File PIC stating that no longer exclusive access
- Applications not approved
 - .Africa
 - .GCC

What Can the Applicant Do?

- Withdraw application
- Request reconsideration
 - ICANN Bylaws do contain processes for reconsideration and independent review of ICANN actions/inaction
 - Article IV, Section 2 of ICANN Bylaws

Reconsideration – Who Can Request it?

- Any person or entity may submit a request reconsideration or review of an ICANN action or inaction ("Reconsideration Request") to the extent that he, she, or it have been adversely affected by
 - one or more staff actions or inactions that contradict established ICANN policy(ies); or
 - one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or
 - one or more actions or inactions of the ICANN Board that are taken as a result of the Board's reliance on false or inaccurate material information

Reconsideration – How to Request It

- Requestor must acknowledge and agree to the terms and conditions set forth in the form when filing
 - Request limited to 25 pages, double-spaced and in 12 point font
 - Must include:
 - Grounds for standing to make the request
 - Grounds supporting request
 - What specific steps you are asking ICANN to take
 - Hearings are not required but may be requested.
 - The BGC retains the absolute discretion to determine whether a hearing is appropriate, and to call people before it for a hearing.
 - The ICANN Board of Director's decision on the BGC's reconsideration recommendation is **final** and **not subject to a reconsideration request.**

Reconsideration – Timing

- Request must be filed within 15 days of Board or staff action/inaction
- Board Governance Committee (BGC) reviews Request to see if sufficiently stated
 - If BGC determines that Request does not meet requirements, it may be summarily dismissed
- BGC makes final recommendation to Board OR reports on why no final recommendation available within 30 days of Request
- Board issues its decision within 60 days of request (or as soon thereafter as feasible)

Reconsideration – Cost

- ICANN shall absorb the normal administrative costs of the reconsideration process.
- It reserves the right to recover from a party requesting review or reconsideration any costs that are deemed to be extraordinary in nature.
 - When such extraordinary costs can be foreseen, that fact and the reasons why such costs are necessary and appropriate to evaluating the Reconsideration Request shall be communicated to the party seeking reconsideration, who shall then have the option of withdrawing the request or agreeing to bear such costs.

Adverse gTLD Dispute Mechanism Decisions

Types gTLD Objections

- 4 Types of Public Objections
 - **String Confusion Objection** – The applied-for gTLD string is confusingly similar to an existing TLD or to another applied for gTLD string in the same round of applications.
 - **Legal Rights Objection** – The applied-for gTLD string infringes the existing legal rights of the objector.
 - **Limited Public Interest Objection** – The applied-for gTLD string is contrary to generally accepted legal norms of morality and public order that are recognized under principles of international law.
 - **Community Objection** – There is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.

Objection Process

- Objections filed electronically by March 14, 2013 with Dispute Resolution Service Providers (DRSPs)
 - **String Confusion** – International Centre for Dispute Resolution
 - **Legal Rights** – World Intellectual property Organization (WIPO)
 - **Limited Public Interest** - International Center of Expertise of the International Chamber of Commerce (ICC)
 - **Community** - International Center of Expertise of the International Chamber of Commerce (ICC)
- Administrative Review of Objection for compliance with procedural rules within 14 days
- If meets requirements, Notice to Applicant of Objection
- Applicant has 30 days to file a response

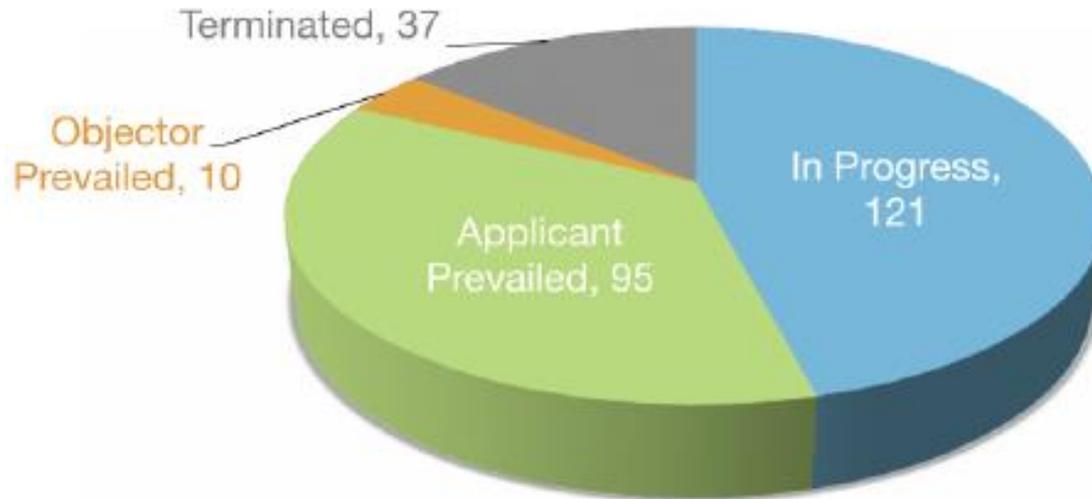
Objection Process (continued)

- DSRP appoints a Panel of Experts
- Panel may request additional submissions from parties
- Panel issues a determination within 45 days
 - Panel may request an extension of time

Effect of Panel Determination

- When objector prevails:
 - **String Confusion Objections:** Contention set will be updated
 - **Other Objections:** Application will not be approved
 - Applicant may withdraw for a partial refund
- When applicant prevails or objection is terminated:
 - Application may proceed to the next Program phases

Current Status of Objections



Dispute Resolution Proceedings	Admissible Objections	In Progress	Applicant Prevailed	Objector Prevailed	Terminated
String Confusion	67	22	34	5	6
Legal Rights	69	1	59	4	5
Limited Public Interest	23	21	0	0	2
Community	104	77	2	1	24
Total Count	263	121	95	10	37

ICANN Options if You Lose

- No good ICANN options
 - **Appeal**
 - No appeal option in ICANN gTLD Objection process
 - No appeal option in DRSP rules
 - **Reconsideration**
 - But not clear if adverse Panel decision constitutes “ICANN action” or “ICANN inaction”
 - Arguments made in Requests filed so far include:
 - » Acceptance of Panel determination is Board action
 - » Panel determination is the result ICANN’s inaction in providing clear and well-defined standards to the DRSPs

Reconsideration – Who Has Filed

- Hotel Top Level Domain S.a.r.l. (filed 8/23/2013)
 - Request for reconsideration of String Confusion Objection Panel determination that there is no confusion between its application for .HOTEL and the application for .HOTELS
- DISH DBS Corp. (filed 8/23/2013)
 - Request for reconsideration of Legal Rights Objection Panel determination that its .DIRECT application infringed the rights of competitor DirecTV Group Inc.
- Merck KGaA (filed 8/30/2013)
 - Request for reconsideration of New gTLD program Committee's decision to allow a grace period for filing of Objections, which resulted in its competitor, Merck & Co.'s Community Objection filed 10 minutes after the deadline being deemed timely

Reconsideration – Who Has Filed

- Amazon EU S.á.r.l.(filed 9/3/2013)
 - Request for reconsideration of String Confusion Objection Panel determination that its application for .通販, which is Japanese for “Online Shopping”, is too similar to .shop.
- Tencent Holdings Limited (filed 9/14/2013)
 - Request for reconsideration of Legal Rights Objection Panel determination that its applications for .微博 and .WEIBO infringe the trademarks rights of its rival Sina

Other Options if You Lose – File Suit

- gTLD application terms prohibit suing ICANN
 - “Applicant agrees not to challenge, in court or in any other judicial fora, any final decision made by ICANN with respect to the application, and irrevocably waives any right to sue or proceed in court or any other judicial for a on the basis of any other legal claim against ICANN and ICANN affiliated parties with respect to the application”
- They do not prohibit suing other parties
 - But likely only useful option for Legal Rights Objections
 - At least one applicant has done so
 - Merck KGaA has filed suit against Merck & Co. in District Court in Hamburg, Germany and the UK over its applications for .merck and .emerck

Adverse UDRP Decisions

Options if you Lose A UDRP - Complainant

- Seek a settlement agreement
- Re-file the UDRP Complaint
 - Burden is on the Complainant to prove that it should have the right to re-file
 - Otherwise, a panelist will reject the complaint under the doctrine of *res judicata*
 - Burden is high if against same party
 - If new complaint is based on acts that occurred after the prior decision, panelists have allowed the complaint to be re-filed
 - Subsequent registration of trademark
 - Subsequent success on trademark infringement claims
 - If new respondent, should be permitted to proceed, though panelists do not always agree

Options if you Lose A UDRP – Complainant (continued)

- Alternatively, file a lawsuit under the Anti-Cybersquatting Consumer Protection Act
- UDRP decisions are unlikely to be given the deference courts normally afford arbitration decisions
 - UDRP proceeds are non-mandatory and not intended to replace formal litigation
 - First, Second, Third, and Fourth Circuits have all concurred in this position.
 - *See Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 28 (1st Cir. 2001); *Storey v. Cello Holdings, L.L.C.*, 347 F.3d 370, 392 (2d Cir. 2003); *Dluhos v. Strasberg*, 321 F.3d 365 (3rd Cir. 2003); *Retail Servs. v. Freebies Publ'g*, 364 F.3d 535, 540-541 (4th Cir. 2004)

Options if you Lose A UDRP - Respondent

- Seek a settlement agreement
- File a lawsuit under the Anti-Cybersquatting Consumer Protection Act within 10 days
 - This will stay the implementation of the decision (e.g. transfer of the domain name)
- File a lawsuit under the Anti-Cybersquatting Consumer Protection Act *after* 10 days

Thank you!