

The IRT Proposals of an IP Clearinghouse Dangers/Problems And Innovative Solutions

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Introduction

Under the IRT's proposal, the IP Clearinghouse takes ICANN far outside its scope and technical mandate. It is an intellectual property structure that has no barrier to creation in the private sector and is consistent with the types of private sector services, including monitoring and alert, now being offered. Moreover, the creation of such a superstructure of ICANN, a single monolith, will attract such lobbying from brand owners that the rollout of new gTLDs may be further delayed.

What the IRT specifically proposes:

- The IP Clearinghouse must be capable of holding data relating to the legal rights of trademark owners, including both registered rights and unregistered rights.
- The data should be submitted by trademark owners directly, or through a registry or registrar, to the IP Clearinghouse together with a reasonable fee.
- Trademark owners must grant a non-exclusive, royalty-free, sublicensable license to their data to ICANN, which will in turn sublicense it to the IP Clearinghouse.

Dangers/Problems with the IRT Clearinghouse Proposal

- ICANN has neither scope nor authority to create a single, monolithic, undefined superstructure to adjudicate legal rights. The creation of such a legal regime falls completely outside the function of ICANN as set out in the foundational White Paper.
- Even if ICANN had the authority – which it does not – it should not want to create a single, monolithic IP Clearinghouse because such a process will change the nature of the community ICANN serves. The jockeying for position in the IP Clearinghouse, the hope of extending its reach to even the dimmest trademark and other intellectual property right, will lead to a run on ICANN by trademark owners. This discussion, debate and jockeying for rules of the IP Clearinghouse should happen outside the bounds of ICANN.
- Under its current structure, the Clearinghouse will be open to abuse. On page 13 of the recommendation, the IRT states: “It can also perform

similar functions for other types of RPMs besides those recommended by the IRT at this point". This provides too much discretionary power to the administrator of the Clearinghouse, which can easily lead to abuse.

- There are too many gaps with the current IPC proposal, which should be anticipated that they will increase costs (administrative and external), lead to litigation and create bureaucracy and confusion.
- The IRT report allows any trademark – both registered and unregistered – to be listed. This is wrong – any geographical name, personal name, ‘reading book’ club name will be able to be listed. (Indirect Horizontal Abuse)
- Inclusion in the Clearinghouse of any rights that do not constitute valid federal or national trademarks will require an intense validation process. This is not cost-effective for either ICANN or the registries/registrars.
- The validation concerning established legal rights falls outside the scope of ICANN.
- It is unclear from the recommendation the kind of affidavits trademark owners are expected to submit to the Clearinghouse. There is no mention on verification processes on the validity of these affidavits.
- The Clearinghouse is meant to reduce costs and be efficient. Under this proposal it fails, since it suggests a structure that depends much on ICANN, registries and registrars. Similarly, unfamiliar ICANN practices, combined with non-uniform registry rules, will impair the efficiency of the IPC.

What we recommend: MARKET-BASED PRIVATE, REGIONAL TRADEMARK CLEARINGHOUSES (TMC) - FOLLOWING THE WTO MODEL OF REGIONAL CLEARINGHOUSES FOR TRADE AGREEMENTS.

Why opt for Regional Trademark Clearinghouses (TMC):

1. Regional clearinghouses can relate better and respond more efficiently to the differences of trademark laws across the world;
2. Regional clearinghouses will be able to respond and better protect signs of cultural diversity and cultural significance. (Words like ‘the Acropolis’ or ‘the Taj Mahal’ do not have the same historical significance for Greece or India as for the rest of the world. This will also be in line with WIPO’s ongoing work on “Traditional Knowledge, Genetic Resources and Traditional Cultural Expression/Folklore”).
3. Regional clearinghouses will work better with national Trademark Offices, which, essentially, are the most appropriate sources to guide this discussion – it is not ICANN. It is the national Trademark Offices that can best work together on a regional basis to support regional TMCs. Further, virtually all national Trademark Offices nowadays maintain databases with their trademark listings. While only some provide access to these databases openly to the public online, they could make access easily available to private TMCs in which they had a hand in creating and/or running and/or overseeing.

4. Regional clearinghouses will be less responsive to abuse, due to their familiarity with the validity of trademark registrations.
5. Regional clearinghouses will also tackle better the concerns over IDNs. To serve IDNs, the private, regional TMCs are in the best position to meeting the needs of trademark owners working in their own languages and scripts.
6. Regional clearinghouses are in conformity with ICANN's mandate for promoting competition.

We propose the Private, Regional Trademark Clearinghouses (TMCs) meet the following standards:

- TMCs initially hold data relating to the valid trademark registration issued by a federal or national jurisdiction that conducts substantive examination of trademark applications prior to registration.
- TMCs should not accept data in respect of trademark registrations that relate to what we call 'domain name services'. The USPTO¹ and the European Union² have both declared the invalidity of such registrations.
- The data should be submitted by trademark owners directly to the relevant TMC.
- ICANN foster a TMC in each region. The TMC be encouraged to provide detailed information about the trademark, including the category of goods and services in which the mark is registered. ICANN might further foster a common database search mechanisms for registrars to search trademarks by country, date of registration, international classification number (where applicable), etc. (following the **WTO model for trade agreements**, http://www.wto.org/english/news_e/pres09_e/pr548_e.htm).
- Trademark owners should submit to the TMC as much relevant information as possible, which should include, but not limited to, proof of **valid** trademark registration(s) as authorized **by National Trademark Offices**.
- TMCs shall be operated by neutral service providers that are not currently in a direct contractual relationship with ICANN;
- TMCs must be technically state-of-the-art and their daily operation must enhance the rapid provisioning of domain registrations.
- TMCs must be scalable. For example, they should be able to accommodate identical trademarks registered under different classes of goods or services or in different trademark registration offices, recognizing the territorial nature of trademark law and international classification systems.
- TMCs must be able to accommodate all types of registered trademarks,

¹ See Paragraph II.E of USPTO Examination Guide 02-99, <http://www.uspto.gov/go/tac/notices/guide299.htm>

²http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb_examination.pdf

including word marks and device (logo) marks that contain a word element from every trademark registration office in the world.

- TMCs must be able to deliver fast, accurate information in a standard format using a state-of-art technical platform that is secure and robust.
- TMCs must possess knowledge and expertise in the field of trademark law, processing efficiency, project management skills and risk management skills.
- Listing in the TMC should be optional. It is recommended for registrars and registries to work with the TMCs appropriate to their languages, regions, scripts and community.
- TMCs must also be capable of holding data in the original language and not merely a translation, accommodating this way the particularities of IDNs.

Note: We suggest as a model for future Trademark Clearinghouses the market-models of today, including PriceWaterhouseCoopers for the <.eu> sunrise period. Information can be found:

https://www.maxnet.eu/conditions/en/final_presentation_road_shows.pdf

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