

Table of Contents

The Issues before the ALAC	3
Retrospection.....	3
The Idea of Special Protection	3
Special Protection and Exclusivity –IOC/RCRC.....	4
Challenges for ICANN	4
Potential Anti-Trust Liabilities.....	5
Relevant Considerations from the Preliminary Issue Report.....	6
Risk Management and Impact on ICANN	6
Challenges to Development of Objective Criteria and the PDP.....	7
Annexure 1 Email by ALAC Liaison Officer to ALAC on September, 19, 2012.....	8
Annexure 2 GNSO Council Resolution 20120326-1	11

The Issues before the ALAC

This is in response to call for feedback¹ from ALAC Liaison officer, Alan Greenberg to the GNSO on the GNSO Red Cross/IOC matter. The GNSO has put out a consensus call and is soliciting responses prior to September 26, 2012. The context of the request for feedback is to gather and feed our input as ALAC for the IOC-RC Draft Team as they prepare their list of recommendations and options to the GNSO.

- I. Is a PDP necessary to resolve the International Olympic Committee and the Red Cross Red Crescent Movement issue?
- II. Should there be a moratorium placed on the registration of exact matches of IOC/Red Cross names contained in the GAC recommendation of September 15, 2011 at the second level in the first round of new gTLDs pending results of the PDP covering IGO names, IOC/RC names and other International organizations?

Retrospection

The Generic Names Supporting Organization² (GNSO) is responsible for developing and recommending substantive policies to the ICANN Board in relation to gTLDs. The GNSO Council is responsible for overseeing the Policy Development Process (PDP)³.

The Idea of Special Protection

In assessing whether a PDP is necessary, retrospection is essential. The idea of protection for the International Olympics Committee (IOC) and Red Cross/ Red Crescent (RCRC) names at the top and second levels was initially proposed by the Government Advisory Committee (GAC). The GAC has been advocating “enhanced protection” for the IOC and RCRC names at the top and second levels⁴ as these “organizations are protected at both international level through international treaties and through national laws in multiple jurisdictions⁵”.

The essence of GAC’s proposal to the GNSO is that “ICANN should amend the new gTLD Registry Agreement and add a new schedule of second level reserved names where the new schedule should reserve the terms most directly associated with the IPC and the Red Cross Crescent Movement⁶”. The

¹ Email by Alan Greenberg to ALAC on September 19, 2012

² Article X, section 1 of ICANN Bylaws accessed via <http://www.icann.org/en/about/governance/bylaws#X> as at 20th September, 2012

³ Article X, section 1 of ICANN Bylaws

⁴ ibid

⁵ ibid

⁶ Protecting the International Olympic Committee and Red Cross/Red Crescent Names in New GTLDs in <https://gacweb.icann.org/download/attachments/1540128/GAC+advice+on+IOC+and+Red+Cross+Sep.+2011.pdf?version=1&modificationDate=1317031625000>

proposal is also to add “protection to the second level reserved names is intended to complement the permanent protection of Olympic and Red Cross at the top level⁷”. It follows that any variations to Registry Agreements require the activation of a Policy Development Process (PDP).

Special Protection and Exclusivity –IOC/RCRC

The ICANN Board (Board) had resolved in 2011, in Singapore that protection would be given IOC- RCRC names and restricted to the top level in the initial round of the new gTLD applications until the GNSO and GAC developed policy advice based on⁸ public interest.

Challenges for ICANN

The issue of the need for a PDP has been around for around 5 years and the fact that GNSO dropped the ball on this by not acting on what was reasonably foreseeable leaves the GNSO and ICANN vulnerable and subject to possible future litigation in the event that special protection were afforded to IOC-RCRC and not to other International Organizations.

The GNSO Issue Report (2007) on Issue of Dispute Handling for IGO Names and Abbreviation which had recommended the following:-

- New gTLD agreements could provide for protection of IGO names and abbreviations as a contractual condition for new gTLDs;
- Separate Dispute Resolution Procedure be developed for IGO names and abbreviations as domain names at the second or third level in new gTLDs;
- A framework be developed for handling objectives or challenges relating to the IGO names and abbreviations in the upcoming application rounds for new gTLDs.

Whilst the GNSO Council had approved by supermajority vote a PDP on new gTLDs with a number of recommendations on September 7, 2007 it notably did not afford special protection to specific applicants. The GNSO Council Motion in 2007 did not initiate a PDP on the issues and recommendations stemming from the 2007 Issue Report.

On 12 April, 2012 GNSO Council resolved that it would request an Issue Report⁹ to precede the possibility of a PDP covering the following issues that is the Definition of the type of organizations that should receive special protection at the top and second level, if any; and policies required to protect such organizations at the top and second level. Whilst the Preliminary GNSO Issue Report on the Protection of International Organization Names in New gTLDs (Preliminary Issue Report) was published for comments, the ALAC has still yet to receive the Final Issues Report referred to in the Preliminary Issue Report has been finalized at the time the Consensus call is being made on this matter. The Final Issue Report would be published following the conclusion of the public comments¹⁰.

⁷ ibid

⁸ <http://gns0.icann.org/meetings/minutes---gns0---20dec07.html>

⁹ <http://gns0.icann.org/en/resolutions#20120326-1>

¹⁰ See page 1 of the Preliminary GNSO Issue Report on the Protection of International Organization Names in New gTLDs

In light of the Final Issue Report not yet been released, we are limited to relying on the Preliminary Issue Report. The Preliminary Issue Report is not a substitute for the Final Issue Report and to address the Issues before the ALAC without the Final report would be premature. In light of the same, this analysis is confined to the Preliminary Issue Report and is likely not to address key considerations that may be canvassed in the Final Issue Report and this Analysis may be subject to revisions following the release of the Final Issue Report.

The GNSO Council is on record for its intention to restrict the protections solely for the IOC and RCRC names and noting that there may be a “policy impact of the protection for the IOC/RCRC for future rounds. The recent Board Resolution¹¹ suggest that it is impossible to complete the Policy work prior to 31 January 2013 which was the cut-off date given to the GNSO Council by which they are to advise the Board if there are any reasons pertaining to global public interest or the security or the stability of the DNS. The ICANN Bylaws demands that decisions have to be made by applying documented policies neutrally and objectively, with integrity and fairness¹² and acting with alacrity and consulting with those affected and remaining accountable through mechanisms enhancing ICANN’s effectiveness.

Potential Anti-Trust Liabilities

The Honorable Philip S. Gutierrez, United States District Judge on 4 August 2012 *Manwin Licensing International S.A.R.L., et al. v. ICM Registry, LLC, et al.*¹³ had ruled that “anti-trust” claims could be filed over controversial .xxx. This will have implications as well on the development of Policy as pertaining to the new gTLDs and the matter at hand. Of relevance is this excerpt¹⁴, see:

a. ICANN’s Involvement in Trade or Commerce

By its terms, the Sherman Act applies to monopolies or restraints of “trade or commerce.”
15 U.S.C. §§ 1, 2. **The identity of a defendant as a nonprofit or charitable organization does not immunize that organization from antitrust liability.** *NCAA v. Bd. of Regents of Univ. of Okla.*, 468 U.S. 85, 101 n.22 (1984) (“There is no doubt that the sweeping language of § 1 [of the Sherman Act] applies to nonprofit entities.”). **To the contrary, nonprofit organizations that act in trade or commerce may be subject to the Sherman Act.** *Big Bear Lodging Ass’n v. Snow Summit, Inc.*, 182 F.3d 1096, 1103 n.5 (9th Cir. 1999) (“A nonprofit organization that engages in commercial activity . . . is subject to federal antitrust laws.”). *Rather than focusing on the legal character of an organization, an antitrust inquiry focuses on whether the transactions at issue are commercial in nature.* *Virginia Vermiculite, Ltd. v. W.R. Grace & Co. – Conn.*, 156 F.3d 535, 541 (4th Cir. 1998) (“We emphasize that the dispositive inquiry is whether the transaction is commercial, not whether the entity engaging in the transaction is commercial.”). “Courts classify a transaction as commercial or noncommercial based on the nature of the conduct in light of the totality of surrounding circumstances.” *United States v. Brown Univ. in Providence in State of R.I.*, 5 F.3d 658, 666 (3rd Cir. 1993). **In any circumstance, “[t]he exchange of money for services . . . is a quintessential commercial transaction.”** *Id.* [My own underlining]

¹¹ (NG2012.09.13.01) in <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-13sep12-en.htm>

¹² Article 1 Section 2 (8),(9), (10) of ICANN Bylaws

¹³ CV 11-9514 PSG (JCGx), United States District Court, Central District of California, see: <http://pdfserver.amlaw.com/tal/icann.pdf>

¹⁴ *ibid*

This ongoing matter highlights the vulnerability of ICANN with the new generic top level domain names as it is exposed to possible anti-trust liability. It follows that there has to be a wise stewarding of the processes.

Relevant Considerations from the Preliminary Issue Report

ICANN Staff had advised that in the event that the GNSO Council were to initiate a PDP on the special treatment of IOC/RCRC or in examining that the Working Group should:-

- evaluate the breadth and scope of protections granted under these Treaties and International law¹⁵;
- enable the community to give feedback on the criteria for protection and particularly whether these should include all International Organizations, or all International Organizations which includes Multinational Corporations or International Organizations that are not for profit and are protected under multiple international treaties or statutes;
- quantify entities that may need special protection and empirical analysis as a precursor for PDP.
- explore the exceptions to the “Exclusivity” and the spectrum of exclusivity eg. Limited exclusivity noting the US example of prior use in relation to a statute codifying protection of the Red Cross emblem save for American Red Cross and how Johnson & Johnson’s trademark were using the Red Cross in 1887 and have held exclusive rights to register the mark on its commercial products for over a hundred years;

In its organizing Articles, ICANN has agreed that it would appropriately consider the need for market competition and the protection of rights in names and other intellectual property when approving TLDs and registries. The GNSO Council recognizes that that the exclusive protection given to IOC-RCRC may have policy implications as evident in various discussions and resolutions.

Risk Management and Impact on ICANN

A PDP is necessary given that the Preliminary Issues Report has highlighted the numerous International organizations who may also meet the “GAC proposed criteria”, that is, that are already protected under multiple treaties and domestic regulation and judging from some of the comments during the Public comment period, that many legal counsels from these International Organizations who have made joint representations to ICANN that they would fully intend that this should apply to them as well. The Core Values of ICANN amongst which includes “fairness” and “transparency” demands that treatment is properly applied. It goes without saying that a Policy Development Proposal is required. There are lessons to be learnt from the *Manwin Licensing International S.A.R.L., et al. v. ICM Registry, LLC, et al* and it highlights the risk of potential anti-trust claims stemming from those who may allege antitrust injury, conspiracy between IOC and Red Cross Red Crescent to restrain trade or monopolize a relevant market, anticompetitive or exclusionary conduct by IOC and Red Cross. Given that the Preliminary Issues Report state that there are 5000 Inter-Governmental Organizations (IGOs), 35,000 Non-Governmental Organizations (NGOs) and where it is still uncertain what the criteria is, it follows that one can safely assume that the estimated “risk” stemming from potential Anti-Trust claims are serious business risks that could jeopardize the security and stability of the management of the DNS. To assess the level of risks, ICANN should create a model simulation based on these numbers and average costs of litigation, settlements, evaluate health of ICANN by conducting a thorough financial analysis using a host of ratios to see whether these are sustainable in the long run.

¹⁵Page 25 of the Preliminary Issue Report

Challenges to Development of Objective Criteria and the PDP

The Preliminary Issue Report have pointed out issues to explore for the PDP. This would include the need to develop objective criteria for International Organizations that would qualify for protection.

The ICANN Bylaws are very clear about GNSO Policy Development Processes¹⁶. The minimum requirements¹⁷ include having a Final Issue Report (which still has yet to be furnished), formal initiation of the process by the Council, formation of a Working Group or other designated work method, Initial Report by the Group, final report produced by the Working Group or other methods which is forwarded to the GNSO Council, Council approval of PDP Recommendations contained in the Final Report by the required thresholds, Recommendation and Final Report that is forwarded to the Board through a Recommendations Report which is approved by the Council and finally Board approval of the PDP recommendations.

Given the ICANN Board Resolution¹⁸ which approved the gTLD Program in 2008, it would have been reasonable to expect that since the GNSO Council had prior warning stemming from the 2007 Issue Report that there would be a need for a PDP.

It has become an accepted process within the GNSO that prior to the GNSO Council formulating decisions that they would have an Issue Report.

The ICANN Board in its recent meeting had highlighted that if there are protections for the second level that in order to be effective they are to be in place prior to the delegations of the first new gTLDs¹⁹. It would appear that the ICANN Board in stating that the Policy would not be ready before January 13, 2012²⁰ appears to be suggesting that second level protections for the first new gTLDs especially if these protections are to include adding a new schedule of second level reserved names where the new schedule should reserve the terms most directly associated with the IPC and the Red Cross Crescent Movement.

¹⁶ Annexure A of ICANN Bylaws, see: <http://www.icann.org/en/about/governance/bylaws#AnnexA>

¹⁷ *ibid*

¹⁸ ICANN Board Resolution 20th June, 2011, <http://www.icann.org/en/groups/board/documents/resolutions-20jun11-en.htm>

¹⁹ (NG2012.09.13.01) in <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-13sep12-en.htm>

²⁰ *ibid*

Annexure 1 Email by ALAC Liaison Officer to ALAC on September, 19, 2012

The GNSO Red Cross/IOC Drafting Team has narrowed down the options for possible recommendation to the GNSO and has put out a Consensus Call with replies due on September 26. I propose that this be discussed on our list prior to the ALAC meeting on September 25th, and that a decision be reached at that meeting to allow me to report back to the DT at its meeting the following day.

I specifically ask that all ALAC members who will not be able to attend the meeting next week make their views known prior to the meeting.

Note that this proposed recommendation seems to generally be in line with a motion adopted by the Board New gTLD Program Committee on September 13th, but the Drafting Team had formulated the draft proposal well before that date. The gTLD Program Committee resolution can be found at <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-13sep12-en.htm>.

The proposal has two parts and is as follows.

- >1. Whether a PDP is necessary to resolve the the RC/IOC issue. My >personal position is that a PDP is not needed to resolve the issue >for the first round. A PDP is needed for any following round. A PDP >is being considered on the larger IGO issue (which include as a >subset the RC/IOC), but it is not yet clear that the GNSO Council >will proceed with it (highly likely in my mind). Since it is quite >likely that there will be a PDP, but that it will not be complete >prior to the first new gTLDs being deployed, the 2nd part of this >proposal only makes sense if that PDP does proceed.
>
- >2. The Second consensus call item is a proposal originally put forth >by J. Scott Evans and endorsed by the Registry SG which recommends >the following:
>
- >2.a. Recommend a moratorium be placed on the registration of exact >matches of the IOC/Red Cross names contained in the GAC >recommendation of September 15, 2011 at the second level in the >first round of new gTLDs pending results of the PDP covering IGO >names, IOC/RC names and other international organizations. This >would provide a back stop if the PDP does not finish in time and >would also eliminate the argument that the GNSO is just choosing >this approach as a way of avoiding the issue.
>
- >2.b. Communicate to the GAC:
>
- >2.b.i. That the GNSO recommends a PDP be initiated as soon as

>possible to cover IGO names, IOC/RC names any other international
>organizations.

>

>2.b.11. A rationale for that position with a particular emphasis on
>pointing out the things that could be accomplished via a PDP and
>that would be difficult to adequately do so otherwise.

>

>2.b.iii. That the GNSO welcomes feedback from the GAC as soon as
>possible on this position.

>

>2.b.iv. That sincere efforts will be made to expedite the PDP; note
>that the work that has already been done on this issue should
>facilitate the process.

I recommend that the ALAC support this recommendation as I have qualified it above.

The rationale is as follows:

- in the longer term, it makes sense that such a major issue such as protection of IGO (and possible other names such as charities) be done under the auspices of a PDP. This is an issue that has come up before. The last time in 2007, the specific question was the creation of a dispute resolution process that could be used by IGO (since the UDRP is for trademarks, it does not apply). Ultimately, after a LOT of work was done, the GNSO Council chose not to do any further work on this, with the understanding that for new gTLDs, the IGO issue would be incorporated into the plans. It was not. If the issue is not definitively dealt with now, it will simply come back again. And no doubt sooner than the 4 years it took to return this time.

- If we allow the status quo to stand and the RC/IOC names are not protected at the 2nd level as new gTLDs are deployed, AND if ultimately a PDP decides that the RC and IOC names SHOULD be protected at the 2nd level, there will be no practical way to call back any names that have been registered in the interim, certainly not until they expire. As a result, these organization will have been impacted unreasonably. At the very least, they would have to do significant defensive registrations. On the other hand, if the names are protected and the PDP judges that they do not deserve this protection, the names can easily be released at that time.

- In recent statements, the ALAC has been more sympathetic with the case of the Red Cross than with the IOC. However, the two are firmly linked at this time (although they could be delinked in a future PDP), so the only way to offer protection to the RC is to do it to both organizations.

- The recommendation is about as conservative as it could be given

that the organizations wanted protection for a far wide range of languages than was originally requested in the GAC letter (<https://gacweb.icann.org/display/GACADV/2011-09-14-IOCRC-1>). And of course it is exact matches only and not the more flexible protection that they would prefer.

Although not a rationale for doing this, it should be noted that if the GNSO either makes no recommendation or takes a more rigid position that no additional protections should be granted, it is likely (in my opinion) that the Board will do something of this sort anyway, creating a very time-and energy-consuming issue with no real benefit.

Annexure 2 GNSO Council Resolution 20120326-1²¹

Motion to recommend to the Board a solution to protect certain Red Cross/Red Crescent (RCRC) and International Olympic Committee (IOC) names at the Top Level in New gTLDs

Whereas, the Board Resolution 2011.06.20.01, authorized "the President and CEO to implement the new gTLD program which includes . . . incorporation of text concerning protection for specific requested Red Cross and IOC names for the top level only during the initial application round, until the GNSO and GAC develop policy advice based on the global public interest, . . ." (<http://www.icann.org/en/groups/board/documents/resolutions-20jun11-en.htm>)

Whereas, the IOC/RC Drafting Team established by the GNSO Council has considered a number of different options with respect to protections of both the IOC and the RCRC terms at the top level and has proposed a solution to modify the ICANN staff's implementation of the Board Resolution as reflected in the Applicant Guidebook dated January 12, 2012 (<http://newgtlds.icann.org/en/applicants/agb>);

Whereas, the IOC/RC Drafting Team has collaborated with the Government Advisory Committee (GAC) during its deliberations in an attempt to identify a solution that addresses GAC concerns;

Whereas, this proposed solution was posted for public comment on 2 March 2012 on an expedited basis as a matter of urgency in order to enable the Board to consider its adoption for the first round of new gTLD applications, which is scheduled to close on 12 April 2012;

Whereas, the GNSO is mindful that implementation of the Board's resolution is needed to be available before the end of the Application Window;

Whereas, the GNSO intends that these recommendations be solely limited to the IOC and RCRC;

Whereas, the GNSO recognizes that there might be a policy impact of the protection for the IOC/RCRC for future rounds and at the second level; and

Whereas, therefore, the IOC/RC Drafting Team recommends that the GNSO Council adopt this proposed solution as a recommendation for Board consideration and adoption at its meeting in Costa Rica for the application period for the first round of new gTLD applications'.

NOW THEREFORE, BE IT:

Resolved, that the GNSO Council adopts the following three recommendations of the IOC/RC Drafting Team:

Recommendation

1: Treat the terms set forth in Section 2.2.1.2.3 as "Modified Reserved Names," meaning:

a) The Modified Reserved Names are available as gTLD strings to the International Olympic Committee (hereafter the "IOC"), International Red Cross and Red Crescent Movement (hereafter "RCRC") and their respective components, as applicable.

b) Applied-for gTLD strings, other than those applied for by the IOC or RCRC, are reviewed during the String Similarity review to determine whether they are similar to these Modified Reserved Names. An application for a gTLD string that is identified as confusingly similar to a Modified Reserved Name will not pass this initial review.

c) If an application fails to pass initial string similarity review:

i. And the applied-for TLD identically matches any of the Modified Reserved Names (e.g., ".Olympic" or ".RedCross"), it cannot be registered by anyone other than the IOC or the RCRC, as applicable.

ii. If the applied-for TLD is not identical to any of the Modified Reserved Names, but fails initial string similarity review with one of Modified Reserved Names, the applicant may attempt to override the string similarity failure by:

1. Seeking a letter of non-objection from the IOC or the RCRC, as applicable; or

2. If it cannot obtain a letter of non-objection, the applicant must:

a. claim to have a legitimate interest in the string, and demonstrate the basis for this claim; and

b. explain why it believes that the new TLD is not confusingly similar to one of the protected strings and makes evident that it does not refer to the IOC, RCRC or any Olympic or Red Cross Red Crescent activity.

3. A determination in favor of the applicant under the above provision (ii)(2) above would not preclude the IOC, RCRC or other interested parties from bringing a legal rights objection or otherwise contesting the determination.

²¹ <http://gns0.icann.org/en/resolutions#20120326-1>

4. The existence of a TLD that has received a letter of non-objection by the IOC or RCRC pursuant to (ii)(1), or has been approved pursuant to (ii)(2) shall not preclude the IOC or RCRC from obtaining one of the applicable Modified Reserved Names in any round of new gTLD applications.

Recommendation 2: Protect the IOC/RCRC Terms in as many Languages as Feasible

The GAC has proposed that the IOC and RCRC “names should be protected in multiple languages---all translations of the listed names in languages used on the Internet...The lists of protected names that the IOC and RC/RC have provided are illustrative and representative, not exhaustive.” The Drafting Team recommends that at the top level for this initial round, the list of languages currently provided in Section 2.2.1.2.3 of the Applicant Guidebook are sufficient. In addition, the Drafting Team also notes that even in the unlikely event that a third party applies for an IOC or RCRC term in a language that was not contained on the list, the IOC or RCRC, as applicable, may still file an applicable objection as set forth in the Applicant Guidebook.

Recommendation 3: Protections must be reviewed after the first round and that review should include consideration of changing the language to general requirements rather than naming specific organizations.

In its proposal, the GAC has recommended that the protections for the IOC and RCRC should not just apply during the first round of new gTLDs, but should be a permanent protection afforded for all subsequent rounds. The Drafting Team recognizes that permanently granting protection to the IOC and RCRC may have policy implications that require more work and consultation so that protections may be reviewed.

Resolved, that the GNSO submits this proposed solution for Board consideration and adoption at its next meeting as a recommended solution to implement Board Resolution 2011.06.20.01 for implementation in the first round of new gTLD applications.