

**THE INTERNATIONAL CENTRE FOR EXPERTISE OF THE  
INTERNATIONAL CHAMBER OF COMMERCE**

CASE No. EXP/453/ICANN/70

RAKUTEN, INC.

(JAPAN)

vs/

AMAZON EU S.À R.L.

(LUXEMBOURG)

This document is a copy of original of the Expert Determination rendered in conformity with the New gTLD Dispute Resolution Procedure as provided in Module 3 of the gTLD Applicant Guidebook from ICANN and the ICC Rules for Expertise.

**INTERNATIONAL CHAMBER OF COMMERCE**

**INTERNATIONAL CENTRE FOR EXPERTISE**

**EXP/453/ICANN/70**

*between*

**RAKUTEN, INC.  
(Japan)**

Objector

*and*

**AMAZON EU S.à r.l.  
(Luxembourg)**

Respondent

**EXPERT DETERMINATION**

Under ICANN's *New gTLD Dispute Resolution Procedure* and the  
*Rules for Expertise of the International Chamber of Commerce*  
as supplemented by the *ICC Practice Note* of March 2012

**Re: Community Objection Concerning Application 1-1315-44051 (.BOOK)**

By

Professor Fabien Gélinas

Expert

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## 1. INTRODUCTION

1. The Internet Corporation for Assigned Names and Numbers (“ICANN”) has launched a program for the introduction of new generic Top-Level Domain Names (“gTLDs”) in the Internet. Applicants may apply for new gTLDs, in accordance with terms and conditions set by ICANN, notably in the gTLD Applicant Guidebook (the “Guidebook”).<sup>1</sup>
2. The Guidebook contains, as an Attachment to Module 3, a New gTLD Dispute Resolution Procedure (the “Procedure”). The Procedure governs the resolution of disputes between a person or entity who applies for a new gTLD (an applicant) and a person or entity who objects to the application (an objector).
3. Dispute resolution proceedings are administered by a Dispute Resolution Service Provider (a “DRSP”) in accordance with the Procedure and the applicable DRSP rules. Four kinds of objections can be brought under the Guidebook: String Confusion, Existing Legal Rights, Limited Public Interest, and Community. The DRSP responsible for Community objections is the International Centre for Expertise (the “Centre”) of the International Chamber of Commerce (“ICC”), and the applicable rules are the Rules for Expertise of the ICC (the “Rules”), as supplemented by the ICC Practice Note on the Administration of Cases (the “Practice Note”) under the Attachment to Module 3 of the gTLD Applicant Guidebook, New gTLD Dispute Resolution Procedure (the “Procedure”) of the gTLD Applicant Guidebook (the “Guidebook”).

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<sup>1</sup> gTLD Applicant Guidebook, v. 2012-06-04, Module 3, available at <http://newgtlds.icann.org/en/applicants/agb> [hereinafter Guidebook].

4. The proceedings in this case arose out of a Community objection (the “Objection”) to Amazon EU S.à r.l.’s application for the .BOOK gTLD (the “Application”). The mission of the proposed .BOOK registry as stated in the Application is:

To provide a unique and dedicated platform for Amazon while simultaneously protecting the integrity of its brand and reputation.

In other words, Amazon is proposing to operate the .BOOK registry as a “closed” registry.

5. The Objection to the Application was filed with the Centre on 13 March 2013.

## **2. AGREEMENT CONCERNING THE PROCEDURE**

6. By applying for a new gTLD under the Guidebook, an applicant accepts the Procedure and the relevant DRSP rules governing possible objections. Similarly, by filing an objection, an objector accepts the Procedure and the applicable rules.
7. Pursuant to Article 8 of the Practice Note, by accepting the process defined in the Procedure, the “parties are deemed to have agreed that the expert determination shall be binding upon the parties,” as contemplated by Article 12(3) of the Rules.
8. As provided in Article 4(d) of the Procedure, “the place of the proceedings, if relevant, shall be the location of the DRSP that is administering the proceedings.” In this case, the place of the proceedings is Paris, France.
9. As provided in Article 5(a) of the Procedure, the language of all submissions and proceedings under the Procedure is English.

### 3. THE PARTIES AND THEIR COUNSEL

#### 3.1. The Objector

10. RAKUTEN, INC. (“Rakuten” or the “Objector”), is a Japanese publicly traded company listed on the JASDAQ. Rakuten was founded in 1997 and is headquartered in Tokyo, Japan. Rakuten and its various subsidiary companies are involved in a variety of business sectors including e-commerce, financial services, telecommunications, and professional sports. Notably, through its subsidiary Kobo Inc., Rakuten provides e-reading services to nearly 10 million users in 190 countries.<sup>2</sup>

11. The contact information for the Objector is as follows:

Ms. Maiko Morikawa  
Shinagawa Seaside Rakuten Tower,  
4-12-3 Higashi-shinagawa  
Shinagawa-ku, 140-0002, Tokyo, Japan  
Tel.: +81-3-6387-1111  
Email: co-ppstaff@mail.rakuten.com

12. The Objector is represented in these proceedings by:

Bart Lieben BVBA  
Grétrystraat 54, 2018  
Antwerpen, Belgium  
Tel.: +32-0-478-191990  
Email: bart@bartlieben.com

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<sup>2</sup> Objection Form, at 4-5.

### 3.2. The Respondent

13. AMAZON EU S.à r.l. (“Amazon”, or the “Respondent”), is a limited liability company incorporated in Luxembourg. Amazon is a wholly owned subsidiary of Amazon Europe Holding Technologies S.C.S. (“AEHT”). AEHT is held by one unlimited partner, Amazon Europe Holdings, Inc., and two limited partners, Amazon.com, Inc. (“Amazon.com”) and Amazon.com Int’l Sales, Inc.. Amazon and other sellers through Amazon offer millions of unique new, refurbished, and used items in categories such as books; movies, music & games; digital downloads; electronics & computers; home & garden; toys, kids & baby; grocery; apparel, shoes & jewelry; health & beauty; sports & outdoors; and tools, auto & industrial. Amazon Web Services provides Amazon’s developer customers with access to in-the-cloud infrastructure services based on Amazon’s own back-end technology platform, which developers can use to enable virtually any type of business.<sup>3</sup>

14. The contact information for the Respondent is as follows:

Ms. Lorna Jean Gradden  
5 rue Plaetis  
Luxembourg L-2338, Luxembourg  
Tel.: +44-207-421-8250  
Email: lorna.gradden.am@valideus.com

15. The Respondent is represented in these proceedings by:

Crowell & Moring  
Flip Petillion  
Rue Joseph Stevens 7  
1000 Brussels, Belgium  
Tel.: +33-2-282-40-82  
Email: fpetillion@crowell.com

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<sup>3</sup> Application ID 1-1315-44051, Response Form, Annex 2, at 4, 7, available at <https://gtldresult.icann.org/applicationstatus/applicationdetails/992>.

#### **4. THE EXPERT PANEL**

16. According to Article 13(b)(iv) of the Procedure, proceedings involving a Community objection are referred to a Panel of one Expert appointed by the Centre. Pursuant to Article 3 of Appendix 1 to the Rules, experts are appointed by the Chairman of the Standing Committee of the Centre.
  
17. On 12 June 2013, the Chairman of the Standing Committee appointed Professor Fabien Gélinas as sole Expert for these proceedings. Professor Gélinas's contact details are as follows:  
  
Prof. Fabien Gélinas  
McGill University, Faculty of Law  
3644 Peel Street  
Montreal (Quebec), H3A 1W9  
Canada  
Tel.: +1(514) 398-6623  
Email: fabien.gelinas@mcgill.ca
  
18. The parties were notified of the appointment on 18 June 2013 and were asked to pay the Deposit for Costs prior to the transfer of the file to the Panel.
  
19. After payment of the Costs by both parties, the Panel received the file on 17 July 2013 and was deemed fully constituted for the purpose of the Procedure.

#### **5. HISTORY OF THE PROCEEDINGS**

20. This Objection relates to Amazon's application to register the string .BOOK. The Application was posted on ICANN's website on 13 June 2012 and given ID Number 1-1315-44051 in the ICANN system.<sup>4</sup> The Application has passed the initial

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<sup>4</sup> <https://gtldresult.icann.org/applicationstatus/applicationdetails/992>.



evaluation process provided by the Guidebook, which is independent from the dispute resolution process laid out in the Procedure.

21. On 13 March 2013, Rakuten filed an Objection to the Application with the Centre. The requisite filing fee of 5000 euros had been paid by Rakuten to the Centre the day before, on 12 March 2013, in compliance with Article 11(f) of the Procedure and Article 1(1) of Appendix III to the Rules.
22. Pursuant to Article 9 of the Procedure, the Centre conducted an administrative review of the Objection for compliance with its Rules and with Articles 5-8 of the Procedure (Language, Communications and Time Limits, Filing of the Objection, and Content of the Objection). On 4 April 2013, the Centre informed the Objector, with copy to the Respondent, that the Objection was compliant.
23. On 12 April 2013, ICANN published its Dispute Announcement pursuant to Article 10(a) of the Procedure, listing the admissible objections, including this particular Objection. On 15 April 2013, the Centre wrote to the parties, inviting the Respondent to file a Response in accordance with Article 11(b) of the Procedure.
24. On 15 May 2013, Amazon filed a Response to Rakuten's Objection (the "Response"). A copy of the Response was transmitted to Rakuten on the same day. The week before, on 7 May 2013, Amazon had paid the 5000-euro filing fee to the Centre, in accordance with Article 11(f) of the Procedure and Article 1(1) of Appendix III to the Rules.
25. On 12 June 2013, the Chairman of the Standing Committee of the Centre appointed the Expert, Professor Fabien Gélinas. Professor Gélinas had submitted to the Centre, on 7 June 2013, a Declaration of Acceptance and Availability, and an unqualified Statement of Impartiality and Independence.

26. On 18 June 2013, the Centre notified the parties of the appointment of the Expert and of the estimate of the total costs for this matter. The parties were also informed that the Panel would not be deemed fully constituted and the matter would not proceed until each of the parties had made advance payment of the estimated costs.
27. On 17 July 2013, the Centre acknowledged payment of the estimated costs by each of the parties and transferred the file to the Panel. The Panel received the file and was deemed fully constituted on that date.
28. On 19 July 2013, the Panel wrote to the parties seeking their observations on the conduct of the proceedings, noting that silence would be taken as expressing a preference for standard, documents-only proceedings based on the submissions and evidence already in the record. The Panel reserved the right, however, to seek further input from the parties at a later stage in the proceedings.
29. On 26 July 2013, the Objector wrote to the Expert requesting that (1) the Panel await the outcome of the ongoing policy discussions concerning “closed generics” between ICANN’s Government Advisory Committee (“GAC”) and the ICANN Board before proceeding; and (2) that the Panel then allow the parties to submit additional considerations prior to rendering the Expert Determination. The following day, the Respondent wrote to ask that the request be denied.
30. On 29 July 2013, the Panel denied the request, seeing no reason to depart from the established procedural framework: the Panel had been constituted to conduct the proceedings under established rules and within a specific period of time, and those parameters had not changed. As stated in the Guidebook, the receipt of GAC advice by the ICANN Board “will not toll the processing of any application (i.e., an application will not be suspended but will continue through the stages of the application process).”<sup>5</sup>

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<sup>5</sup> Guidebook, s. 3.1.

31. The Panel also notified the parties that, as they had not requested an opportunity to make additional submissions of any kind (unless a change of policy was to be brought by ICANN), the Expert Determination would be conducted on the basis of the submissions and evidence already on file, unless the Panel saw the need, later in the proceedings, to seek further input from the parties.
32. The Panel wrote to the parties again on 2 August 2013 concerning the translation of certain documents submitted by the Objector. It also gave the parties an opportunity to submit observations, on or before 9 August 2013, on public comments posted by ICANN's Independent Objector about the string .BOOK, in relation to the standards applicable to a Community objection.
33. At the Panel's request, on 8 August 2013, the Objector provided certifications of translations into English of certain documents already on file. The Objector also requested an extension of the time to submit observations on the Independent Objector's comments. On the same day, the Panel granted an extension of time to 16 August 2013.
34. The Respondent sent observations to the Panel on 14 August 2013, and the Objector on 16 August 2013.
35. There was no hearing in these proceedings. On 19 August 2013, the Panel wrote to the parties, notifying them that the evidentiary phase of the proceedings was closed. The Expert then considered the entire record and proceeded with the preparation of a draft Expert Determination.
36. In accordance with Article 5 of the Procedure, all submissions and communications in the proceedings were made in English. In accordance with Article 6 of the Procedure, all communications and evidence in the proceedings were submitted electronically.
37. On 26 August 2013, within the 45-day time limit provided by Article 21(a) of the

Procedure, the Expert Determination was submitted in draft form to the Centre for scrutiny in accordance with Article 21(b) of the Procedure and Article 12(6) of the Rules.

38. The Expert Determination was approved as to its form by the Centre on 5 November 2013 and was signed by the Expert on 6 November 2013.

## **6. SUMMARY OF THE PARTIES' RESPECTIVE POSITIONS**

39. The Objection considered in these proceedings is a Community objection. The Guidebook lays out the applicable standards, or adjudication principles, for a Community objection. In terms of standing, under subsection 3.2.2.4 of the Guidebook, the Objector must show that it is an established institution associated with a clearly delineated community. On merits, pursuant to section 3.5.4 of the Guidebook, the Objector must show that the community is clearly delineated; that the community opposition to the application is substantial; that there is a strong association between the community and the gTLD string applied for; and that the application creates a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted. The parties' respective positions concerning the application of these principles are laid out below.

### **6.1. The Objector's position**

40. The Objector's position is that there is substantial opposition to Amazon's gTLD Application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.

41. The Objector argues that it has standing to bring this Objection because of its ownership of the Kobo e-reading service and because its various other subsidiary companies are directly and indirectly associated with the term “book”.
42. The Objector seeks to establish a relationship with the .BOOK extension through its activities in the book industry and the alleged “community” that is served by its subsidiaries, platforms, and technologies. The Objector claims that the strength of this relationship is sufficient to establish its standing in this matter.
43. The basis for the Objection is three-pronged. The Objector alleges that if Amazon is awarded the .BOOK gTLD by ICANN then Amazon will
- obtain effective means to monopolize this generic extension on the Internet, restrict competition and restrict consumer choice to the selection of books that is offered by Amazon;
  - be provided with unjustified means to restrict third parties to register and/or use domain names in the .BOOK gTLD; and
  - be provided with unjustified means to appropriate third-party intellectual property rights.<sup>6</sup>
44. The Objector also makes the following allegations against Amazon:
- Amazon pretends to hold exclusive rights in the term “book”;
  - Amazon is attempting to obtain exclusive access to and make exclusive use of terms that are in the public domain;
  - Amazon’s intentions are not in line with domain name industry standards and practices;

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<sup>6</sup> Objection Form, at 8.

- Amazon is deliberately attempting to exclude competitors from a service for which it does not hold any exclusive rights; and
- Amazon's intentions are contrary to ICANN's mission, the affirmation of commitments, and the objectives of the new gTLD program.<sup>7</sup>

45. For these reasons the Objector seeks the following relief from this Expert Panel:

- The dismissal of Amazon's application for the .BOOK gTLD; and
- Failing the dismissal of Amazon's Application, the imposition on Amazon of certain procedural requirements and conditions relating to Amazon's administration of the .BOOK gTLD.

## **6.2. The Respondent's position**

46. The Respondent's position is that the Objection does not meet any of the requirements established by ICANN in the Guidebook.

47. The Respondent further alleges that the Objection is not a legitimate attempt to protect the core interests or activities of a community, as defined by the Guidebook, but rather, is an attempt to discourage competition in the Domain Name System.

48. The Respondent argues that the Objector does not, nor can it, meet the standing requirement for bringing a Community objection.

49. The Respondent submits that even if the Objector meets the standing requirement, it has not met any of the four substantive tests under the Community objection.

50. The Respondent further submits that the Objector fails to meet the four substantive tests because:

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<sup>7</sup> Objection Form, at 9-14.

- Rakuten does not represent a clearly delineated community;
- there is no substantial community opposition;
- there is no strong association between the alleged community and the string .BOOK; and
- there is no likelihood of material detriment to the rights and legitimate interests of a significant portion of the community to which the string .BOOK is targeted.<sup>8</sup>

51. The Respondent requests that, for all of the above reasons, the Objection be dismissed.

## 7. ANALYSIS

52. In the following section the standards, or adjudication principles, for a Community objection are laid out in detail and applied to the facts of the case. In applying the standards, the Panel is mindful that the Objector bears the burden of proof in respect of both standing and merits.<sup>9</sup>

### 7.1. The Objector's standing

53. The Guidebook provides that in order to obtain standing to bring a Community objection the Objector must establish that it is “an established institution” and that it has “an ongoing relationship with a clearly delineated community.”<sup>10</sup> Also, the community named by the Objector must be a community strongly associated with the applied-for gTLD string in the application that is the subject of the objection.<sup>11</sup>

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<sup>8</sup> Response Form, at 8-10.

<sup>9</sup> Procedure, Art. 20(c).

<sup>10</sup> Guidebook, ss. 3.2.2.4.

<sup>11</sup> *Ibid.*

54. The Guidebook lists the factors that may be relevant to this determination as follows:<sup>12</sup>
- *It is an established institution* – Factors that may be considered in making this determination include, but are not limited to:
    - Level of global recognition of the institution;
    - Length of time the institution has been in existence; and
    - Public historical evidence of its existence, such as the presence of a formal charter or national or international registration, or validation by a government, inter-governmental organization, or treaty. The institution must not have been established solely in conjunction with the gTLD application process.
  - *It has an ongoing relationship with a clearly delineated community* – Factors that may be considered in making this determination include, but are not limited to:
    - The presence of mechanisms for participation in activities, membership, and leadership;
    - Institutional purpose related to the benefit of the associated community;
    - Performance of regular activities that benefit the associated community; and
    - The level of formal boundaries around the community.
55. The Guidebook goes on to explain how the factors are to be applied, as follows: “The Panel will perform a balancing of the factors listed above, as well as other relevant information, in making its determination. It is not expected that an objector must demonstrate satisfaction of each and every factor considered in order to satisfy the standing requirements.”<sup>13</sup>

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<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*



### *7.1.1 Established institution*

56. The requirement that the Objector be an established institution appears to set a relatively low threshold.
57. One of the objectives of the requirement is to exclude entities that have been established solely in conjunction with the gTLD application process. This is obviously not the case here. Rakuten was incorporated in 1997,<sup>14</sup> it established Rakuten Books Inc. in 2000,<sup>15</sup> started its expansion outside Japan in 2005,<sup>16</sup> and acquired the Canadian e-book reader company Kobo in 2012.<sup>17</sup> Even if the Objection is closely connected to Kobo's market, the e-reader company that is now Rakuten's subsidiary was obviously established independently of the gTLD application process.
58. The standing requirement as presented in the Guidebook also aims to exclude entities that are local or newly established, such that they lack "global recognition". Rakuten does not lack global recognition. It is a large, multinational conglomerate present and active globally and recognized as such. The Respondent emphasizes three points in this respect. First, it insists that much of the recognition enjoyed by Rakuten is unrelated to e-reading or to any other branch of publishing or book sales, and should be discounted for the purpose of determining standing.<sup>18</sup> Second, it points out that Rakuten's e-reading business is too recent to qualify Rakuten as a recognized entity representing a community related to the .BOOK string.<sup>19</sup> Third, it argues that Rakuten is not an "institution" for the purpose of the Community objection's standing requirement.<sup>20</sup> The three points are addressed in turn.
59. The first point is that Rakuten's global recognition, such as it is, is largely unrelated to

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<sup>14</sup> Business Certificate for Rakuten, Annex A to Objection Form.

<sup>15</sup> Press Release of 26 September 2000, Annex A to Objection Form.

<sup>16</sup> Objection Form, at 4-5.

<sup>17</sup> Objection Form, at 5.

<sup>18</sup> Response Form, at 5-6.

<sup>19</sup> Response Form, at 6.

<sup>20</sup> Response Form, at 5.

e-reading or to any other branch of publishing or book sales. It is common ground that Rakuten's numerous businesses include e-commerce B2B2C platforms, consumer credit services, media, travel, sports, and entertainment. The Respondent argues that even if one were to recognize that "Rakuten's newly-acquired e-reader business may be prominent in a few geographic markets, there is no 'global recognition' of Rakuten as representing the (e-)reading community."<sup>21</sup> This is best analysed, however, under the second branch of the standing requirement—that is, whether the Objector has "an ongoing relationship with a clearly delineated community."

60. The second point under the first branch of the requirement is that Rakuten's e-reading business was established too recently to qualify Rakuten as an objector. The Respondent refers to ICANN's Generic Names Supporting Organization (the "GNSO") Final Report: Introduction of New Generic Top-Level Domains (the "GNSO Report"), in which a five-year standard is given to define an "established" institution: "established institution – an institution that has been in formal existence for at least five years."<sup>22</sup> The Respondent argues that this gives a sense of what an "established institution" was intended to mean, even though the five-year standard itself was not carried over to Module 3 of the Guidebook. Be that as it may, the GNSO Report is clear that the five-year standard was not intended as a black-and-white cutoff. The Report states: "In exceptional cases, standing may be granted to an institution that has been in existence for fewer than five years. Exceptional circumstances include but are not limited to a re-organization, merger or an inherently younger community."<sup>23</sup> Without deciding that the five-year standard is necessarily relevant, the Panel notes that Rakuten has been in existence since 1997 and in the book business since 2000, which qualifies it as "established". If, for the sake of argument, the founding of Kobo in 2009, or even its acquisition by Rakuten in 2012, is taken to be of particular relevance given the Objector's emphasis on e-readers in identifying the relevant community, then this Panel is prepared to find that the exceptional circumstances

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<sup>21</sup> *Ibid.*

<sup>22</sup> 8 August 2007, Annex 8 to Response Form, at 5, available at <http://gnso.icann.org/en/issues/new-gtlds/pdp-dec05-fr-parta-08aug07.htm>.

<sup>23</sup> *Ibid.*

mentioned in the GNSO Report are present, given the acquisition of the e-reader business by an entity (Rakuten) that was already involved in the book business, and the relatively recent phenomenon of e-reading as a global, mass-market phenomenon.

61. Third, the Respondent insists that Rakuten must be a “community institution” to be recognized standing and that it is not. The “established institution” branch of the standing requirement does not define or qualify “institution” beyond the necessity of it being established. The Respondent’s argument rests on a contextual interpretation of the first branch of the requirement (i.e.: established institution) derived from the second branch, which calls for an “ongoing relationship with a clearly delineated community.” The argument according to which an objector must be a community institution is therefore best addressed in those terms, in Part 7.1.2.
62. This Panel concludes that Rakuten meets the first branch of the standing requirement to the extent that it is an “established” institution. If and to the extent there is a “community” component to the definition of “institution”, this is addressed under the second branch of the requirement. This second branch of the standing requirement, to which this Panel now turns, calls for an “ongoing relationship with a clearly delineated community.”<sup>24</sup>

### ***7.1.2 Relationship with clearly delineated community***

63. The community Rakuten alleges to represent is comprised of the 10 million users across 190 countries of its Kobo e-reading devices. The Respondent takes the position that Rakuten fails to meet any of the relevant balancing factors because it is not a community institution and because there is ultimately no real “community” as defined by the Guidebook.<sup>25</sup>

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<sup>24</sup> Guidebook, ss. 3.2.2.4.

<sup>25</sup> Objection Form, at 7.

64. Module 3 of the Guidebook,<sup>26</sup> however, does not expressly define “community” other than by providing balancing factors, which the Panel now considers in turn.
65. The first factor mentioned in subsection 3.2.2.4 of the Guidebook is the “presence of mechanisms for participation in activities, membership, and leadership.” Beyond a cursory reference to its “eBook platform”, which can be “accessed and used” by Rakuten’s customers, and to Rakuten’s “proven membership, governance structure and activities”, the Objector has made no attempt to establish the presence of this factor. Clearly, the Objector has not shown that it provides participatory mechanisms to members of the community it claims to represent. A consumer’s ability to buy a Kobo e-reading device and to download e-books does not amount to participation for this purpose.
66. The second factor under subsection 3.2.2.4 of the Guidebook refers to an “[i]nstitutional purpose related to the benefit of the associated community.” Again, the Objector has not demonstrated that its purpose is related to the benefit of the community it claims to represent. Like any publicly-traded corporation, Rakuten has as its primary purpose profit for the benefit of its shareholders and may generate benefits for its customers as a means to achieve this primary purpose. The Respondent suggests that, of necessity, “any benefit to a community of its customers is merely a byproduct.”<sup>27</sup> The distinction between a means and an end is notoriously difficult, however, and there are many situations where public and community interests are effectively pursued together through private enterprise. Therefore, the possibility that a commercial corporation may be in a position to meet this test cannot be excluded lightly. In this case it is unnecessary to decide this issue, as the Objector has not carried its burden of establishing that it has an “[i]nstitutional purpose related to the benefit of the associated community.”

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<sup>26</sup> Module 4 of the Guidebook, s. 4.2.3, does provide elements of a definition for the purpose of the community priority evaluation process. This is addressed by the Panel in Part 7.2.1.

<sup>27</sup> Response Form, at 6.

67. The third factor under subsection 3.2.2.4 of the Guidebook refers to the “[p]erformance of regular activities that benefit the associated community.” Beyond a cursory reference to Rakuten’s online and offline distribution networks being “active” in both the online and offline book publishing and distribution business, there is no attempt by the Objector to demonstrate the performance of regular activities that benefit the associated community.
68. The last factor under subsection 3.2.2.4 of the Guidebook goes more directly to the identification of the “community”, which will be addressed in more detail as a substantive requirement. It refers particularly to “[t]he level of formal boundaries around the community.” The community the Objector claims to represent is the group of Kobo users. At first glance, this is a relatively well-delineated group. That being said, the Objector has made no attempt to explain the precise boundaries around that group and why they should be considered “formal”. Is there a membership organization and structure? Does the group include all of those who have ever purchased a Kobo e-reader? Is it limited to those who have an ongoing interaction with the Objector or its subsidiary? How does this interaction take place? Is there any horizontal interaction between Kobo users? Is the community constituted by and limited to such horizontal interaction? What is the relation between vertical and horizontal interaction, if any? None of these questions is addressed in the Objection. There is no attempt at delineating the community other than through a general reference to Kobo users. The Objector has failed to demonstrate the existence of formal boundaries around the community it claims to represent.
69. On balance it is clear that the Objector has failed to meet the second branch of the requirement for standing to bring a Community objection. Since an Objector must establish that it meets both branches of the standing requirement in accordance with subsection 3.2.2.4 of the Guidebook, the Panel concludes that the Objector does not have standing.
70. Even if the Objector did meet the standing requirement, however, this Panel finds that

the Objection should still be dismissed because it fails to satisfy any of the four substantive tests under the Community objection.

## **7.2. The Objection's substantive validity**

71. There are four substantive requirements, or tests, under the Community objection:<sup>28</sup>
- The community invoked by the objector is a clearly delineated community; and
  - Community opposition to the application is substantial; and
  - There is a strong association between the community invoked and the applied-for gTLD string; and
  - The application created a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted.

These tests are considered in turn below.

### ***7.2.1 Community***

72. Under the Community objection, an objector must show that the community expressing opposition can be regarded as a clearly delineated community. Balancing factors relevant to this determination are listed in section 3.5.4 of the Guidebook, non-exhaustively, as follows:

- The level of public recognition of the group as a community at a local and/or global level;

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<sup>28</sup> Guidebook, s. 3.5.4.

- The level of formal boundaries around the community and what persons or entities are considered to form the community;
- The length of time the community has been in existence;
- The global distribution of the community (this may not apply if the community is territorial); and
- The number of people or entities that make up the community.

If the group represented by the Objector is not a clearly delineated community, the Objection must fail.

73. As noted in this Panel’s discussion of standing, the Objector has provided only limited details of the community it claims to represent. In the Objector’s cursory description, the community consists of the users of its Kobo e-reader.<sup>29</sup> The problem with this description is the ambiguous relationship it has with the much broader hypothetical community one might associate with the string .BOOK. The Objector claims that there is a strong association between the string .BOOK and the group of Kobo users. It seems obvious to this Panel, however, that if there is a strong association between the string .BOOK and a community, then that community must be much larger than the sum of Kobo users. It is a stretch to argue that there is an association in the minds of the public between the term “book” and any particular brand of e-reader.<sup>30</sup>

74. If the community is defined more broadly in consideration of its possible association with the string .BOOK, then one would be looking at something like a hypothetical “book community”. This might include a very wide range of possible members with a wide variety of interests: authors, booksellers, editors, libraries, publishers, printers, reviewers, translators, readers, etc., making the community difficult to delineate. ICANN’s Independent Objector, whose role is set out in section 3.2.5 of the Guidebook, highlighted this issue in public comments discussing “closed generic”

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<sup>29</sup> Objection Form, at 7.

<sup>30</sup> Response Form, at 10.

gTLD applications in general, and the string sought in this Application in particular. The Independent Objector, considering the long list of interests and stakeholders touched by the string .BOOK, offers the following conclusion.<sup>31</sup>

Therefore, these different stakeholders are difficult to be delineated as a single community since they are of very different nature. Some have the promotion of literature as their primary aim but for many others it is one objective among many others. It is therefore quite doubtful that they represent a clearly delineated community within the meaning of the Applicant Guidebook.

The Independent Objector decided not to file an objection to this Application.

75. The parties to these proceedings were invited to submit and did submit their observations to the Panel on these public comments. While the Objector insisted on the importance of giving a “functional” interpretation to the “community” standard, highlighting that a narrow interpretation might defeat the purpose of the Community objection, the Respondent broadly agreed with the Independent Objector’s conclusion and emphasized that the Guidebook was never intended to exclude “closed generics”.<sup>32</sup> On balance, the Panel shares the view taken publicly by the Independent Objector. It is conceivable that the various stakeholders mentioned above could constitute a community in a very broad sense of the word; but it is hard to see how such a broad-ranging association of individuals, organizations, and interests could be deemed a “clearly delineated community” as required by the Guidebook.
76. Returning to the relationship between the group of Kobo users and a hypothetical “book community”, it may be suggested that one is representative of the other. It is unclear, however, how Kobo users can be said to be representative of the much larger “community” of those interested in or having a connection with books. Kobo users are only a small fraction of the total number of users of e-readers, an even smaller fraction

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<sup>31</sup> “The Issue of ‘Closed Generic’ gTLDs Applications – The Views of the Independent Objector” available at <http://www.independent-objector-newgtlds.org/english-version/the-issue-of-closed-generic-gtlds/>, under “Community Objections”.

<sup>32</sup> Objector’s Observations of 14 August 2013; Respondent’s Observations of 16 August 2013.



of that number if one includes tablet owners, and e-books are still outnumbered by print books.<sup>33</sup> Given the very considerable size of the book industry and the number of people it touches, it cannot be assumed that Kobo users are representative of a broad community of people interested in or somehow affected by books.

77. The Objector later recognized the difficulty of its position, acknowledging that it could not be taken as representing such a broad community:<sup>34</sup>

So, although the Objector does not represent the book “community” as a whole, it does represent, in a functional way, hundreds of thousands of actors in this space, both in an online environment (Kobo) and in an off line context (physical distribution through Rakuten Books).

The Objector is proposing a “functional” reading of the relevant principles but does not explain how or provide evidence of how Rakuten can be taken to represent the views of even its own customers.

78. Referring to the balancing factors listed in the Guidebook, and applying them to the broad concept of a “book community” and to the group of Kobo users, it is clear, on the one hand, that both purported communities are globally distributed and consist of large numbers of people and entities. It is also clear, on the other hand, that there is no public recognition of either group as a community at any level, local or global. This is hardly surprising given that neither of the groups would have any awareness or recognition of themselves as a distinct community. It is enlightening in this respect to look at the broader context provided by Module 4 of the Guidebook, which mentions among the factors for establishing the existence of a community for the purpose of community priority determinations: “an awareness and recognition of a community among its members” and “extended tenure or longevity—non-transience—into the future.”<sup>35</sup> These factors help understand what is meant by community in the

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<sup>33</sup> Response Form, at 8.

<sup>34</sup> Objector’s Observations, at 5.

<sup>35</sup> Guidebook, s. 4.2.3.

Guidebook. In this case, there was no evidence of self-awareness, and given the speed at which consumer technology is evolving, this Panel finds that a group of people defined by their use of a particular brand of e-reader is too transient to qualify as a community.

79. Looking now at the level of formal boundaries, the hypothetical “book community” has no formal boundaries of any kind. It could be argued that Kobo users can be formally distinguished from others as a group, but hardly, without evidence to the contrary, as a community. Concerning the length of time the “community” has been in existence, finally, the hypothetical “book community” is as old, presumably, as the invention of printing technology whereas the group of Kobo users cannot go further back than 2009, when Kobo was founded.
80. A balancing of the relevant factors leads this Panel to conclude that the Objector has failed to demonstrate the existence of a clearly delineated community. The purported community is either a very large, amorphous community of people interested in or having a connection with books, in which case it is insufficiently delineated, or a smaller assemblage of the people who use the Kobo e-reader, in which case there is no evidence that it forms a community one could associate with the relevant string within the meaning of the Guidebook.

### ***7.2.2 Substantial opposition***

81. In order to meet the substantial opposition requirement, an objector must prove substantial opposition within the community it has identified itself as representing. The non-exhaustive list of balancing factors that a panel may consider is as follows:<sup>36</sup>

- Number of expressions of opposition relative to the composition of the community;

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<sup>36</sup> Guidebook, s. 3.5.4.

- The representative nature of entities expressing opposition;
- Level of recognized stature or weight among sources of opposition;
- Distribution or diversity among sources of expressions of opposition, including:
  - Regional
  - Sub-sectors of community
  - Leadership of community
  - Membership of community
- Historical defense of the community in other contexts; and
- Costs incurred by objector in expressing opposition, including other channels the objector may have used to convey opposition.

82. As the Guidebook goes on to explain, “[i]f some opposition within the community is determined, but it does not meet the standard of substantial opposition, the objection will fail.”

83. The Objector has not proven that community opposition is substantial. The only evidence it offers in support of the alleged opposition to the Application are two letters from within the Rakuten conglomerate.<sup>37</sup> These letters are evidence of opposition to the Application by Rakuten, not by the community it claims to represent. Besides, the Objector has provided no evidence as to why it should be entitled to advance arguments on behalf of its customers, Kobo users, even if they could constitute a community. There is no evidence that Rakuten has sought to discern the views of its customers, or of a hypothetical “book community”.

84. Going beyond the group of Kobo users and looking at the opposition reflected in the comments submitted to ICANN during the public comments period, it is hard to argue that there was substantial opposition to the Application. Less than 20 comments were

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<sup>37</sup> Objection Form, Annex D.

made on the Application, most of them having to do with the general policy issue of “closed generics”, several of them posted by the same people, some of whom are affiliated with Kobo Inc.<sup>38</sup> Quantitatively speaking, considering the staggering number of people and entities touched in some way by books and who could claim to be part of a “book community”, the number of comments posted can hardly be taken to reflect “substantial opposition”. Other factors include the representative nature of the entities expressing opposition and the diversity among sources of opposition. Here it must be acknowledged that there was a noticeable level of opposition from booksellers and organizations representing booksellers.<sup>39</sup> But this came from a particular segment of the hypothetical “book community” and a segment that is not clearly related to the groups of people initially identified by the Objector as the relevant community.

85. The Panel notes that the Objector does not address the other balancing factors for “substantial opposition”. It may be noted in closing that one of the reasons why there is a requirement of substantial opposition is to ensure that “the dispute resolution process is a consideration of the issues rather than a means for a single entity to eliminate an application.”<sup>40</sup> In this case, the Panel finds that the Objector is defending its own interests rather than those of a broader community. The Objector has failed to demonstrate substantial opposition.

### ***7.2.3 Targeting***

86. Under this heading, an objector must establish a strong association between the community it claims to represent and the applied-for gTLD string. Factors that could be balanced to determine this, according to the Guidebook, include but are not limited

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<sup>38</sup> See Response Form, note 28; the comments are available at <https://gtldcomment.icann.org/comments-feedback/applicationcomment/viewcomments>.

<sup>39</sup> Objector’s Observations, at 3.

<sup>40</sup> ICANN, New gTLD Draft Applicant Guidebook Version 4 Public Comment Summary and Analysis, 12 November 2010, at 15 (Response Form, Annex 15), available at <http://archive.icann.org/en/topics/new-gtlds/summary-analysis-agv4-12nov10-en.pdf>.

to:<sup>41</sup>

- statements contained in the application;
- other public statements by the applicant;
- associations by the public.

87. The Objection makes no reference, in this connection, to statements contained in the Application or other public statements made by the Respondent. Concerning associations by the public, the Objector has not proven an association, let alone a strong association, between the community it claims to represent and the string .BOOK. As the Respondent aptly put it, “there is no particular association in the minds of the public between the term ‘book’ and a particular brand of e-reader—so there is no particular association, let alone a strong association, between ‘book’ and users of the Kobo e-reader.”<sup>42</sup>

#### ***7.2.4 Detriment***

88. Finally, an objector must establish “that the application creates a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted.” The non-exhaustive list of balancing factors is as follows:<sup>43</sup>

- Nature and extent of damage to the reputation of the community represented by the objector that would result from the applicant’s operation of the applied-for gTLD string;
- Evidence that the applicant is not acting or does not intend to act in accordance with the interests of the community or of users more widely, including evidence that the applicant has not proposed or does not intend to institute effective security protection for user interests;

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<sup>41</sup> Guidebook, s. 3.5.4.

<sup>42</sup> Response Form, at 10.

<sup>43</sup> Guidebook, s. 3.5.4.

- Interference with the core activities of the community that would result from the applicant’s operation of the applied-for gTLD string;
- Dependence of the community represented by the objector on the DNS for its core activities;
- Nature and extent of concrete or economic damage to the community represented by the objector that would result from the applicant’s operation of the applied-for gTLD string; and
- Level of certainty that alleged detrimental outcomes would occur.

89. The Objector submits that if Amazon is granted the string .BOOK then Amazon will engage in monopolistic practices harmful to the members of the community Rakuten claims to represent. The Objector alleges that the Application is an attempt “to obtain exclusive access to and make exclusive use on the Internet of a term that is undisputedly in the public domain,”<sup>44</sup> thereby causing, presumably, interference or other damage to the community. The Objector is silent on all of the other balancing factors.

90. Apart from failing to put forth any evidence on that point, and to explain how the Respondent will engage in monopolistic practices if granted the .BOOK string, the Objector misunderstands the concept of monopolistic practice. The Respondent’s submissions in response to the Objector’s allegation regarding monopolistic behavior explain the deficiency in the latter’s reasoning. The Respondent explains that to allege “a monopoly”, one must first define the relevant product market and that this usually refers to products that can reasonably be used interchangeably by consumers for a given purpose.<sup>45</sup>

Here, Rakuten defines the “market” as a single gTLD, .BOOK. Rakuten does not, however, explain why any other gTLDs, current or future, could not serve as reasonable alternatives for .BOOK. Given that current gTLDs receive an

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<sup>44</sup> Response Form, at 13.

<sup>45</sup> Response Form, at 10.

overwhelming portion of today’s Internet traffic, there is no reason to believe that Internet users would not consider them as viable substitutes to the gTLDs of tomorrow. Because a single gTLD is not a cognizable relevant product market, Amazon’s acquisition of .BOOK cannot create a monopoly.<sup>46</sup>

91. In any event, this is only relevant if it can be shown that granting the Application would “create a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted.”<sup>47</sup> The impact of “closed generics” on competition in certain industries is apparently something that ICANN did consider throughout its policy development process. Avri Doria, the former Chair of the GNSO, which developed the new gTLD policy, explained this as follows at the latest ICANN meeting in Durban:<sup>48</sup>

So we did have a notion of – and in fact I think if you go through all the history of the conversations, we did have conversations that presumed that there would be names that were for private usage and not be open to the general market.

92. The closest available analogy to top-level “closed generics” at the time consisted in second-level closed generics such as BOOK.COM. Even at a time when Internet activity mostly revolved around the .COM string, the operation of “closed generics” on the second level did not appear to create problems of competition that might amount to a detriment within the meaning of the Guidebook. Avri Doria also explained this at the ICANN Durban meeting:

When book.com was obtained, it was in a world where we only presumed that .com was the Internet world. And the world did not fall. Book sellers did not crumble. Book.com went along fine. And yes, other people found names.

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<sup>46</sup> *Ibid.*

<sup>47</sup> Guidebook, s. 3.5.4.

<sup>48</sup> Transcription of ICANN Durban Meeting, NCUC Workshop, Wednesday 17 July 2013 at 13:30 local time, at 19 ff., Respondent’s Observations, at 2, available at <http://durban47.icann.org/documents?page=3>.

When we talk about .book, we are talking about one word for these things with papers and covers. [...] One name in one language in one script.<sup>49</sup>

93. It is arguable that given the right conditions, in some contexts, “closed generics” may actually stimulate competition in certain sectors by spurring innovation and creativity, and by allowing new business models, thus ultimately increasing consumer choice. It cannot simply be assumed that closed generics in general will necessarily restrain trade and that granting this Application would cause a likelihood of material detriment to the rights or legitimate interests of a significant portion of the hypothetical “book community”.
94. The Guidebook specifically provides that “[a]n allegation of detriment that consists only of the applicant being delegated the string instead of the objector will not be sufficient for a finding of material detriment.”<sup>50</sup> The allegation of detriment made here amounts to little more than an allegation that a competitor, here the Applicant, might benefit from the grant of the string, to the Objector’s detriment.
95. The Objector therefore fails on this requirement, as it does on all other substantive requirements.
96. The Objector has used this process (including most of the space available to it in the Objection Form) to make a number of largely unsubstantiated allegations against the Respondent—e.g., that Amazon claims to hold exclusive rights in the term “book”, that Amazon’s intentions are not aligned with industry standards or ICANN’s mission, and that Amazon plans to appropriate third-party intellectual property. Two points should be made about these allegations in the context of this process before closing.
97. The first point is that these allegations do not address the four substantive tests for a Community objection laid down by the Guidebook. They are essentially a reflection

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<sup>49</sup> *Ibid.*

<sup>50</sup> Guidebook, s. 3.5.4.



of the Objector’s policy disagreement with ICANN concerning “closed generics” and their possible impact on some players in some industries. Unless these allegations can be framed in terms of the applicable principles for adjudication, they have no place in these proceedings.

98. The second point is that this Panel expresses no opinion on the wisdom of the policies reflected in the principles for adjudication found in the Guidebook. The very difficult questions of whether “closed generics” in general are a good thing and whether the operation of a particular string as a closed generic would be a good thing are not matters for this Panel to decide as a matter of policy. This Panel’s task was to impartially apply the tests as they are found in the Guidebook and as they may be understood from a consideration of the broader context in which they came to be formulated.
99. The Panel has found that the Objector does not have standing and, in any event does not pass any of the four substantive tests laid out for a Community objection.

## **8. REMEDIES**

100. In the event the Objection is not successful, the Objector seeks an alternative remedy consisting in “the imposition on Amazon of certain procedural requirements and conditions relating to Amazon’s administration of the .BOOK gTLD.” The Objector does not provide details of this alternative remedy or of its basis in the Guidebook or the Procedure. At first glance, Article 21(d) of the Procedure seems to indicate that the available remedies are “limited to the success or dismissal of an objection and to the refund by the DRSP to the prevailing party, as determined by the Panel in its Expert Determination, of its advance payment(s) of costs pursuant to Article 14(e) of this Procedure and any relevant provisions of the applicable DRSP Rules.” It will not be necessary to delve into the question of available remedies, however, because even if the alternative remedy suggested by the Objector were available, no basis has been provided on which it could be granted.

101. As concerns the costs of the proceedings, Article 14(e) of the Procedure provides that “the DRSP shall refund to the prevailing party, as determined by the Panel, its advance payment(s) of Costs.” The prevailing party in these proceedings is Amazon.

## 9. DETERMINATION

102. For the reasons provided above and according to Article 21(d) of the Procedure, the Panel hereby:

- DISMISSES the Community Objection to AMAZON EU S.à r.l.’s Application for the string .BOOK brought by RAKUTEN, INC.;
- DECLARES that the prevailing party is AMAZON EU S.à r.l.;
- DECLARES that AMAZON EU S.à r.l.’s advance payment of costs shall be refunded by the Centre to AMAZON EU S.à r.l.;
- DISMISSES RAKUTEN, INC.’s request for an alternative remedy.

Date: 6 November 2013

Signature:



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Professor Fabien Gélinas  
Expert