

**Design Mark Recommendation for Working Group - for Question #7 and Question #16 of TMCH Charter Questions (#7, *How are design marks currently handled by the TMCH provider?;* and #16, *Does the scope of the TMCH and the protections mechanisms which flow from it reflect the appropriate balance between the rights of trademark holders and the rights of non-trademark registrants?*)**

We (the RPM Working Group) have found a problem:

1. We have learned that Deloitte is accepting the words of design marks, composite marks, figurative marks, stylized marks, mixed marks, and any similar combination of characters and design (collectively “design marks”).
  2. However, the rules adopted by the GNSO Council and ICANN Board expressly bar the acceptance of design marks into the TMCH Database.
  3. Accordingly, Deloitte is currently in breach of the rules that ICANN adopted and must revise its practice to follow the rules adopted by the GNSO Council and ICANN Board for TMCH operation.
  4. Alternatively, the Working Group by Consensus may CHANGE the rules and present the GNSO Council and ICANN Board with an expanded set of rules that Deloitte, or any future TMCH Provider, must follow.
  5. In all events, we have a BREACH SITUATION which must be remedied. Further details, information and explanation below.
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**Expanded Discussion**

***A. Expressly Outside the TMCH Rules Adopted by the GNSO Council & ICANN Board***

The GNSO Council & ICANN Board-adopted rules (based on the STI Final Report and IRT Recommendations) that were very clear about the type of mark to be accepted by the Trademark Clearinghouse:

**“4.1 National or Multinational Registered Marks The TC Database should be required to include nationally or multinationally registered “text mark” trademarks, from all jurisdictions, (including countries where there is no substantive review).”**

**<https://gns0.icann.org/en/issues/sti/sti-wt-recommendations-11dec09-en.pdf>**

Further, the adopted rules themselves are very clear about the Harm of putting design marks into the TMCH Database:

**“[Also 4.1] (The trademarks to be included in the TC are text marks because “design marks”**

**provide protection for letters and words only within the context of their design or logo and the STI was under a mandate not to expand existing trademark rights.)**

The Applicant Guidebook adopted the same requirements, as it must and should, namely:

“3.2:Standards for inclusion in the Clearinghouse

3.2.1 Nationally or regionally registered word marks from all jurisdictions”

*Nonetheless, and in violation of the express rules adopted by the GNSO Council and ICANN Board and placed into the Applicant Guidebook, TMCH Provider Deloitte is accepting into the TMCH database words and letters it has extracted from composite marks, figurative marks, stylized marks, composite marks and mixed marks. Deloitte is removing words and letters from designs, patterns, special lettering and other patterns, styles, colors, and logos which were integral to the trademark as accepted by the national or regional trademark office.*

#### *B. Harm from the Current Form*

The harm from this acceptance is that it violates the rules under which Deloitte is allowed to operate. It creates a situation in which Deloitte is operating under its own authority, not that of ICANN and the ICANN Community. Such action, in violation of rules clearly adopted by the GNSO Council and ICANN Board and written into the New gTLD Applicant Guidebook, gives too much power to Deloitte -- a contractor of ICANN, to make its own rules and adopt its own protocol without regard to the scope, breadth and reach of the governing rules.

It is the type of misconduct anticipated by the GNSO Council and ICANN Board, and why the rules demand that ICANN hold a close relationship with the TMCH Provider *by contract* to allow close oversight and correction of misinterpretation or failure to follow the rules. (See, 3.1 in *Relationship with ICANN*, Special Trademark Issues Review Team Recommendations).

#### *C. Presumption of Trademark Validity Does Not Extend to Non-Stylized Version of the Registration Marks*

Further, words and letters within a composite marks, figurative marks, stylized marks, and mixed marks are protected within the scope of the designs, logos, lettering, patterns, colors, etc. That's not a Working Group opinion, that's a legal opinion echoed through case law and UDRP decisions.

In WIPO UDRP Decision *Marco Rafael Sanfilippo v. Estudio Indigo*, Case No. D2012-1064, the Panel found:

“Complainant has shown that it owns two trademark registrations in Argentina. The Panel notes that both registrations are for “mixed” marks, where each consists of a composition made of words and graphic elements, such as stylized fonts, a roof of a house, etc. See details of the registrations with drawings at section 4 above.

“As explained on the INPI website, “[m]ixed (marks) are those constituted by the combination of word elements and figurative elements together, or of word elements in stylized manner.” Accordingly, the protection granted by the registration of a mixed mark is for the composition as a whole, and not for any of its constituting elements in particular. Thus, Complainant is not correct when he asserts that it has trademark rights in the term “cabañas” (standing alone), based on these mixed trademark registrations.”

Similarly, in the US, federal courts have found that **the presumption of trademark validity provided by registration does not extend to the non-stylized versions of the registration marks**. See e.g.,

*Neopost Industrie B.V. v. PFE Intern., Inc.*, 403 F.Supp.2d 669 (N.D. Ill. 2005) (registration of stylized mark didn’t extend protection to nonstylized uses); *Kelly–Brown v. Winfrey*, 95 F.Supp.3d 350, (S.D.N.Y. 2015) (dealing with special form mark whose words were unprotectable absent stylization), *aff’d*, *Kelly–Brown v. Winfrey*, 659 Fed.Appx. 55 (2d Cir. 2016).

*D. Beyond the Scope of the TMCH Protection that the GNSO Council and ICANN Board Agreed to Provide Trademark Owners.*

As has been pointed out in our Working Group calls, the STI evaluations and IRT evaluations were long and hard and both groups decided in their recommendations to protect only the word mark – the text itself when the text was registered by itself. Neither allowed for the extraction of a word or letters from amidst a pattern, style, composite or mixed marks; neither created a process for doing so; neither accorded the discretion to the TMCH Provider (now Deloitte) to adopt any processes to handle this process independently.

The STI clearly elaborated its reasoning: that extracting a word or letters from a larger design, gives too many rights to one trademark owner over others using the same words or letters. As clearly elaborated in the STI Recommendations and adopted by the GNSO Council and ICANN Board (unanimously), it would be an unfair advantage for one trademark owner over others using the same words or letters.

Specifically:

**“(The trademarks to be included in the TC are text marks because “design marks” provide protection for letters and words only within the context of their design or logo and the STI was under a mandate not to expand existing trademark rights.)”**

To the extent that Deloitte as a TMCH Provider is operating within its mandate, and the limits of the rules and contract imposed on it, *it may not take steps to expand existing trademark rights*. The rights, as granted by national and regional trademark offices are rights that expressly include the patterns, special lettering and other styles, colors, and logos that are a part of the trademark granted by the Trademark Office and certification provided by each Trademark Office and presented to the Trademark Clearinghouse.

## II. Breach and Correction

Accordingly, Deloitte is in breach of the rules that ICANN adopted and must revise its practice to go to follow the rules adopted by the GNSO Council and ICANN Board. Deloitte’s extraction of words and letters from patterns, special lettering, styles, colors and logos, as outlined above, violates the rules adopted by the GNSO Council and ICANN Board for the Trademark Clearinghouse operation.

Bringing Deloitte’s operation of the TMCH – and its terms and requirements - rules does not require a consensus of the Working Group. Rather, it is a fundamental aspect of our job as a Working Group, as laid out by the GNSO Council in our charter, to review the operation of the Trademark Clearinghouse in compliance with its rules. As Deloitte is not operating in compliance with its rules in this area, it is in breach and must come into compliance. The excellent work of the Working Group in this area, and finding this problem through hard work and research, should be sufficient for ICANN Staff to act in enforcement of its contract and our rules. Point it out clearly and directly to Deloitte, to ICANN Board and Staff, and to the ICANN Community is one small additional step the Working Group might take.

Alternatively, the Working Group **by consensus** may CHANGE the rules and present to the GNSO Council and ICANN Board a new set of standards by which Deloitte (or any future TMCH provider) may use to accept the design and stylized marks currently barred by the rules. But such a step would require a **change** to the ICANN rules under which the Trademark Clearinghouse operate, and then acceptance by the GNSO Council and ICANN Board. ICANN contractors do not have the unilateral power to make their own rules or to change the rule that are given them.