

## **GNSO New TLDs Committee Draft Final Report Introduction of New Generic Top-Level Domains**

### **Dispute Settlement Considerations**

The GNSO New TLDs Committee Draft Final Report on the introduction of new gTLDs (“Draft”) contains recommendations pertaining to the resolution of potential disputes regarding applications for strings that are considered “controversial” (see below). Although formal GAC guidance on which new gTLD strings might be controversial has not yet been received, the Draft mentions several possible scenarios.

The Draft includes an implementation guideline (IG #6) that “ICANN will provide for the ability to settle conflicts between applicants (such as string contention) at any time. A defined mechanism and a certain period for resolution of identified conflicts will be provided.”

This paper discusses different types of disputes, potential settlement mechanisms, and relevant issues in an effort to help determine which mechanism might be appropriate for ICANN to use to resolve controversies over proposed gTLD strings.

### **Potential Disputes**

Potential disputes in a new round of gTLD expansion may arise for a variety of reasons, including proposed strings that:

- Are “confusingly similar” to an existing top-level domain (Rec. #2)
- “Infringe the existing legal rights of others” (Rec. #3 (i))
- Create “substantial opposition” from significant established institutions of the economic sector, or cultural or language community, to which it is targeted or which it is intended to support (Rec. #3 (ii))
- Are “contrary to generally accepted legal norms relating to morality and public order” (Rec. #6)

### **Types of Dispute Settlement**

There are several types of dispute settlement options available to address controversial strings. They could be used to resolve questions between an applicant and ICANN or, in the case of competing strings, between or among applicants. They might also be used by a current registry operator or trademark holder concerned about a proposed string. These options include:

Negotiation – This is the oldest, least formal type of procedure, in which the affected parties bargain directly and only with each other.

*Advantages:* Simplest; usually least costly.

*Disadvantages:* Most likely to result in an impasse.

“Good Offices” – This method is essentially a negotiation conducted with the assistance of a third party that acts as a facilitator, which can be an institution or an individual. The ICANN Ombudsmen, for example, might perform such a function, to the extent consistent with its mandate.

*Advantages:* Relatively simple and cost efficient.

*Disadvantages:* Unlikely to resolve a difficult issue.

Inquiry – This is a “fact-finding” process in which a neutral party conducts an impartial investigation before making a report, which may include recommendations on a settlement. The parties are free to accept or reject the advice.

*Advantages:* Parties like the control they retain over the process. May lead to discovery of additional facts, and possible agreement on the factual record, if not also on the recommended resolution.

*Disadvantages:* Non-binding. May not resolve the issue.

Mediation – This is a mechanism by which a third party agreeable to both parties plays an active role in the settlement process by helping to formulate proposals and interpret them. The parties are free to accept or reject the mediator’s recommendations. WIPO, other international organizations and many commercial providers, such as JAMS, offer mediation services.

*Advantages:* Parties like the control they retain over the process.

*Disadvantages:* Non-binding. May not resolve the issue.

Conciliation – This option is similar to mediation, but may have more formal rules. One or more conciliators (which can form an *ad hoc* or permanent “Conciliation Commission”) work with the parties to try and resolve the dispute, including in some cases by recommending the terms of a resolution.

*Advantages:* Parties like the control they retain over the process.

*Disadvantages:* Non-binding. May not resolve the issue.

Arbitration – This option results in a binding decision. The parties generally agree on the arbitrators, the rules that will govern the proceeding, and the substantive law that will apply. Several institutions conduct arbitrations, including WIPO, the Permanent Court of Arbitration (PCA) in The Hague, the International Center for the Settlement of Investment Disputes (ICSID) in Washington, D.C. and the International Chamber of Commerce (ICC) in Paris. WIPO and the PCA may offer more flexibility to structure a process that meets ICANN's needs.

An example of how arbitration has been adapted to help resolve disputes between domain name *registrants* and trade and service mark holders is ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP). Complaints may be brought against a registrant before any of the dispute resolution service providers approved by ICANN, which include the Asian Domain Name Dispute Resolution Centre, the CPR Institute for Dispute Resolution, The National Arbitration Forum and the World Intellectual Property Organization (see <http://www.icann.org/udrp/approved-providers.htm>). The Complainant can elect to have the dispute decided by a single-member panel or a three-member panel; the Respondent too can opt for a three-member panel. The Complainant initiates the process by filing a complaint setting forth the (1) the manner in which the disputed domain name is identical or confusingly similar to a trademark or service mark in which it has rights; (2) why the registrant should be considered as having no rights or legitimate interests in respect of the domain name; and (3) why the domain name should be considered as having been registered and being used in bad faith. Unlike typical arbitration, the provider – rather than the parties – selects the panel from a list of potential panelists. The timeframe from initiation of a complaint to a decision by the panel can be approximately two months.

In addition to being a service provider for the UDRP, WIPO has an Arbitration and Mediation Center that also services other kinds of intellectual property disputes. A typical arbitration under its standard rules can take about 9 months from initiation to decision, but an expedited procedure may take only 3 months (see summary chart at <http://www.wipo.int/amc/en/arbitration/expedited-rules/principal-steps.html>). WIPO maintains a List of Neutrals whose expertise ranges from dispute-resolution generalists to specific areas of intellectual property.

The PCA has a distinguished history, having been established by the Convention for the Pacific Settlement of International Disputes concluded at The Hague in 1899 as the first international mechanism for the settlement of disputes among states. It has since evolved to assist with the settlement of disputes involving other parts of the international community, including private parties, by offering arbitration as well as fact-finding and conciliation assistance. Its modern rules of procedure are based upon the UNCITRAL Arbitration Rules. Recently it has

shown flexibility in adapting dispute settlement mechanisms to fill gaps in the field, such as in the environmental area.

*Advantages:* Arbitration is faster and less expensive than adjudication although, depending on the number of arbitrators and the complexity of the issue, it can still entail significant costs. In addition, aspects of arbitration can be adapted to design a process specific to gTLDs, such as was done with respect to intellectual property claims and domain name registrations.

*Disadvantages:* In the gTLD context, it may be difficult to identify experts qualified to determine, for example, what are “accepted legal norms relating to morality and public order,” and to provide clear legal standards for them to use in assessing string applications (see below).

Adjudication – This method results in binding decisions made by a national or international judicial tribunal. Unless an applicant sues ICANN or another applicant, it is hard to envision how a court would become involved in string selection decisions.

*Advantages:* Most expensive and slowest option.

*Disadvantages:* Possibility of appeals process could delay a decision for years.

## **Next Steps**

There are several questions that will affect next steps, including:

### 1. Should the dispute settlement process be binding?

The answer is likely yes, since its purpose is to resolve conflicts over controversial strings. In such a case, only arbitration and adjudication are binding on the parties involved. As explained above, arbitration has advantages over judicial involvement.

If it is instead preferable for ICANN to receive guidance rather than a binding decision, then the option of establishing an expert panel of inquiry could be considered. This body could make a fact-finding report and include its recommendation.

With respect to a conflict over competing strings, where both applicants are otherwise qualified, a mediator might be used effectively to assist the parties in reaching a mutually agreeable solution. In such case, ICANN could use an outside service provider, such as JAMS, from which the parties would select

jointly a mediator. ICANN could also require the parties concerned to agree on a solution – with or without a mediator – before it will get involved.

2. If arbitration is preferred for controversial strings, would ICANN, the applicant, or both select the arbitrator(s)?

Typically in arbitration, the parties select the arbitrator(s). They can both agree on a single arbitrator or they can each select one or two arbitrators, who in turn select an additional “neutral” arbitrator, who usually chairs the panel. If a dispute settlement procedure will be needed in several cases, as is likely here, it might be more practical for ICANN to establish a standing panel to make decisions, which might also encourage greater consistency in decision-making. ICANN could still turn to a neutral service provider to select the members of the panel. There is also a question as to whether third parties – such as an existing gTLD registry operator or a trademark holder – would be the appropriate party to invoke dispute settlement over certain strings. Placing this burden on a party directly concerned, rather than on ICANN, might serve to limit frivolous complaints. At the same time, there would need to be protections against abusing a complaint process for anti-competitive purposes.

3. What standards will guide the settlement process?

The answer to this question is extremely important in terms of ensuring the legitimacy and integrity of any decision-making process. A neutral party should have defined criteria and standards against which to assess a proposed string. It is not yet agreed, for example, what “*confusingly similar*” or potentially infringing “*the existing legal rights of others*” means in the context of a new gTLDs, as opposed to the different domain registration context. It is also not yet clear how “*substantial opposition to [a proposed string] from significant established institutions of the economic sector, or cultural or language community, to which it is targeted or which it is intended to support*” or “*contrary to generally accepted legal norms relating to morality and public order*” would be defined.

As the Draft cites, guidance provided by the UK Trade Mark office suggests a fine line in the context of trademark law, to the extent that it is applicable here: “If a mark is merely distasteful, an objection is unlikely to be justified, whereas if it would cause outrage or would be likely significantly to undermine religious, family or social values, then an objection will be appropriate.” This call, of course, can be a difficult one to make.

4. Who is qualified to apply any agreed standards?

This is another question that is significant in terms of establishing a process imbued with legitimacy and credibility. First, it must be established what kind of qualifications and experience are most important in serving as a neutral party with respect to controversial strings. The second challenge is to identify persons

who meet the criteria. The third task is to recruit them to serve, either as a member of a pool of potential neutrals, or as part of a standing panel. The lists currently maintained by WIPO, the PCA and other institutions may not necessarily contain experts with the qualifications most relevant to resolving disputes about potential gTLD strings.

#### 5. What will trigger the dispute resolution process?

The trigger mechanism for establishing a dispute resolution panel needs to be considered. Would an existing registry operator or trademark holder, respectively, be the party likely to raise a challenge about a proposal being “confusingly similar” to an existing top-level domain or infringing on “the existing legal rights of others?” What safeguards could help ensure that this not be done for anti-competitive reasons?

In addition, how would ICANN Staff determine when there is “substantial opposition” from “significant established institutions”? Or when a proposal is “contrary to generally accepted legal norms relating to morality and public order?” Rather than place Staff in the subjective position of making these calls, it might be possible to craft a more objective trigger mechanism.

#### **Conclusion**

There are several mechanisms that could be helpful to ICANN in resolving controversies relating to a new round of gTLD expansion. These options range from using mediation to help parties contending for the same string resolve that issue, to using a panel of inquiry or a form of arbitration to resolve disputes about controversial strings. There are various institutions that may be able to assist, ranging from commercial providers to international organizations. Further work can be undertaken once the GNSO has had an opportunity to discuss the options and issues outlined above.