RECOMMENDATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)

RECONSIDERATION REQUEST 13-12

29 OCTOBER 2013

On 14 September 2013, Tencent Holdings Limited ("Tencent") submitted a reconsideration request ("Request"). The Request asks the Board to reconsider the 30 August 2013 Expert Determinations from a dispute resolution panel established by the Arbitration and Mediation Center of the World Intellectual Property Organization ("WIPO") regarding the objection of Sina Corporation ("Sina") to Tencent's applications for .微博[1] and .WEIBO. Specifically, the Request seeks reconsideration of ICANN's acceptance of the Panel's determination sustaining Sina's objection to Tencent's applications for .微博 and .WEIBO.

I.   Relevant Bylaws.

Article IV, Section 2.2 of ICANN's Bylaws states in relevant part that any entity may submit a request for reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

> (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
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> (b) 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
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> (c) 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.

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[1] Translated into English, the string means "microblogging."

Dismissal of a request for reconsideration is appropriate if the Board Governance Committee ("BGC") recommends, and in this case the New gTLD Program Committee ("NGPC") agrees, that the requesting party does not have standing because the party failed to satisfy the criteria set forth in the Bylaws. These standing requirements are intended to protect the reconsideration process from abuse and to ensure that it is not used as a mechanism simply to challenge an action with which someone disagrees. Instead, the reconsideration process is for situations where the staff acted, or failed to act, in contravention of established ICANN policies, or where the Board acted, or failed to act, without considering available, material information.

Tencent was originally notified of each relevant Expert Determination on 30 August 2013. The Request was received on 14 September 2013, which makes it timely. Bylaws, Art. IV, § 2.5.

II.   Background.

A.   The New gTLD Objection Procedure.

The New gTLD Program includes an objection procedure pursuant to which objections to applications for new gTLDs are submitted to an independent dispute resolution service provider ("DRSP"). The objection procedures are set out in Module 3 of the Applicant Guidebook ("Guidebook") (http://newgtlds.icann.org/en/applicants/agb/objection-procedures-04jun12-en.pdf) and the New gTLD Dispute Resolution Procedure (the "Procedure") attached thereto.

Sina filed legal rights objections ("LRO") asserting that the applied-for strings "infringe[] the existing rights of the objector." (Guidebook, Section 3.3.2.1; Procedure, Art. 2(e).)

As part of the dispute resolution proceedings, properly stated objections for which a response has been submitted will be considered by a panel of appropriately qualified expert(s) appointed by the designated DRSP. (Guidebook, Section 3.4.4.)

Each panel will determine whether the objector has standing to object and will use appropriate general principles/standards to evaluate the merits of each objection. The panel must

apply the standards that have been defined in Section 3.5 of the Applicant Guidebook for each type of objection. The panel may also refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable. The objector bears the burden of proof in each case. (Guidebook, Section 3.5; Procedure, Art. 20.)

The panel's final determination will include a summary of the dispute and findings, identify the prevailing party, and provide the reasoning upon which the expert determination is based. (Guidebook, Section 3.4.6; Procedure, Art. 21.) The findings of the panel will be considered an expert determination and advice that ICANN will accept within the dispute resolution process. (Guidebook, Section 3.4.6.)

B.   Sina's Objection to Tencent's Applications for .微博 and .WEIBO.

Tencent is an applicant for the .微博 and .WEIBO strings ("Applications"). Sina timely filed an LRO to Tencent's Applications ("Objection"), which was put before a three-member panel (the "Panel"). The Panel rendered its "Determination" on 28 August 2013.[2]

Based on the Determination, the Panel reviewed Sina's standing to object to Tencent's Applications and determined Sina had a basis to object as the rights holder in the 微博 mark. (Determination, Page 3.) Applying the standards for an LRO as defined in Section 3.5.2 of the Applicant Guidebook, the Panel sustained Sina's Objections to Tencent's Applications. (Determination, Pages 5-8.) The Panel concluded that Tencent's Applications unjustifiably impair the distinctive character of the Sina's 微博 mark. (*Id*., Page 4.)

Although the LRO was determined by a third-party DRSP, ICANN has determined that the Reconsideration process can properly be invoked for challenges of third-party DRSP

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[2] Because two Applications were at issue, the Panel issued two Determinations, one for .WEIBO and one for .微博. Aside from the name of the string applied for, the determinations are identical and will, therefore, be referred to as one Determination in this Recommendation.

decisions where it can be stated that either the DRSP failed to follow established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision. *See* BGC Recommendation on Reconsideration Request 13.5 at http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-.

III. Analysis of Tencent's Request for Reconsideration.[3]

Tencent asks ICANN to reject the Determinations related to the Applications and permit Tencent "to proceed to string contention and eventually delegation." (Request, Page 7.) In the alternative, Tencent requests that ICANN "provide applicants of inconsistent and erroneous DRSP panel determinations, such as Tencent, with an avenue for redress that is consistent with ICANN's mandate to act with fairness." (*Id*.) Finally, if ICANN does not immediately reverse the Determinations on the Applications, Tencent requests that it be provided with an opportunity to respond before the BGC makes a final determination. (*Id*., Pages 7-8.)[4]

A. Tencent's Claim That The Panel Failed To Apply The Proper Standard Is Unsupported And Is Not A Basis For Reconsideration.

Tencent's Request is based primarily on a claim that the Panel, in sustaining Sina's Objection, "fail[ed] to follow ICANN guidelines for determining a [LRO] as suggested in the" Applicant Guidebook. (*Id*., Page 2, Section 3.) To support this assertion, Tencent asserts that, pursuant Section 3.5.2 of the Applicant Guidebook, a Panel must determine whether the applied-

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[3] ICANN received a letter dated 27 September 2013 from Sina's counsel requesting that Tencent's Request be denied (http://www.icann.org/en/groups/board/governance/reconsideration/taylor-to-bgc-27sep13-en.pdf). ICANN also received a letter dated 9 October 2013 from Tencent, responding to Sina's letter (http://www.icann.org/en/groups/board/governance/reconsideration/zhou-to-bgc-09oct13-en.pdf) and a letter dated 11 October 2013 from Tencent's counsel dated 11 October 2013 stating intent to file a lawsuit on trademark issues. All three letters have been reviewed and given appropriate consideration in connection with this Recommendation.

[4] A hearing, like that requested by Tencent, is not required in the Reconsideration Process. The BGC retains the absolute discretion to determine whether a hearing is appropriate. See Reconsideration Request Form at http://www.icann.org/en/groups/board/governance/reconsideration/request-form-11apr13-en.doc.

for gTLD "takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark, or unjustifiably impairs the distinctive character or the reputation of the objector's mark, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark." (*Id.*, Page 8, Section 10.) Basing its claims on an expert determination rendered in *Right at Home v. Johnson Shareholdings, Inc.*, WIPO Case No. LRO2013-0030 ("*Right at Home*"), Tencent suggests that the directive in Section 3.5.2 created some sort of elevated standard for reviewing trademark-based objections that the Panel failed to apply. (*Id.*, Pages 8-9, Section 10.)

Tencent is correct that the relevant standard for evaluating a LRO is set forth in Section 3.5.2 of the Applicant Guidebook:

> [A] DRSP panel of experts presiding over a legal rights objection will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark") or IGO name or acronym … or unjustifiably impairs the distinctive character or the reputation of the objector's mark or IGO name or acronym, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark or IGO name or acronym.

But Tencent fails to recognize the remainder of the LRO standards set forth in the Applicant Guidebook. The Applicant Guidebook lists eight non-exclusive factors that an LRO panel should consider when determining whether an objector has satisfied the general Section 3.5.2 standard, set forth above. (Guidebook, Section 3.5.2.)[5] These eight non-exclusive factors are questions to be considered in determining whether Section 3.5.2 standard has been satisfied –

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[5] The Procedure also makes clear that, in addition to applying the standards that have been defined by ICANN, the panel "may refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable." (Procedure, Art. 20(b).)

i.e., whether an applied for gTLD "takes unfair advantage of," "unjustifiably impairs" or "creates an impermissible likelihood of confusion between" another's trademark. Even the expert determination in *Right at Home*, on which Tencent relies so heavily, notes that the Section 3.5.2 standard is a "general concept" and that the eight non-exclusive factors must be applied in determining whether the Section 3.5.2 standard has been met. *Right at Home*, Page 4.

The Panel applied the eight non-exclusive factors to Sina's LRO and determined that the factors supported Sina's Objection to Tencent's applied-for strings. (Determination, Pages 5-8.)

At bottom, Tencent has not established that the Panel "failed to follow ICANN guidelines" for assessing LROs. The Request instead challenges the substantive determination of the Panel, rather than the processes by which the Panel reached its Determination. (Request, Page 9 (arguing that the Panel applied an "incorrect understanding of Chinese Trademark law . . . to make its erroneous determination"), ("The panel majority's reliance on the Objector's Chinese Trademark Registration . . . is flawed"); Page 10 ("the record does not support the Majority's erroneous conclusion"); Page 12 (referring to the "Majority's erroneous conclusion"); Page 13 ("the Majority's decisions were fundamentally flawed"); Page 14 (arguing that "the Objector has failed to meet its burden"); Page 15 (claiming that Tencent's Applications "will not confuse internet users"); Page 16 (concluding that the majority applied "an incorrect interpretation of Chinese trademark law").) In the context of the New gTLD Program, Reconsideration is not a mechanism for direct, de novo appeal of panel decisions with which the requester disagrees, and seeking such relief is itself in contravention of the established processes within ICANN. *See* BGC Recommendation on Reconsideration Request 13.5 at http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-.

For the reasons stated above, Tencent's claim that the Panel applied an incorrect standard does not demonstrate policy or process violations. Similarly, Tencent's incomplete references to the standard set forth in the Applicant Guidebook, statements by other DRSP panels and general claims that the evidence supports a different outcome, do not support Reconsideration. Reconsideration is not available as a mechanism to re-try the decisions of the DRSP panels.

B.   ICANN's Acceptance of the DRSP Decision Does Not Support Reconsideration.

In its Request, Tencent contends that ICANN's automatic acceptance of DRSP panel decisions, including those that are "erroneous or inconsistent," is contrary to ICANN's mandate to act transparently and fairly. (Request, Page 4-6, Section 8.) To support this assertion, Tencent relies on the following:

> (a) Paragraph 7 of the "Summary of ICANN Generic Names Supporting Organisation's (GNSO's) Final Report on the Introduction of New Generic Top-Level Domains (gTLDs) and Related Activity" (prepared for the GNSO's 29 October 2007 New gTLD Workshop in Los Angeles, available at http://losangeles2007.icann.org/files/losangeles/gnso-newgtlds-workshop-29oct07.pdf.). Paragraph 7 is entitled "Fairness of Process" and refers to the GNSO's recommendation that ICANN implement an evaluation and selection process that respects the principles of fairness, transparency and non-discrimination. The GNSO further provides that "all applicants should be evaluated against transparent and predictable criteria, fully available before initiation of the process."

> (b) ICANN's Articles of Incorporation (http://www.icann.org/en/about/governance/articles), which requires ICANN to act "through open and transparent processes."

> (c) ICANN's Bylaws (http://www.icann.org/en/about/governance/bylaws). Tencent references ICANN's obligation to "operate to the maximum extent feasible in an open and transparent manner and consistent with procedures designed to ensure fairness" (Art. III, § 1), to "mak[e] decisions by applying documented polices neutrally and objectively, with integrity and fairness (Art. 1, § 2.8), and "not to apply its standards, policies, procedures, or practices inequitably or

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single out any particular party for disparate treatment unless justified by substantial and reasonable cause, such as the promotion of effective competition (Art. II, § 3).

Notably, Tencent is not suggesting that the dispute resolution procedures set out in Module 3 of the Applicant Guidebook, or the attached Procedure, were not followed. Rather, Tencent is asserting that if the procedures are followed – *i.e.*, ICANN accepts the findings of the Panel pursuant to Section 3.4.6 of the Applicant Guidebook – ICANN will in some way be in violation of its mandate to act transparently and fairly. Tencent's conclusions in these respects are not accurate and do not support Reconsideration.

ICANN's decision to proceed with the New gTLD Program followed many years of discussion, debate and deliberation with the Internet community, including end users, business groups and governments. ICANN's work to implement the New gTLD Program – including the creation of an application and evaluation process for new gTLDs that is aligned with the GNSO policy recommendations and provides a clear roadmap for applicants to reach delegation – is reflected in the drafts of the applicant guidebook that were released for public comment, and in the explanatory papers giving insight into the rationale behind some of the conclusions reached on specific topics. Meaningful input from participants around the globe led to numerous and significant revisions of each draft version of the applicant guidebook, resulting in the Applicant Guidebook that is used in the current application round.

The current Applicant Guidebook is publicly posted on an ICANN website dedicated to the New gTLD Program. See http://newgtlds.icann.org/en/applicants/agb. The standards for evaluating the merits of a legal rights objection are set out in the Applicant Guidebook, and by filing an application for a new gTLD, each applicant agrees to accept the applicability of the gTLD dispute resolution process. (Guidebook, Section 3.5.2 & Section 3.3.2; Procedure, Art.

1(d).) Applicants are evaluated against transparent and predictable criteria, and the procedures are designed to ensure fairness.

Tencent's attempt to claim here that the procedures set forth in the Applicant Guidebook, which followed years of inclusive policy development and implementation planning, are inconsistent with ICANN's Articles of Incorporation and Bylaws (or the recommendations of the GNSO) is not supported and must be rejected. The Applicant Guidebook sets out the standards used to evaluate and resolve objections. From the information available, the Panel followed those standards in reaching its Determination. ICANN's acceptance of that Determination as advice to ICANN is also in accordance with the established process. (Guidebook, Section 3.4.6.) Tencent's disagreement as to whether the standards should have resulted in a finding in favor of Sina's Objection does not mean that ICANN (or the Panel) violated any policy or process in reaching the decision (nor does it support a conclusion that the decision was actually wrong).

Tencent further contends that DRSP panels are taking "diverse and sometimes opposing views in their decision-making," and claims that ICANN's "failure to provide a mechanism for redress for erroneous and inconsistent" DRSP panel determinations is contrary to ICANN's mandate to act with fairness, and prevents Tencent (and other applicants) from challenging erroneous and inconsistent decisions in a "non-arbitrary and non-discriminatory fashion." (Request, Page 6, Section 8.) For the same reasons as stated above, ICANN's purported inaction in implementing a new process that an applicant wishes to create after the fact does not demonstrate a violation of any ICANN policy or process.

While parties to a dispute resolution proceeding may not always be satisfied with the determinations of the DRSP panels, the Reconsideration process is not intended to reexamine the established dispute resolution process. Tencent's belief that the objection and dispute resolution

procedures should be changed does not constitute a policy or process violation that supports

reconsideration.

C.   ICANN's Alleged Failure To Provide Guidance To The DRSP Panels Regarding Burdens Of Proof Does Not Support Reconsideration.

In its Request, Tencent makes a brief claim that ICANN "has failed to explicitly define

the Objector's burden of proof for the DRSP panels, *e.g.*, Preponderance of the Evidence, Clear

and Convincing Evidence, *etc.*" (Request, Page 9, Section 10.) According to Tencent, this has

resulted in different panelists using different standards for the Objector's burden of proof." (*Id.*)

As an initial matter, Tencent provides no factual support for its claim that different panels

have used different burdens of proof.[6] (*Id.*) Nor does Tencent identify the allegedly-erroneous

burden of proof used by the Panel or what burden the Panel should have utilized. Moreover,

Tencent does not contend that the dispute resolution procedures set out in Module 3 of the

Applicant Guidebook, or the attached Procedures, were not followed by the Panel. Instead,

Tencent is challenging an alleged inaction – *i.e.*, ICANN's purported failure to "explicitly define

an Objector's burden of proof." (*Id.*) Tencent, however, does not cite any established policy or

process that required ICANN to take such action beyond what ICANN actually did – make clear

in the Applicant Guidebook that the "objector bears the burden of proof in each case."

(Guidebook, Section 3.5.)

As set forth above, the Applicant Guidebook, and its many versions and revisions, is

based on years of open and frank discussion, debate and deliberation with the Internet

community. The standards for evaluating the merits of an LRO have been debated and have

been well known for years. Despite Tencent's unsupported claims, ICANN complied with

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[6] And this claim appears inconsistent with Tencent's argument that the Guidebook has set a "very-high burden for trademark-based objections." (Request, Page 8, Section 10.)

established policies and procedures by drafting an Applicant Guidebook that provides DRSP

panels with sufficiently transparent and predictable criteria to evaluate LROs.

IV.   **Recommendation and Conclusion.**

Based on the foregoing, the BGC concludes that Tencent has not stated proper grounds

for reconsideration and we therefore recommend that Tencent's Request (including Tencent's

request for an opportunity to respond to the BGC before it makes a final determination) be

denied without further consideration. As there is no indication that either the Panel or ICANN

violated any policy or process in reaching or accepting the Determination sustaining Sina's

Objection to Tencent's Applications, this Request should not proceed. If Tencent thinks that it

has somehow been treated unfairly in the process, and the Board (through the NGPC) adopts this

Recommendation, Tencent is free to ask the Ombudsman to review this matter.