

Client Alert: IANA Transition

Trademark Holders May Face Greater Enforcement Risk *U.S. to Cede Control of Internet Contract on September 30*

U.S. control over the Internet Assigned Numbers Authority (IANA) will formally end by September 30, when the National Telecommunications and Information Agency will allow its contract with ICANN to expire. ICANN is the California non-profit corporation that awards contracts to registries such as .com, .net, .shop, .mil, and .gov as well as trademark brands such as .aarp, .bmw, .mcdonalds, .statefarm, .walmart, and .zappos, all awarded but not yet active in the Domain Name System (DNS).

In 1999 the U.S. government transferred control of and responsibility for global Domain Name System (DNS) policy to the Internet Corporation for Assigned Names and Numbers (ICANN). However, it maintained control of IANA, which formally certifies the Internet's unique number identifiers known as the "root zone." The root zone is the authoritative domain name registry lists of numbers and corresponding names and contact information for all domain names. The IANA Top Level database list can be accessed at: <https://www.iana.org/domains/root/db>.

IANA's stated purpose is to facilitate global interoperability on the Internet by ensuring that computers speak to each other in the same (numbers) language. For example, the IANA's work ensures that the URL facebook.com resolves to the same website, regardless of device or network. Although the U.S. government has maintained oversight over IANA, ICANN has administered IANA's work since 1999, pursuant to various contracts awarded by the government. Now, full control of IANA is being transferred to ICANN. Thus, the IANA transition is the final step in privatization of the DNS, a move that has been in the planning stages for many years.

Proponents of the IANA transition argue that the function served by the U.S. government is merely technical and will not affect Internet policy in any way. Opponents argue that since new accountability measures for the ICANN Board were required in order to gain support for the transition, there must be some effect. Relinquishing the contract is seen as giving up "soft power" over ICANN's practices, a type of leverage that yielded better protection for trademark owners and consumers in 2012 when the Department of Commerce threatened to put the IANA



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Lewis Roca Rothgerber Christie is a registered TMCH agent and is uniquely positioned to help companies navigate the ever-shifting landscape of the DNS using defensive mechanisms, taking appropriate enforcement action when infringement occurs, and filing applications for a new .brand gTLDs. We are happy to answer your questions about protecting your trademarks and brands in cyberspace.

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contract functions out for open bidding. In the ensuing months of a temporary extension, Rights Protection Mechanisms for trademark holders were codified and the IANA contract was renewed. While concerns regarding the IANA transition may be speculative, the most ominous threat to brand owners would be potential changes to these Rights Protection Mechanisms and to the policies and procedures that preserve the accuracy of web addresses kept in the root zone. (For every domain name registration, there is a number that functions as a Uniform Resource Locator.)

ICANN's Multi-Stakeholder Model

To understand the IANA transition, a basic understanding of ICANN's multi-stakeholder model is necessary. ICANN is governed by a sixteen member Board of Directors. The Board receives potentially binding policy advice from the Government Advisory Committee (GAC) and the Generic Names Supporting Organization (GNSO). Post-IANA transition, a sixty-percent vote of the Board (ten members) will be required to override consensus policy recommendations of the GAC, and a two-thirds vote (eleven members) to override policy recommendations of the GNSO developed through a protocol known as a "Policy Development Process."

The GAC is comprised of representatives from 168 nations. The term "consensus" within "consensus policy recommendation" means just that. If one GAC member steadfastly objects to a proposed GAC policy, the policy is not a "consensus policy recommendation," and the Board has no obligation to implement it. On the other hand, experience teaches us that GAC members may abstain from voting on policies their colleague members strongly favor. For example, the U.S. government abstained from the policy advice issued by the GAC which held that Amazon should not be awarded the .amazon Top Level Domain in spite of its worldwide trademark registrations, including in the countries that objected to the award. Thus a consensus recommendation is not as difficult to achieve as it may seem.

The GNSO is made up of various stakeholder groups, including commercial and non-commercial stakeholders, and domain name registrars and registries. In addition to the GAC and GNSO, the multi-stakeholder community includes other advisory committees and constituencies, but the ICANN Board is not bound to the policy recommendations of these groups by the bylaws provisions applicable to the GAC and the GNSO.

What Does the IANA Transition Mean for You?

Since the launch of the new gTLD program, there are now over one thousand new Top Level Domains. It is widely recognized that enforcement in all these domains is cost prohibitive. The big question is whether, after the transition, the ICANN community will develop policies that are more lax than the existing Rights Protection Mechanisms that include a right to Sunrise Registrations, notifications from the Trademark Clearinghouse of registrations by third parties of the identical mark, and default judgment in Uniform Domain Name Dispute Resolution Policy (UDRP) proceedings when the registrant accused of acting in bad faith does not respond. In this regard, there is a move within ICANN to categorize default judgment as a denial of a fair hearing. The so-called Human Rights Working Party has also characterized the notice given to third parties of a trademark holder's prior rights as a document which has a "chilling effect," and is an unnecessary burden on free speech. For their part, trademark holders have been shocked by premium pricing attached to domain names identical to their registered trademarks as well as feeling coerced into buying expensive defensive registrations in domains such as .sucks. ICANN's answer to this complaint is that it has no control over pricing and, indeed, the contracts with the registries which operate the Top Level Domains prohibit any pricing

control. Complaints to the U.S. authorities regarding these practices have resulted in no action with the National Telecommunications and Information Agency asserting the practices are outside its remit.

In the short-term, the IANA transition will likely not affect your company's day-to-day business or your personal use of the Internet. ICANN has been administering IANA for close to two decades. The Internet is not going to come crumbling down on October 1, 2016, but long-term, the potential impact of the IANA transition is more difficult to grasp or predict. Some proponents for the transition also argue that the risks to brand owners are the same in the ICANN system whether or not the transition goes through since the IANA contract itself is not the source of any rights protection policy matters.

However, in addition to the uncertainty around possible changes to existing policies on Rights Protection Mechanisms, the transition is creating uncertainty among some who believe that foreign governments will leverage the transition to gain more control over the future of IANA and ICANN. This concern is arguably validated by the increased percentage of ICANN Board member votes required to override GAC consensus advice from 50% pre-transition to 60% post-transition.


There are also concerns that certain governments may attempt to limit free speech on the Internet. For example, major social media outlets like Facebook and Twitter have committed to a European Commission initiative to combat so-called "illegal hate speech" online. In a parallel move, the Commission was able to push for and obtain a new human rights amendment to the ICANN bylaws which could ultimately affect policy in relation to Rights Protection Mechanisms as mentioned above and which could essentially put in place a more globalized definition of free speech where certain domain holders could be disqualified or "delisted" for refusing to curb "illegal hate speech" on their sites.

Others involved in the ICANN policy-making process advocate for expansion of free speech on the Internet by asserting an absolute right to anonymous online speech, (e.g. the Article 19 organization found at www.article19.org). Thus, information necessary to stop counterfeiters may become less accessible under the penumbra of "privacy rights." Herein lies the greatest concern for brand owners and consumer advocates. In fact, ICANN's policy-making body, the GNSO, has already headed down the path of giving access to "Whois" information only on a "need to know" basis in its current GNSO Registry Directory Services Policy Development Process. Naturally, this trend is alarming law enforcement authorities, consumer protection advocates, and trademark holders alike.

It is therefore argued that when the government gives up the "soft power" associated with the threat of not renewing the IANA contract, this arena could become a "free-for-all" with no enforceable consequences against counterfeit and criminal activity. ICANN argues, on the other hand, that all of these potential consequences are outside its limited mission and scope and that enforcement is up to government authorities and the private sector.

Sophisticated brand owners know that domain name enforcement has become more costly and expensive over the last few years via the proliferation of new gTLDs and proxy registration services that shield the identity of domain name registrants for a fee. When enforcement is necessary, brand owners must often rely on identifying information contained in Whois records to send a cease and desist letter or file a lawsuit. Without that identifying information, enforcement may become even more costly, or enforcement options may be limited to UDRP or Uniform Rapid Suspension (URS) proceedings. Thus, limitations on access to the Whois registrant data currently accessible to the public would damage the ability of brand owners to enforce trademark rights across the DNS, as would elimination of default judgment in UDRP proceedings.

While some in Congress want to delay the IANA transition for further analysis, these representatives are unlikely to prevail since major hi-tech companies support the October 1 changeover. Thus, it



appears clear that the DNS namespace will be shifting again, bringing uncertainty and unpredictability to the environment for rights holders. Moreover, the DNS is likely to encounter another big shift in the next few years, when some industry experts expect 10,000-15,000 applications to be filed in the next round of new gTLD applications. (To put that in perspective, 1,930 applications were filed in the prior round of new gTLD applications, which caused a panic among some brand owners.)

What Can You Do to Protect Your Company's Rights in the DNS?

Therefore, leveraging defensive mechanisms for protection of trademarks in the DNS is more critical than ever, whether by developing and implementing a defensive domain name registration strategy, or by recording valuable trademarks with ICANN's Trademark Clearinghouse (TMCH), which provides some benefits to mark owners, notably a notice of your registered trademark to third parties who seek to buy a domain name that matches it and a corresponding notice to you if the third party proceeds with that purchase. One defensive strategy we expect to gain in popularity is operation of .brand gTLDs by brands for the exclusive DNS home of their authorized websites, goods and services. Combined with a robust marketing strategy, or simply with use over time, consumers will come to understand that alleged brand offerings occurring outside the .brand gTLD are not authorized by the brand owner.