

**AIPLA Comments Regarding
The Third Draft Applicant Guidebook for New gTLDs**

November 20, 2009

These comments are submitted on behalf of the American Intellectual Property Law Association (“AIPLA”) to the ICANN Board and its Generic Names Supporting Organization (“GNSO”) regarding the Third Draft Applicant Guidebook for New gTLDs (“Third Draft”).

AIPLA is a national bar association whose more than 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of trademark, copyright, patent, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

In April 2009, AIPLA submitted its comments to the Second Draft of the Guidebook (DAG2). As stated in those comments, AIPLA supports the detailed and extensive comments submitted by the Intellectual Property Interests Constituency of the GNSO. AIPLA has focused its comments on the Third Draft of the Guidebook on those issues it considers most important to the interests of its members. In addition, AIPLA has noted on several occasions the lack of studies that have identified or demonstrated an adequate economic rationale for the need to expand the gTLD space at this time. AIPLA reiterates its desire for such studies to occur prior to the roll out of any new gTLDs under this program since they were originally promised by ICANN several years ago. The following comments should in no way be construed as expressing support for the proposed roll out, at least until the economic rationale has been adequately justified and vetted.

Comments to Module 2

- 1) AIPLA urges a stronger conflict of interest guidelines policy to expand the exclusion guidelines for Evaluation Panelists to include not only those that meet the currently listed criteria for exclusion, but also those that have met one or more criteria in the preceding twelve months. As an example, Evaluation Panelists should not be a current employee of the applicant or have been an employee in the prior twelve months.
- 2) Parties should have the opportunity to submit anonymous questions for the public record during the application process. The questions and answers to these questions should be made publicly available for the benefit of other applicants and interested parties.

- 3) AIPLA is concerned that efforts to obtain permission or non-objection for geographical name gTLDs from local governments or public authorities could be subject to demands for payment of financial remuneration or other benefits. In the event that a gTLD applicant has intellectual property rights in a string mark containing the proposed gTLD, ICANN should simply require gTLD applicants to identify and contact the respective authorities for the geographical areas and give them the opportunity to note their objections and state the reasons for them. Any objections to such gTLDs should not, by themselves, prevent the awarding of a gTLD to the applicant.

Comments to Module 3

- 1) In general, AIPLA is concerned that several proposals put forward by the IRT have been left out of or modified in this draft. These proposals would have addressed many of the concerns of the intellectual property community regarding intellectual property rights. AIPLA urges ICANN to include the IRT proposals in a more consistent manner before proceeding with the rollout of new gTLDs.
- 2) AIPLA appreciates the inclusion of and continues to support an option for the parties to select three experts for Legal Rights Objections (LRO).¹ However, AIPLA reiterates its position that experts in LRO proceedings should be subject to the approval of both parties.² The DAG3 appears to be silent on this issue.
- 3) Parties should have the opportunity to challenge, in court, ICANN's decision respecting an LRO. This module does not address whether ICANN's decision is appealable or otherwise subject to challenge.³
- 4) AIPLA again urges that every panel decision from a Dispute Resolution Service Provider ("DRSP") be published on the DRSP's website and publically available. The DAG3 allows the panel discretion in deciding whether to publish its decisions, and there do not appear to be any guidelines for or restrictions on the exercise of that discretion. Requiring all decisions to be publically available will ensure transparency and assist in the goal of achieving consistency and fairness in these disputes.⁴
- 5) AIPLA reiterates that it supports the likelihood of confusion standards for a LRO. AIPLA supports the revision protecting unregistered marks when considering LROs. However, AIPLA's remains concerned that the language, "whether the objector's acquisition and use of rights in the mark has been bona fide" is unclear. A more practical

¹ This issue was raised by AIPLA in No. 2.a.1 in its comments on the DAG2.

² This issue was raised by AIPLA in No. 2.a.3 in its comments on the DAG2.

³ This issue was raised by AIPLA in Nos. 2.a.2 and 2.a.5 in its comments on the DAG2.

⁴ This issue was raised by AIPLA in No. 2.a.4 in its comments on the DAG2.

statement of this policy is more accurately stated, “Whether the objector’s acquisition of rights in the mark, and use of the mark, has been bona fide.”⁵

- 6) Like the prior drafts, the DAG3 does not clarify whether dilution-type protection will be afforded without requiring a showing that the applicant’s mark is famous.⁶
- 7) The first sentence of Section 3.1 states, “The independent dispute resolution process is designed to protect certain limited interests and rights.” To clarify and to connect this qualified language to the objection grounds, AIPLA recommends that this language be modified to read, “The independent dispute resolution process is designed to protect the interests and rights covered by the scope of the objection grounds set out below.”

Comments to Module 4

- 1) AIPLA has previously voiced concerns about auctions as a mechanism for awarding new gTLDs. Auctions, however, remain a large part of the string contention process.
- 2) The policy provides no avenue for appeal of the community priority evaluation procedure, either for the community applicant being evaluated or for other applicants affected by the outcome of a community priority evaluation. The policy also does not require the panel to issue a written opinion regarding the rationale for scores awarded during the determination. Because the community priority evaluation may be determinative as to which applicant ultimately succeeds, ICANN should consider requiring the panel to document the basis for its scoring decisions and providing an avenue of appeal.
- 3) The interplay between objections based on legal rights (Module 3) and string contentions between applicants (Module 4) is unclear. Where two applicants both have bona fide rights in the same or similar mark, but coexist in the real world because of goods/services distinctions, how ICANN will assess likelihood of confusion is unclear. For example, could a commercial brand owner applicant and a community-based applicant for the same or similar string advance past the legal objection stage into the string contention stage if both have legitimate rights in the same or similar mark desired for use as a gTLD? If so, the community-based applicant would automatically prevail in a string contention as long as its community claim is approved. ICANN should address whether a commercial brand owner’s objection to a community-based application would be considered a “relevant” objection in the community endorsement portion of the community evaluation.
- 4) Section 4.3.3 and 4.4 are inconsistent. Section 4.3.3 indicates that “after a winning bidder is declared in default, the remaining bidders will receive an offer to have their applications accepted, one at a time, in descending order of their exit bids.” This section also indicates that a winning bidder who does not execute the required registry agreement

⁵ These issues were raised by AIPLA in No. 2.b.1 in its comments on the DAG2.

⁶ These issues were raised by AIPLA in No. 2.b.2 in its comments on the DAG2.

within 90 days will be considered in default. On the other hand, Section 4.4 indicates that if a winner of a contention resolution procedure “has not executed a contract within 90 days of the decision, ICANN has the right to extend an offer to the runner-up applicant,” and mentions a runner up applicant in an auction as an example. In this section, it is stated that the runner-up applicant “has no automatic right to the applied-for gTLD string if the first place winner does not execute a contract within a specified time.” It is unclear when section 4.3.3 applies, and when section 4.4 applies -- on their face, they seem inconsistent with one another.

- 5) Section 4.3.3, which states that remaining bidders will receive an offer after default of a winning bidder, also indicates that each bidder will be given a specified period to respond as to whether it wants the gTLD, and if answered in the affirmative, will have 20 days to submit payment. This section also indicates the penalties for defaulting on a winning bid. If a runner-up is offered the gTLD after the initial winner defaults, ICANN should specify whether the runner up will be considered in default and subject to penalties if it refuses the offer. This would seem unfair to a runner up who, after being informed that another applicant won the contention, may have made other plans for the funds originally earmarked for its gTLD bid. The policy should clarify that runners-up will not be considered in default if they do not accept an offer after default of the winning bidder.

AIPLA looks forward to the opportunity to provide further comments to the next revision of the draft applicant guidebook.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Kasper". The signature is fluid and cursive, with the first name "Alan" being the most prominent part.

Alan J. Kasper
President