

IPC Response to Questions in October 12, 2009 letter from Board of Directors to GNSO Council.

1. Is there a potential chilling effect on registrations if a trademark holder contacts a registrant before the registration is made?

No. As an initial matter, it is important to understand that the IP Claims process proposed by the IRT in its Final Report does not provide the trademark holder with either the identity or contact information of a potential domain name registrant who seeks to register a domain name that is an identical match to a trademark that is the subject of an IP Claim. The trademark holder cannot obtain either the identity or contact information of the potential domain name registrant until after the domain name is registered. Moreover, the IP Claims process does not prevent registration. Instead, it merely alerts the applicant of a potential claim and in this regard provides a beneficial service to good faith applicants and brand owners by helping them both avoid a later dispute after the applicant invests in the operation of a site under the disputed name.

There is also no basis for the allegation that the pre-registration notification to the potential domain name registrant of the IP Claim will have a chilling effect on good faith applicants. The IP Claim notice that the potential domain name registrant receives will contain very specific information drawn from the Trademark Clearinghouse, namely:

- (i) Exact alphanumeric string contained in the trademark in which rights are claimed;
- (ii) Trademark holder entity contact information;
- (iii) Trademark holder representative's contact information and relationship to trademark holder entity (i.e., General Counsel, President, CEO, etc.);
- (iv) Description of goods and services for which the exact Trademark is being used;
- (v) Date of first use of the Trademark in commerce; and
- (vii) If the mark is registered with any national Trademark office, registration number, and country where registration was obtained.<sup>1</sup>

This information is merely that, information. The potential registrant retains the choice to proceed with the registration or not, better informed than before about potential obstacles.

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<sup>1</sup> This language is taken in large measure from historic documents related to the <.biz> rollout which were found at <http://www.icann.org/en/tlds/agreements/biz/registry-agmt-appj-11may01.htm>.

The acknowledgement the potential registrant must make before proceeding to registration once notified of the IP Claim is no different from contractual commitments being made today by domain name registrants. As those requirements and acknowledgements appear to have had no chilling effect in the current gTLD registration space, there is no basis for believing that they will in the new gTLD registration space.

With regard to the specific details of the IP Claim, the provided information will assist potential registrants in determining to what extent the IP Claim should be a factor in the decision to register. For example, a potential registrant who lives in the United States would likely give greater weight to an IP Claim based on a U.S. trademark registration than would a potential registrant in Kenya.

2. We expect that ICANN would have a contract with the service provider to insure quality control and prevent misuse of data.

3. Is Clearinghouse use optional or mandatory for new registries (if optional, must the registry provide something as effective or better)?

Use of the Trademark Clearinghouse must be mandatory for new registries.

The IRT developed its IP Clearinghouse recommendation to create efficiencies for registrants, trademark owners, registrars and registries in the administration of pre-launch rights protection mechanisms. During the pre-launch RPMs used by .biz, .info, .mobi, and .asia, it was necessary for trademark owners to expend significant resources in submitting to registrars data about and documentation of the rights on which they wished to rely in the relevant RPM. Frequently, the same data and documentation were submitted over and over. Equally frequent, the same data and documentation were the subject of multiple inquiries because of processing and/or submission errors by registrars. For each new gTLD that launched, both registries and registrars were forced to expend resources to create new code and new systems. The IRT's IP Clearinghouse recommendation creates efficiencies for everyone by allowing trademark owners to submit the requisite data and documentation only once, by allowing both registries and registrars to create only one new code and one new system. If use of the Clearinghouse is not mandatory, these efficiencies cannot and will not be achieved. Similarly, allowing registries to reject the Clearinghouse in favor of something which they assert is as effective or better would also forfeit these efficiencies. In addition, allowing substitute or alternate mechanisms would require ICANN to draft, publish for public comment, and adopt guidelines for assessing such substitute or alternate mechanisms. Such processes would inevitably introduce further delay into the process.

4. Should the Clearinghouse requirements (including the choice of the IP Claims or Sunrise processes be applied to existing registries)?

No. There is no value in applying the Trademark Clearinghouse requirements, as contained in the staff implementation plan, to existing registries because they are irrelevant. As contained in the staff implementation plan, the Trademark Clearinghouse applies only to IP Claims and Sunrise processes. Both the IP Claims and Sunrise processes apply only to pre-launch rights

protection mechanisms. The existing registries have already launched and have no need of pre-launch rights protection mechanisms. As a result, there is no point in having the Clearinghouse requirements apply to existing registries. An exception would arise if a post-registration IP claims procedure is adopted, as recommended by some. Then the Clearinghouse might have utility for existing gTLDs.

5. During verification of trademarks, liability may arise through false positive and negative results. How should potential liability of parties be managed?

Potential liability - to the extent it may arise (and we do think that likelihood is low) -- can be managed through appropriate processes, contract terms, and dispute resolution. The Clearinghouse concept includes the ability of the applicant to challenge or ignore the information contained in the IP Claim and would also require data to be re-authenticated on periodic basis. This is important since the information in the Clearinghouse is not "validated rights" but instead is merely "authenticated data". For example, it is merely data stating that party XYZ owns a federal registration of ACME for stated goods, with a reference to the actual registration for review. This process reduces the burden on the applicant from searching through multiple worldwide databases for trademark registration information, as well as reducing the burden on new registries who otherwise would need to create multiple IP Claim or Sunrise systems, as was done in the past.

6. Who assumes the cost of the Clearinghouse? Should the Clearinghouse be funded completely by the parties utilizing the service?

We believe the Clearinghouse should be funded by the parties using the system, namely brand owners, registries and applicants.

7. How would Clearinghouse be used? ICANN is publishing a detailed procedure under separate cover that should be considered as part of the Clearinghouse proposal in this review.

The Clearinghouse database should be capable of including whatever rights data is helpful to avoid disputes during the application process. This includes data on registered trademark rights, as well as other information that may be relevant to the new registry. For example, a new registry for dot Kenya might conclude that claims relating to existing company names in Kenya are relevant even if they are not protected as trademarks. The Clearinghouse should be capable of storing that information in the event another registry finds the information relevant (e.g., dot Nairobi). Other registries that choose not to include that category of information in their IP claims service or sunrise processes would be free to ignore this entry. The purpose is to avoid duplicated systems, while providing the new registries maximum flexibility in deciding which claims must be included in their individual rights protection mechanisms.

The information from the database maybe used in several ways, including those recommended by the staff (IP Claims and Sunrise registrations) as well as other suggested uses (e.g., URS pre-filing rights verification, a globally protected marks process, and a post-registration IP Claims process).

8. What are the criteria for inclusion in the Clearinghouse? Should the Clearinghouse as conceived accept registered and unregistered marks - similar to marks considered for UDRP consideration now?

The Clearinghouse must be able to accept and process details of registered marks and common-law marks. To maximize the utility of and the efficiencies associated with the Clearinghouse, it should be able to accept and process details of other types of rights, many of which are similar to trademark rights that exist under various national laws.

It is important to emphasize that the Clearinghouse is a database of rights, the documentation of which is authenticated. Each registry should have the flexibility to include in the scope of its rights protection mechanisms -- in addition to registered trademarks -- those rights protected under its national law such as company names, geographical designations, and titles. In short, the Clearinghouse should be able to accommodate whatever rights are deemed relevant to a new registry by the registry operator. In this regard, the database is not a "rights validation" mechanism but simply a data authentication and storage system designed to save time and cost.