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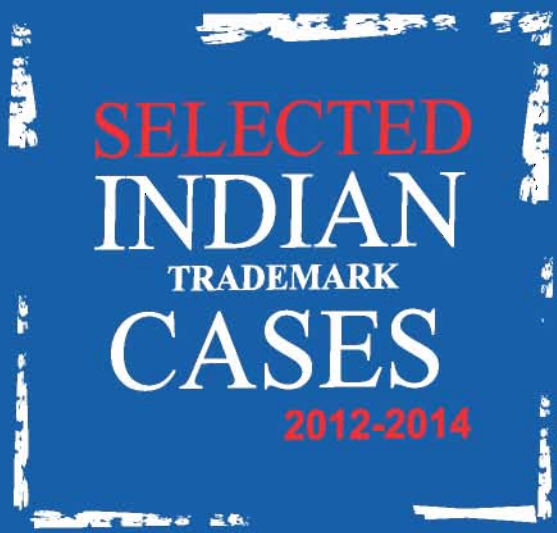


**THIS ISSUE CONTAINS**

**50**

**INTELLECTUAL PROPERTY  
ARTICLES**

**FROM AROUND THE WORLD**



**SELECTED  
INDIAN  
TRADEMARK  
CASES**

**2012-2014**

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## Overcoming Citation Objections in Provisional Refusals of International Registrations Designating Australia

By *Blake Knowles - Cullens Patent & Trademark Attorneys*

The Australian Trade Marks Register has grown exponentially, and contains over 632,000 live trade marks. Over 90,000 of these trade marks have been filed via the Madrid Protocol.

The growth in filings has led to an increase in provisional refusals and citation objections. This is exacerbated by the fact that trade mark applications often cover very broad specifications of goods or services.

The receipt of a provisional refusal can lead to uncertainty as to what the best options are for continued prosecution of the trade mark in Australia.

Fortunately, there are several options available to overcome citation objections.

Australia provides a generous acceptance deadline of fifteen months (extendable) from the date of the provisional refusal. Further, applicants are not limited to a set number of responses before the acceptance deadline. This potentially allows for a variety of strategies to be employed in overcoming citation objections.

Some common strategies include:

### Legal arguments

The test in Australia for identifying 'confusingly similar' trade marks is very broad. For one trade mark to be considered 'confusingly similar' to another, the Registrar will consider whether an average consumer relying on an imperfect recollection would be 'caused to wonder' whether there is a connection between the two.

Trade marks must be compared as a whole. However, where two trade marks share a distinctive, 'essential feature', they will often be considered 'confusingly similar'.

Nevertheless, many objections are arguable. Although two trade marks may have similarities, the overall visual, aural and/or conceptual differences may be sufficient to

persuade an examiner that they are unlikely to be confused.

In addition, it may be possible to argue that goods or services covered by the respective trade marks should not be considered 'similar'.

The first step in addressing many citation objections is to prepare and file legal arguments. If successful, this avoids the need to engage in potentially more expensive, time consuming and risky strategies.

### Amendment of goods and services

Objections can sometimes also be overcome by amending the goods and services.

Such amendments need not be limited to deleting goods or services that the examiner considers objectionable.

### Letters of consent

If legal arguments are not successful (or feasible), it may be possible to obtain a letter of consent from the owner of a conflicting trade mark.

IP Australia will generally withdraw a citation objection if the applicant can provide a letter of consent from the owner of the cited mark, even in the case of identical conflicting trade marks for identical goods or services.

Before seeking a letter of consent, it is normal to conduct some research into the activities of the owner of the conflicting trade mark, to determine whether the conflicting trade mark might be vulnerable to removal for non-use. This can be used as leverage to obtain a letter of consent.

### Removal or restriction of conflicting trade mark on the grounds of non-use

In Australia, it is possible to seek removal of a registered trade mark for non-use. Removal can be sought on two grounds:

(1) the owner of the registered trade mark when filing had no intention to use the trade mark and has not in fact subsequently used the trade mark; or

(2) the registered owner or their predecessor has not used the registered trade mark in the three year period ending one month before the day when the removal application was filed.

The first ground is rarely used, as it is difficult to prove that a person who applied for a trade mark did not have a genuine intention to use it. However, applications on the first ground can be successful, particularly in circumstances where there is a likelihood that the registered owner will not oppose removal (e.g. where the registered owner has ceased to exist).

The second ground is much more practical and is often used to remove registered trade marks. However, applications can only be made on this ground once five years have passed since the filing of the registered trade mark.

An application for removal can relate to all of the goods or services for which a trade mark is registered, or some goods or services.

If an application for removal is filed, the trade mark owner must oppose the removal in order to retain the trade mark registration. If an application for removal is not opposed, the trade mark will be removed. Moreover, the owner bears the onus of proving use.

Removal applications can be withdrawn voluntarily. This usually happens if the removal applicant and trade mark owner resolve their dispute by agreement.

### Evidence of use

It is also possible to overcome citation objections by filing evidence of use.

The purpose of evidence of use is to prove that the trade mark should be registered because the trade mark:

has been used continuously in Australia from before the filing date of the earlier conflicting trade mark/s ('prior use');

or

was adopted honestly, and has been used in Australia for a significant period of time ('honest concurrent use').

If prior and continuous use of the trade mark can be shown, the Registrar must accept the trade mark for registration. Acceptance on the basis of 'honest concurrent use' is discretionary. The Registrar will consider:

- the degree of confusion likely between the trade marks in question;
- whether instances of confusion have in fact occurred;
- the honesty or otherwise of the concurrent use;
- the extent of use of the later trade mark in duration, area and volume;
- the relative inconvenience that would be caused to the respective parties if the mark should be registered, or if it were denied registration;

### Best strategy

The best strategy for overcoming citation objections will differ on a case-by-case basis. In the cases of multiple objections, different strategies might need to be employed to overcome all the objections.

An experienced Australian practitioner should be aware of the above options, and the benefits, risks and costs of each.

## Brand Names - To Describe or Differentiate?

By Andrew Lockhart - Shelston IP

### Introduction

The brand name is one of the most critical elements of a brand. However a brand's identity consists of more than the name, logo, product shape or packaging that are used to identify the source of the product (the "who I am"); these are only the visual representations of the brand. A successful brand must also offer consumers a relevant and desirable proposition (the "what I am" / "why you should care"). Both are required for a strong brand<sup>1</sup>.

When choosing a brand name or trade mark businesses often resort to descriptive terms, because they believe it will make it easier for consumers to understand the product or brand proposition and therefore easier to sell, without significant marketing investment. Indeed, a brand name can be a very effective and compact way to communicate the key brand proposition to consumers. However, it should never be forgotten that the primary function of a brand name is to distinguish products in the marketplace, not describe them. There is a price to pay if the brand name is too descriptive and, even from the marketers point of view, it is usually understood that a strong brand requires a brand proposition that is both desirable and sufficiently differentiated from a competitor's brand.

Stephen J said in the Australian case of *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd (1978) 140 CLR 216*:

*"There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any business of a like kind, it's very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like businesses will not ordinarily mislead the public".*

### Recent Australian Decisions

Recent Australian Federal Court decisions have again illustrated the difficulties

associated with enforcing descriptive trade marks.

*Workwear Industries Pty Ltd (WI) v Pacific Brands Group Pty Ltd (PBG) [2013] FCA 1042*

The background here was that WI carried on a business under the Workwear Industries Group business name and logo.



In 2102 PBG adopted the The Workwear Group business name and logo



WI commenced action against PBG under the Australian Consumer Law for misleading and deceptive conduct. The application was dismissed, as Justice Siopis found "workwear" to be a general descriptive word, and there was no evidence that WI's business name or logo had acquired a secondary meaning. He found that an ordinary or reasonable consumer would appreciate that there are significant differences between the two logos, such as the W symbol and the word industries.

*Australian Postal Corporation v Digital Post Australia (DPA) [2013] FCAFC 153*

In this case the judge at first instance dismissed trade mark infringement and consumer law claims against DPA's use of DIGITAL POST AUSTRALIA for digital mail services based on the use and registration of the well known AUSTRALIA POST trade mark. The judge found the marks not deceptively similar. Australia Post appealed on the infringement claim but the Full Court agreed with the trial judge that the respective trade marks were not deceptively similar, because the essential

element in the DPA mark was the phrase DIGITAL POST, which described the service.

involved use of the subbrands ORO and CINQUE STELLE Cantarella has sold its VITTORIA ORO

### Use of Descriptive Sub-Brands

Because of the prohibitive cost associated with developing a new brand some businesses use a branding strategy that involves use of a house mark (word or logo) with different sub-brands for its various products. Often they choose descriptive sub-brand names to convey brand specific information related to the product (such as information about its functional attributes or quality) or related to the target consumer (such as desirable emotive or self-expressive associations). With this type of brand architecture, brand strategists often use graphics to signal which of the brand elements plays the key driver role in the buying situation and principal cue to the brand proposition for the particular product; these include the degree of separation of the sub brand from the house mark, and the relative size, typeface and/or colour of the various brand elements<sup>2</sup>. The degree of distinct-iveness of a sub-brand, its separation from the house mark, typeface and relative visual prominence are also key factors for determining whether it is used as a trade mark, which can have important legal implications.

While sub brands can convey information about the brand's relevance or its benefits in the category, they cannot be



protected when they are too descriptive; even when they are visually prominent and intended to play a driving brand role.

The case of *Modena Trading Pty Ltd v Cantarella Bros Pty Ltd* [2013] FCAFC 110,



branded coffee in Australia since 1996 and VITTORIA CINQUE STELLE branded coffee since 2000. It owned registered trade marks for both. "Oro" and "Cinque Stelle" are Italian words which translate in English to "Gold" and "Five Stars" respectively. As suggested by the name itself, Cinque Stelle was promoted to the fine dining and first class traveller segments as a premium blend.

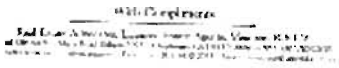
In late 2009 Modena began distributing "CAFFÈ MOLINARI ORO and CAFFÈ MOLINARI CINQUE STELLE in Australia. Cantarella sued Modena for trade mark infringement. Modena denied infringement claiming it was not using "Oro" or "Cinque Stelle" as trade marks and also cross-claimed that ORO and CINQUE STELLE were not registrable trade marks, because they were not inherently distinctive. The trial judge found that Modena had used ORO and CINQUE STELLE as trade marks and upheld the infringement claim. He was not persuaded by the argument that CINQUE STELLE and ORO were used only descriptively to indicate different categories of coffee. He found that ORO and CINQUE STELLE were inherently distinctive trade marks and so validly registered. He decided this on the basis of a registrability test requiring consideration of the probability of ordinary persons understanding the words as describing the goods. He found that the Italian words would not be sufficiently well understood to a sufficient number of Australian, English speakers.

Modena's appeal to the Full Federal Court was successful. On the issue of the marks distinctiveness, the Full Court said it not necessary that consumers know what the words mean in English. They said the relevant registrability test is whether other traders

might, without improper motive, want to use the words as indicators on their Italian-style coffee products. Other coffee traders had used the words ORO but the Full Court said that this was not strictly necessary for establishing descriptiveness under this test. In light of this finding, the Full Federal Court also found that Cantarella had used "Oro" and "Cinque Stelle" descriptively and not as trade marks.

*Vendor Advocacy Australia Pty Ltd v Seitaniadis [2013]FCA 971*

This case also involved use of two brands together. Since at least 2001, Vendor Advocacy Australia Pty Ltd ('VAA') had carried on an Australian business representing and advising owners of real estate. The business was heavily promoted by its founder and principal, Mr Ian Reid and much of the advertising included his name, as shown in the business card below.



Peter Seitaniadis (the respondent) worked for VAA before starting his own competing business. He registered the domain name 'vendoradvocacy.com', and advertised his

business using the terms 'vendor advocacy' and referring to 'vendoradvocacy.com'

AVV had no trade mark registrations and so commenced proceeding against the respondent under the Australian Consumer Law for misleading and deceptive conduct. VAA argued that, although 'Vendor Advocacy Australia' was often used with 'Ian Reid', it was not merely descriptive and had become independently recognised. VAA referred to the different font and prominence of the term relative to Ian Reid and argued that a reputation, capable of protection, could be developed in a subset of an overall brand.

Justice Middleton dismissed the claim because of the descriptive nature of the phrase and said:

*"In circumstances where a trader adopts a descriptive trade name the use by another trader of a trade name that also uses those descriptive elements will not generally (in itself) constitute misleading or deceptive conduct".*

#### Conclusion

Even though strong brands require a relevant and desirable brand proposition (i.e. reason to buy) and the brand name can be an efficient and effective way to convey it to consumers, the brand name or trade mark must also be sufficiently unique to differentiate the brand from competitor's brands. This is the essential requirement of a brand name. These cases illustrate that there is a price to pay if this essential requirement is overlooked in the pursuit of communicating product meaning.

1. Aaker, David (1996). Building Strong Brands. Free Press.
2. "Principle of Prominence - Kevin Lane Keller ;Strategic Brand Management, 4th edition, Upper Saddle River, NJ: Prentice-Hall. 2012

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## CANADA

### Preparing For Non-Use Trademark Cancellation Proceedings in Canada

By Paul Tackaberry - Ridout & Maybee LLP

In Canada, an unused mark is vulnerable to cancellation on two bases: (1) summary non-use cancellation proceedings under Section 45 of the Trade-marks Act, which are initiated in the Trade-marks Office; and (2) abandonment proceedings initiated in the Federal Court under Section 18(1)(c) pursuant to a standalone

application or as a counterclaim (for example, by a defendant in infringement proceedings).

A three year period of non-use will result in cancellation under Section 45 unless the owner can establish special circumstances that excuse the absence of use. Generally speaking,

excusable non-use must be beyond the owner's control. The case law has set the bar quite high.

To establish abandonment under Section 18(1)(c), an intention to abandon must be proven. A lengthy period of non-use may support the assumption of an intention to abandon. Because the Section 45 procedure is summary in nature, it is less onerous (and usually less expensive) as compared with Section 18(1)(c); as a result, the former is far more common.

The meaning of "trademark use" is at the center of Section 45 proceedings. Three issues commonly arise:

### 1. Trademark as Used Differs From Trademark as Registered

Often, trademark owners do not make their marketing decisions based on the trademarks they have registered. They can quickly forget their lawyers' advice to use their trademarks as registered. So when it comes time to respond to a non-use challenge under Section 45, the marks appearing on labels and advertisements may differ from the marks as registered. In prior decisions, (1) use of the composite mark CII HONEYWELL BULL was not use of the registered mark BULL; and (2) the mark shown below at left was not use of the registered mark shown at right:



Mark as Used



Mark as Registered

### 2. Trademark Used by Licensee, Related Company or Distributor

Under Section 50, if a trademark owner has direct or indirect control of the character or quality of the goods or services in association with which a licensee uses the mark, then the use, advertisement or display of the trademark by the licensee has the same effect as use, advertisement or display of the mark by the owner. The following principles have emerged from the case law: (1) a licensing agreement

may be inferred from the facts; (2) a licensing agreement need not be in writing; (3) the mere fact that there is some common control between the owner and user is not sufficient to satisfy Section 50, though evidence of the interrelationship between the trademark owner and the user may be relevant; (4) evidence of control has to be adduced; (5) there are three main methods by which owners can demonstrate control: (a) clearly swear to the fact that the owner exerts the requisite control; (b) provide evidence that demonstrates the owner exerts the requisite control; or (c) provide a copy of a license agreement that explicitly provides for the requisite control.

There remains some uncertainty regarding the requirements for compliance with Section 50, in particular where the trademark owner and user are related entities. In addition, the case law sends conflicting messages with respect to the manner in which the evidence should describe the nature of the control exercised by the owner. Clearly, written license agreements are preferable to oral arrangements.

As a general rule, a distributor does not "use" a trademark, that is, to indicate the distributor as the source of the goods; rather, it should be clear from the packaging and surrounding circumstances that the distributor is not the source of the goods. Accordingly, use by a distributor will usually be insufficient to defend a registration in Section 45 proceedings.

### 3. Mark Used on Website

For a mark to be used in Canada in association with goods, the goods must be delivered to a purchaser resident in Canada. This rule applies to all types of sales, including mail order and website sales. As long as the purchaser takes possession of the goods in Canada, it does not matter where the order was taken or filled, or whether a website was involved.

It is possible for a mark to be used for services even if the services are not performed in Canada. Marks have been found to be in use for retail department store services: (1) when mail and telephone orders for merchandise were received from Canada; (2) when the mark

appeared on the owner's website where branded goods could be purchased and where branded goods were in fact delivered to Canadian purchasers; (3) when the website included interactive internet tools such as Help Me Choose Gear, Shoe Finder and Store Locator. In these cases, the absence of physical stores in Canada did not hinder a finding of use in Canada in association with retail store services.

### Other Pitfalls

There are other potential pitfalls in Section 45 proceedings: (1) use must be in the normal course of trade (e.g. not a sham sale); (2) where goods — as opposed to services — are concerned, the trademark must appear on packaging or invoices or otherwise be associated with the goods when property is

transferred to the purchaser; (3) for services, use in advertising is sufficient; and (4) use after the material date may be evidence of an intention to resume use of the mark.

### Recommended Continuous Use Strategy

Our recommended continuous use strategy starts by identifying the key marks an owner is keen to maintain. At least annually, ensure the owner uses each key mark in connection with the bona fide sale of a product or service. Low sales volumes may be sufficient, but more use is always better. Most importantly, owners should maintain a usage file for each key mark. This way they will have ready access to sample advertisements, labels, packaging and invoices, as well as sales and advertising statistics.

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## Trademarks 2013: The Canadian Year in Review

*By Robert A. MacDonald - Gowling Lafleur Henderson LLP*

The past year was a busy one with a number of interesting trade-mark cases decided at in the Federal and the Provincial courts. The year ahead also promises to be a busy one with important legislative changes on the way.

### Interlocutory Injunctions

For parties seeking an interlocutory injunction, the Federal Court has not been a very friendly place over the past 20 years. Parties seeking interlocutory relief have more success in the provincial courts.

The British Columbia Court raised eyebrows when it granted an interlocutory injunction in a passing off action by Woodpecker Hardwood Floors to stop the defendant from using the word "Woodpecker" in association with the sale of hardwood flooring even though the defendant had a Canadian trade-mark registration for WOODPECKER for use in association with hardwood flooring.<sup>1</sup>

The defendant argued that its registration was a complete defence to a passing-off action under section 19 of the Trade-Marks Act ("the Act") and that, unless and until the registration was expunged, it had a right to use its mark. The Court noted that section 19 says "unless shown to be invalid" and not "unless expunged" and took the view that a registration need not be expunged before a claim for passing-off could be pursued. Further, the Court noted that it was not being asked to determine whether the registration was invalid - only whether there was a serious question to be tried as to its validity.

With respect to validity, the court Court noted that the parties operated in close proximity to each other, that the Plaintiff had been in business for more than 10 years under the Woodpecker brand before the Defendant went into business and that the Defendant was aware of the Plaintiff and had visited the Plaintiff's store. On that basis, the Court was satisfied that there was a serious issue to be tried as to the validity of the registration.

With regards to the question of irreparable harm, the Court found that such harm would indeed result if the injunction was not granted.

In particular, the Court noted that:

*The longer the defendants are permitted to use marks confusingly similar to the “Woodpecker” marks, the more their use becomes prevalent amongst the public - exacerbating harm, and making it more difficult to unscramble what business losses are due to this confusion and what losses are due to the traditional kinds of business considerations and competition in the marketplace.*

*... The problem is in unscrambling the damages in order to determine what those damages will be. Even after the fact, that may well be impossible. The plaintiff would be unable to quantify the loss of reputation, consumer confidence and good will as a result of confusion in the marketplace.*

The Court granted the interlocutory injunction.

### Criminal Sanctions

In an interesting development, a man received jail time for trade-mark and copyright infringement.

The accused pled guilty to fraud, copyright infringement and trade-mark infringement for selling faux brand name products at his retail stall and out of the back of his van. He was sentenced to 15 months in prison, six of which were for the copyright and trade-mark infringement. His extensive criminal record, and the fact that he had committed the offences while serving a sentence in the community for a similar offence, informed the judge’s strict sentence.

He was granted leave to appeal the sentence - the Court of Appeal held that his argument that a term of six months imprisonment for copyright and trade-mark infringement was demonstrably unfit had arguable merit.<sup>2</sup>

### Oppositions

The opponent in *Habib Bank Limited v Habib Bank AG Zurich* argued that its mark had

become known within a specific population in Canada, namely, South Asians.<sup>3</sup>

The Habib family established Habib Bank Limited (HBL) in 1941 in India and subsequently moved the head office to Pakistan. In 1967 it expanded to Switzerland and established Habib Bank AG Zurich (HBZ). In 1974, Pakistan nationalized all banks and the Habib family lost control of HBL but retained control of HBZ. In 2004, HBZ filed Canadian trade-mark applications to register HABIL in association with banking services and HBL opposed.

HBL argued that its mark was known in Canada by reason of South Asian immigrants who would have been familiar with its HABIL marks in their home countries. The Opposition Board refused to consider the argument that a “specific population” could satisfy the making known test because HBL had failed to establish that its marks had a sufficient reputation among any significant section of the Canadian population.

On appeal, HBL argued that proof relating to a discrete demographic market, directly targeted, could negate another’s distinctiveness “unbounded by a requirement of geography”. The Court did not reject the argument but noted that there was no evidence to support the allegation - even if it could take judicial notice that there is a substantial South Asian population in the Greater Toronto Area, there was no evidence to show that HBL was known amongst that group. The oppositions were refused.

In another opposition, the Federal Court considered whether alcohol and cigars have overlapping channels of trade.<sup>4</sup> Tequila Cuervo applied to register LAZARO COHIBA for use with rum. Habanos opposed alleging confusion with its COHIBA brand of Cuban cigars.

The Board rejected the opposition, stating:

*... in view of the differences between the wares and trades of the parties and the fact that the opponents have not established an extensive reputation for their marks, I find that [Cuervo] has satisfied the onus to show, on a balance of probabilities, that its mark is not confusing...*



This statement obviously provided a road map for new evidence on appeal including expert evidence which spoke to the status of COHIBA as an iconic brand and also expert evidence regarding the propensity of consumers to drink alcohol while smoking cigars. There was also evidence to show that stores sold both cigars and alcoholic beverages. Based on this evidence, the Court concluded that there were indeed overlapping wares and channels of trade between the parties. The appeal was allowed and the application refused.

Finally, legislation is pending to amend the Act to provide for better remedies with respect to counterfeiting and also better border enforcement. As well, other key amendments will:

1. *Woodpecker Hardwood Floors (2000) v Wiston International Trade Co.* (13 September 2013), Vancouver S136046 (BCSC) (leave to appeal refused).
2. *R. v. Strowbridge*, 2013 NLCA 57.
3. *Habib Bank Limited v Habib Bank AG Zurich*, 2013 FC 51.
4. *Empresa Cubana Del Tabaco v Tequila Cuervo, S.A.* Dec. V., 2013 FC 1010.

**1. Change to the definition of mark:**

word, a personal name, a design, a letter, a numeral, a colour, a figurative element, a three-dimensional shape, a hologram, a moving image, a mode of packaging goods, a sound, a scent, a taste, a texture and the positioning of a sign; and,

**2. Applications can be divided:**

These amendments are still before the Canadian Parliament but they are expected to be passed into law in the very near future which will make 2014 a very interesting year for Canadian trademark practitioners.

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CHINA

## The Protection of Fluid Trademarks and Slogans in China

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Fluid trademarks are gaining popularity as an innovative way to promote products and convey the culture and philosophy of a business. The concept of fluidity enables rights holders to make significant and continual changes to their registered trademarks in order to attract and retain customers. By making such creative changes, rights holders can strengthen the ties between their brand and consumers.

Arguably the world’s most striking fluid trademark is the ‘Google Doodle’. Google changes the trademark on its homepage almost daily; however, the altered logo is still recognisable as Google’s (see below).



In China, this approach has been adopted by online players in particular, such as Baidu - China’s leading search engine (see Figure A) and QQ - China’s most popular online chat forum (see Figure B).



Figure A.



Figure B.

Rights holders are often motivated to refresh their brand by the prospect of attracting new consumers.

Due to their changing nature, variants of a trademark are not recognised under Chinese trademark law. The registration and protection of fluid trademarks is therefore a controversial legal issue. China is a first-to-file country, not first-to-use. The use of fluid trademarks in commerce is a relatively new concept among Chinese enterprises and the authorities; therefore, there are grey areas regarding the legal protection of fluid marks.

### Legal framework

Even though fluid trademarks have no legal standing under Chinese trademark law, the following laws provide that rights holders can use variations of their mark without the danger of losing registration, provided that the variants do not harm the distinctive character of the underlying mark:

- Articles 9, 44 and 52 of the Trademark Law (2001);
- Article 39 of the implementing regulations of the Trademark Law (2002);
- Article 20 of the Opinions of the Supreme People's Court on Certain Issues Concerning the Trial of Administrative Cases of Trademark Authorisation Confirmation (2010);
- Article 9 of the Interpretation of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trademark Disputes (2002);
- Article 2 of the Copyright Law (2012); and
- Article 6 of the implementing regulations of the Copyright Law (2013).

### Trademark registration

Article 9 of the Trademark Law provides that a trademark for which registration is sought must have distinctive features, must be easily distinguishable and must not conflict with pre-existing lawful third-party rights. However, in accordance with the examination standard of the China Trademark Office (CTO), if variations of a registered mark are filed by the same applicant, registration may be granted, even though the variants are similar to prior applications or registrations by the same rights holder.

### Trademark use: split between Supreme Court and CTO

Article 44.1 of the Trademark Law provides that the CTO shall order rectification within a specified time period or cancel a registration if the registered mark is altered without authorisation after registration is granted. This provision indicates that the registrant must use the trademark exactly as it was registered, which directly leads to the impossibility of obtaining registration for variants.

Furthermore, in accordance with Article 44.4, if a trademark has not been used for three consecutive years, the rights holder may face a non-use challenge and risk cancellation of its registered mark. Cancellation will be ordered by the CTO at the request of an interested party. In other words, if a rights holder uses variations instead of its mark exactly as registered, the mark becomes vulnerable to a non-use cancellation action three years after registration.

In 2010 the Supreme Court issued the Opinions of the Supreme People's Court on Certain Issues Concerning the Trial of Administrative Cases of Trademark Authorisation Confirmation, according to which the principle of using static marks is flexible. In this opinion, the Supreme Court stated that "despite the nuanced difference between a trademark in actual use and an officially registered trademark, if the distinctiveness thereof is not altered, it can be deemed as use of a registered trademark". This opinion makes room for rights holders to retain the rights in their registered mark, provided that any variations do not alter its distinctiveness.

The main reason for establishing the opinion was not to protect fluid trademarks against infringement, but rather to provide the courts with a legal basis on how to apply the 'use' provision as laid down in Article 44 when dealing with non-use cancellation actions. However, the opinion fails to clarify the term 'nuanced difference'.

Due to the split between the Supreme Court on one side and the CTO, Trademark Review and Adjudication Board (TRAB) and local administrations of industry and commerce on the other, interpretations may vary. Such differences in interpretation leave rights holders facing a dilemma regarding whether unregistered variants have the same legal standing as the registered mark. Judicial decisions have final legal effect, which means that rights holders may go through both the prosecution and the judicial procedures in order to obtain a favourable result.

In *\*VERSUS v VERSAS ITA\** the CTO and the TRAB held that the two marks were different since *VERSAS ITA* contained three additional

English letters, while the VERSUS in the reference mark had a fixed meaning. However, the Supreme Court ruled that the two marks were similar based on its opinion that the factors mentioned by the CTO and the TRAB were insufficient to have a distinguishing function and the relevant public would find it difficult to differentiate between the two marks (see Figure C).

VERSUS VERSASITA

Figure C.

### Trademark infringement claims

According to Article 52 of the Trademark Law, use of a trademark that is identical or similar to another registered mark for identical or similar goods constitutes trademark infringement.

Article 9 of the Interpretation of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trademark Disputes considers marks to be 'identical' when the alleged infringing mark and the registered trademark do not appear to be different on visual comparison.

Further, this article considers trademarks to be 'similar' if, on comparison of the marks, any of the following components is liable to cause the relevant public to misidentify the source of the goods concerned or mistakenly believe that the source has a particular connection with the goods bearing the registered trademark:

- the composition, pronunciation or meaning of the words contained in each;
- the composition and colours of the devices contained in each;
- the three-dimensional shapes or colour combinations contained in each; or
- a combination of the above elements.

Further, in civil litigation, if the cited trademark is a well-known mark and the court acknowledges that the subject mark is similar to the cited mark, then a broad criterion will be applied to the determination of similar goods. The recognition of similarity between marks is critical in civil litigation, as this means that

using a variation might be deemed as use of a similar trademark for similar goods and thus constitute trademark infringement.

SNOW is a well-known trademark in China in relation to beer. In \*W!nSnow v SNOW\* the defendant used W!NSNOW for identical goods (see Figure D). The court found the two trademarks to be similar because 'W!n' is not an English word and ordinary consumers generally



would render no interpretation from it. Therefore, the court deemed 'snow' to be the most distinctive part of the trademark. The defendant was found to have infringed the plaintiff's trademark by using W!NSNOW as its trademark for beer.

This case suggests that even in the absence of registration of every variation of a registered trademark, the different variations might be granted protection based on their connection with the registered mark, provided that the distinctive character of the mark is not altered from its registered form. A third party can neither register nor use the altered form, provided that the variant shares the same distinctive characteristics as the registered mark.

### Slogan marks

Slogans are widely used by companies for marketing and product promotion, to convey their business philosophy and foster their image.

The review standard for the registration of slogans as trademarks is strict. Slogans must be distinctive and should not be generic sentences.

Examination criteria issued by the CTO state that "original and non-popular [phrases or sentences] or those combined with other elements thus gaining distinctiveness as a whole" can be registered as slogan marks. Further, according to the CTO, unoriginal phrases or sentences that indicate the features of a product or service and thus lack distinctiveness cannot be registered as slogan marks. Thus, slogans must be original, should

not be descriptive and should not have been popularised, which sets a high threshold for the assessment of distinctiveness and thereby greatly increases the difficulty of obtaining slogan mark registration in China.

In trademark prosecution practice, even if an application is rejected by the CTO during substantial examination, the applicant has the opportunity to prove the distinctiveness of the slogan through submitting use evidence to the TRAB during the review-of-refusal procedure. The TRAB may subsequently support the application. For example, the following slogan mark applications were rejected by the CTO, but granted by the TRAB on review.

- “Makes people listen” in Class 9 (recording devices);
- “Empowered by innovation” in Class 11 (lights); and
- “One world, one game, one beer” in Class 32 (beer).

A slogan may be granted trademark registration in one class and be refused registration in another. The “Share moment, share life” slogan mark was registered in Class 40 (photographic film development), but was rejected in Class 1

(photographic paper) on the grounds of lacking distinctiveness in Class 1.

#### Copyright Protection

Copyright is an alternative way to protect fluid trademarks or slogans. An unregistered variant or slogan can be protected under copyright law, which has no continuous-use requirement. Compared with trademark registration, copyright recordal is more efficient and entails no substantial examination.

The term ‘works’ refers to original intellectual creations in the literary, artistic and scientific domains, which are capable of being reproduced in a tangible form. A ‘literary work’ refers to a work that is manifested in text form, regardless of its length or format. Provided that it is original, it can be protected under copyright law. Variations of a registered trademark and slogan are, in principle, not excluded from copyright protection, provided that they are original. However, copyright law fails to define ‘original’.

In general, works afforded copyright protection must be original, bear personalised characteristics and be created independently, rather than as a result of plagiarism.

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## ESTONIA

### Divergent Decisions on Local Use regarding Well-Known Trademarks in Estonia

*By Riina Parn - Intels Patent & Trademark Agency*

Estonia joined European Union on May 1, 2004. On the same day the new Trademark Act came into force constituting the provision under Article 7 on the recognition of well-known trademarks in Estonia. The previous Trademark Act in force until April 30, 2004 did not enact any such provision, merely regulated the well-known status of a mark to be shown in Estonia.

However, and despite of the fact that the new Trademark Act regulates the provision on the well-known marks, there are no references to the territoriality scope for establishing the well-known status of a mark. At the same, Article 7 was drafted following the specific criteria provided in the 1999 WIPO “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks” (WIPO

Guidelines), while Article 7(3) provides the inexhaustible list of factors, which shall be taken into account while recognizing the mark being well-known in Estonia. One of these factors includes the use and knowledge of the mark in other countries. Also Explanatory Notes to WIPO Guidelines recognize the use of the mark in neighbouring territories or in territories with close trade relations relevant for establishing the knowledge of the mark in a given State (in p. 2.4).

Despite of these factors, the Estonian Industrial Property Board of Appeal (BoA) has issued divergent decisions in this respect. For instance, in its Decision No. 893/894-o of February 26, 2010 (BUDDHA BAR) the BoA has held that the trademark territoriality principle

may be extended to the European Union borders and may be assessed whether the opponent's registered trademarks are well-known in the European Union, at which the BoA has passed its decision based on the well-known status of the opponent marks originating from France. In another case, the BoA has held that the use of the trademark VEKA and its reputation in other countries does not prove the well-knownness of the mark and taking of unfair advantage on its repute in Estonia (Decision No. 1072-o of June 10, 2010 (VEKA)).

After these decisions there have been several BoA cases where the territoriality issue has been discussed (e.g. Decision No. 1148-o of October 21, 2010 (Scandi-Flex PROFESSIONAL ABRASIVES); Decision No. 1193-o of June 1, 2011 (KRIIM); Decision No. 917-o of December 28, 2011 (BBC BALTIC BOAT CENTER)). Based on these decisions, it is apparent that the BoA has not changed its position in assessing the territoriality in recognizing the well-known status of a mark, i.e., the BoA has still expressed that the well-known status of a trademark shall be viewed, shown and proved based on the local use evidence in Estonia. Moreover, the BoA has clarified that BUDDHA BAR decision has been misinterpreted, as in this case the BoA did not assess the well-known status of the mark separately, but rather in conjunction with assessing the bad faith of the applicant in filing the challenged trademark application (Decision No. 1193-o of June 1, 2011) (KRIIM).

Therefore, it may be concluded that so far the position of the Estonian BoA is to assess the recognition and status of a mark basically in Estonia, and this is despite of the fact whether the opponent has based its opposition on the national or also on the Community Trademarks.

Nevertheless, it is interesting how the courts have applied the territoriality principle in such cases. More precisely, the different court instances have applied the different approaches and have had divergent views on these issues.

Namely, the same approach as applied by the BoA has also been applied by the court of first instance, Harju County Court, for instance, in civil case No. 2-12-4639 of June 21, 2012 DEMP B.V. vs. Bauhof Group AS (BAUHOF). However, in the appeal proceedings of this decision, the second court instance (Circuit Court of Tallinn) has applied the different approach, especially considering that this court

action was filed based on both, on national and Community Trademarks of the plaintiff. Although both instances dismissed the court action, it is important still in this case that the Circuit Court of Tallinn (CCT) in its decision No. 2-12-4639 of October 1, 2012 has expressly discussed the question of territoriality in determining the well-known status of the mark.

In other words, the CCT has assessed the question of territory where the national mark and the Community Trademarks of the plaintiff for BAUHAUS should have been proved to be well-known. By applying the relevant provisions of Community Trademark Regulation (Articles 1(2) and 9(1)(c)), CCT held that the plaintiff should had to prove the fame (repute) of his Community Trademark in the European Union or that his Community Trademark was well-known in sense of Article 7(2) of the Trademark Act in at least one of the relevant sectors of the public, and the national registered trademark should have been shown to be well-known in Estonia considering the territoriality principle of trademarks. And by further applying the decision of the Court of Justice of the European Union in case No. C-301/07 of October 6, 2009 (PAGO), the CCT held that depending from the circumstances it may be sufficient to show that the Community Trademark was well-known in at least one of the EU Member States, and such Member State may be Estonia, but also Finland or Germany.

Therefore, the second court instance has applied the different approach by separating the marks depending whether the mark was national one or Community Trademark and has assessed these circumstances separately. The same approach has now been acknowledged by the court of first instance, Harju County Court, in its decision of May 9, 2013 in civil Case No. 2-12-31971 (ОТБОРНЫЙ).

The author of this article finds the approach applied by the second court instance in BAUHOF case being reasonable, while following the European case law. The application of such an approach at least by these two different court instances would lead us to conclude that the BoA should reconsider the matter and should start applying the different approach at least as far as the Community Trademarks are concerned and the repute (fame) of such mark can be shown and proved in at least one of the EU Member States.

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## The Distinctive Shape of a Biscuit

By *Jukka Palm - Berggren Oy Ab*

**The Supreme Administrative Court of Finland takes a Stand on Product Appearance Trademarks in a One-of-a-Kind Yearbook Case.**

The Supreme Administrative Court of Finland recently published a yearbook decision (KHO 2013:94) on the registrability of the form of a biscuit as a trademark. The decision is quite unique: the Supreme Administrative Court has never before published a precedential decision on the general criteria for registering a trademark consisting of the appearance of a product.

In addition to substantial considerations on the criteria for product appearance trademarks, the decision touched upon the admissibility of evidence on acquired distinctiveness in the form of market research post-dating a trademark application. Here, the Court's opinion was most welcome: it confirmed the admissibility of survey evidence gathered post-application, ruling that such evidence must be duly taken into account in examining acquired distinctiveness.

### The Long Life of a Biscuit

The case discussed here was focused on whether the form of a well-known Finnish biscuit could serve as a trademark. The biscuits, called "Carneval" biscuits, have been sold in Finland ever since 1925 without any changes to their name or appearance made during that time - even despite several manufacturer changes. The biscuits have come to enjoy steady popularity among consumers.



In the trademark application, the following graphic representation was presented for the trademark, depicting a square shape with wavy edges and a film-like surface:

One of the key pieces of evidence submitted to demonstrate acquired distinctiveness for the biscuit's shape was a market survey conducted approximately a year after the filing of the trademark application. The survey showed that 72 percent of respondents recognized the biscuit based on its appearance. Further, a significant part of the respondents, namely 36 percent, were able to correctly name the biscuit as "Carneval".

Regardless, the application was initially refused by both of the Finnish Patent and Registration Office (PRH) and its Board of Appeals. The mark was rejected on both inherent and acquired distinctiveness. Inherent distinctiveness was dismissed on the argument that the portrayed shape did not significantly deviate from other biscuits on the market, and therefore could not function as an indication of origin.

Acquired distinctiveness, in turn, was dismissed on more controversial grounds, i.e. the inadmissibility of the mentioned market survey as evidence due to its *ex post* nature in relation to the application date. The other evidence submitted in the case was not deemed sufficient to demonstrate acquired distinctiveness for a product appearance trademark.

The case was thereafter brought before the Supreme Administrative Court by appeal, with the general criteria for product appearance trademarks and admissibility of *ex post* evidence forming the key issues to be considered.

### General Criteria for Product Appearance Trademarks

The Supreme Administrative Court first addressed, albeit rather summarily, the eligibility of product appearances for trademark registration. Typically, the pitfall for product appearance registrations is found in the rule

that shapes inherent to the goods as such, or shapes resulting from technical necessities or merely adding value to the goods, can never be registered, even through acquired distinctiveness. Moreover, even shapes that avoid these primary obstacles must generally - i.e. in cases where acquired distinctiveness cannot be shown - deviate substantially from so-called customary shapes of similar goods in order to properly function as an indication of origin.

Here, the Court found that the appearance of the Carneval biscuit is not a “natural shape” for such goods. Considering the somewhat atypical wavy edges and film-like surface of the Carneval biscuit, this decision is well-founded. However, the Court stated that the biscuit’s appearance did not deviate significantly enough from other biscuits on the Finnish market to have inherent distinctiveness. Thus, the shape could only be registered, if it was shown to have acquired distinctiveness through use.

#### Admissibility of Market Research

In order to conclude on the acquired distinctiveness of the Carneval biscuit, the Court had to turn to the issue of admissibility for the market research conducted post-application . To provide some context here, it must be stated that the Finnish trademark office has maintained a fairly rigid practice on the inadmissibility of any evidence post-dating a trademark application.

It is natural to give little weight to evidence such as marketing material and economic data in the form of e.g. sales figures, when such relate to the time after filing, as this kind of evidence generally fail to truthfully portray the circumstances of the application date. Market surveys, on the other hand, do not

document possible future gains in trademark visibility (as marketing material does), but rather illustrate the effectiveness of prior use and the level of public awareness generated through that use. Therefore, an unconditional ban on any evidence dated after the application date, without regard to its de facto merits, is clearly unfounded.

The admissibility of evidence post-dating an application has been supported in the European Union, e.g. in case Aire Limpio (C-488/06) of the Court of Justice of the European Union. In that case, the Court of Justice held that the mere fact that data concerned a time subsequent to the date of filing of an application was not sufficient to deprive that data of its evidential value, when that data enables conclusions to be drawn on circumstances as they were on the application date.

Citing the mentioned case law, the Supreme Administrative Court found that the market survey in question was admissible despite its post-application nature. According to the Court, the circumstances of the case did not indicate that the level of awareness shown in the survey would result from marketing efforts undertaken after filing the trademark application. Further, no changes in the relevant market or other circumstances could justify a conclusion that public awareness of the Carneval biscuit and its shape would have changed meaningfully during the time between the filing of the trademark application and the date of the survey. The shape of the Carneval biscuit could therefore be registered on the grounds of acquired distinctiveness gained through longstanding and extensive use.

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## IRONMAN vs. IRONTOWN - A Case of Indirect Confusion

By *Thomas Trager - Hansmann & Vogeser*

Judgement of the Regional Court of Hamburg of April 29, 2010 Case No. 327 O 480/09

If the public detects the differences between two marks and is therefore not confused directly, it may instead be the case that there is likelihood of indirect confusion. Likelihood of indirect confusion, as a specific manifestation of a likelihood of confusion, has been known in the German case-law in the form of likelihood of confusion in a broader sense or in the form of a brand family.

The mere association which the public might make between two marks is not in itself a sufficient ground for concluding that there is a likelihood of indirect confusion. Likelihood of indirect confusion originates rather from extraordinary facts presented to the court. An overwhelming distinctiveness of the brand, an expert knowledge of the targeted public, or a brand family can pose strong arguments in support of a likelihood of indirect confusion. A strong awareness of the brand and of the details of the activities rendered, serve as facts that support such a finding, irrespective of a brand family. Such a finding has been concluded by the Regional Court of Hamburg. The plaintiff in that case holds the well-known Ironman triathlon competition series in various European and non-European countries and the finals of the Ironman series in Hawaii. Triathletes addressed by the mark participate not only in one but in many "IRONMAN" events and will therefore know that this enterprise organizes not only the finals in Hawaii but also a number of preparatory triathlon competitions. The defendant organized a triathlon under "irontown" in Germany. The plaintiff filed a court action against this and based its action on the registered marks "Ironman" and "ironkids". The plaintiff claimed that "ironman" has a leading position in the field of organizing triathlons and that it organizes additional events under the non-registered signs "IRONTEAM" or "IRONMAN Nightrun" apart from its trademarks "IRONMAN" and "IRONKIDS". The defendant alleged that the use of similar marks by other entities would have led to a weakening of the mark "IRONMAN".

The examination of likelihood of confusion by the Regional Court of Hamburg focuses first on indirect confusion in the broader sense between the marks "IRONMAN" and "IRONTOWN". This requires that "IRONMAN" has generally developed to a source identifier of the plaintiff, and that the public considers "IRONTOWN" to be a modification of "IRONMAN" due to the similarity of these marks, and for this reason assumes that the marked services have their origin in the same company. These conditions were met since "IRONMAN" is well known among triathletes as the name of sporting events and in particular triathlon competitions.

The market being addressed would, in view of the identical element "IRON" in both marks and in the context of entirely identical triathlon events and in view of the global leading position of the plaintiff's trademarks in this sector, immediately assume that a sporting event organized under the mark "IRONTOWN" is an event of the plaintiff, and possibly a preparatory event in the "IRONMAN" series.

In addition to this, the Regional Court of Hamburg assumed a likelihood of confusion on the basis of a brand family because the plaintiff had been using the portion "IRON" in connection with descriptive elements such as kids, team, nightrun etc. The descriptive supplemental information of these additional elements aggravate the assumption of a serial mark. Against this background the name "IRONTOWN" evokes the impression in the market that a whole town is taking part in the relevant event in order to demonstrate perhaps the sporting prowess or abilities of its inhabitants.

A weakening of the plaintiff's mark by use of third party marks could not be confirmed by the Regional Court of Hamburg. The evidence proffered by the defendant in this regard related only to events that involve either a purely regional and time limited use of the trademark element "IRON" or that have no direct connection to the triathlon events in question. The defendant failed to provide any more detailed presentation of a scope of use of





third party trademarks along with the awareness of these trademarks in the relevant market in Germany.

The Regional Court of Hamburg confirms in its decision a likelihood of indirect confusion where there is a well-known trademark with an enhanced scope of protection. The decision of the Regional Court of Hamburg is in line with earlier decisions of the Hamburg courts such as the Supreme Court of Hamburg in the case Red Bull vs Sitting Bull (Judgement of May 22, 2004 Case No. 3 U 85/01). The Regional Court of Hamburg assumes

a likelihood of indirect confusion irrespective of a brand family and extends its examination to additionally include the finding of a likelihood of confusion from the standpoint of a brand family.

The decision confirms that indirect confusion does not require a brand family and also confirms the exceptional character of a weakening of the distinctiveness based on third party marks. A purely regional and time limited use of third party marks of which the targeted public is not aware does not lead to a weakening of the distinct-iveness of a well-known mark.

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## GREECE

### New Law in Greece Enhances Protection for Trademark Owners

*By Maria Kilimiris - Patrinos & Kilimiris*

A new trademark law No. 4072/2012 came into effect on 11.04.2012 in Greece by which the trademark registration procedure has been extensively amended.

The aim of the new Greek Trademark Law was to facilitate and expedite the registration procedure of a trademark whereas the reduction of the official fees introduced with the new Law, now provide a more cost-effective system from application to registration. In an attempt to comply with the provisions and practice of OHIM, the Greek Trademark Office has now been receiving a valuable education by OHIM.

One of the most important features of the new Greek Trademark Law is the long awaited implementation of the IP Enforcement Directive (2004/48/EC), which enhances protection offered to trademark owners.

We herewith set forth some of the changes applicable as per October 11, 2012 essentially changing the procedure of acceptance to registration of trademarks.

The registrability of a trademark is now examined by one Examiner. The ex-officio examination of a trademark by an Examiner has replaced the previous system of examination by the three member Trademark Administrative Commission (TAC).

More specifically, a trademark application is now examined by one Examiner on both absolute and relative grounds. If the Examiner during the ex-officio examination finds the mark not to be registrable on relative or absolute grounds, the applicant is then summoned to file written observations within one month from notification of the objections.

During the above procedure the applicant may: a) submit a memorandum along with any relevant documents rebutting the Examiner's objections, 2) in addition, limit the goods or services and exclude some data from the composite trademark (disclaimer) 3) submit a letter of consent or 4) abandon the mark. The deadline for proceeding as described above is one month as per the date the applicant was summoned.

If eventually the trademark is rejected by the Examiner, the applicant has the right to file an appeal against the Examiner's decision before the Trademarks Administrative Commission. The decisions of the Trademark Administrative Commission may subsequently be challenged before the Administrative Courts.

The corresponding decision of the Examiner is now published online in the official website of the General Secretariat of

Commerce. This online publication replaces the publication of the trademarks in the Bulletin of Commercial and Industrial Property of the Official Gazette, as the case had been so far. The opposition period has also been shortened to three months in an attempt to accelerate the registration procedure.

During the opposition procedure and further to a request made by the applicant, the opposing party must produce evidence of genuine use of his/her prior trademark. Such proof of use as a defense against an opposition or cancellation action was not provided in the previous Trademark Law.

The division of a trademark application is now permitted. Under the previous trademark Law such a provision did not exist.

The recordal of a license agreement has been simplified, since license agreements are now recorded at the Trade Mark Register without having to be previously approved by the Trademarks Administrative Commission.

The new Law explicitly gives the right to exclusive licensees to initiate infringement actions if the licensor has not acted against the infringer within a reasonable period of time.

The new law introduces for the first time provisions on *Restitutio in integrum* in cases where the lapse of a trademark could not be anticipated and was beyond one's control (*force majeure*).

Letters of consent can now be submitted at any time during the trademark registration procedure before the Trade-mark Office as well as the Administrative Courts.

Acquiescence: the owner of an earlier trademark may not be able to oppose the use of a later trademark if he has tolerated the use of a later trademark for a period of five successive years, while being aware of such use. The new Law also establishes a new type of signaling the products/services of Greek origin, which will be called "Hellenic Trademark". The corresponding regulations will be determined through a ministerial decree issued by the Minister of Development, Competitiveness and Maritime.

As mentioned above, the new Trademark Law incorporates all basic rules of Directive 2004/48/EC on the enforcement of Intellectual Property Rights.

When an infringement has taken place in large commercial scale, a request for disclosure of documents and providing information, can be made.

Under the new trademark law, trademark owners can prohibit third parties from:

- a) Circulating counterfeit products which are in transit within the Greek territory.
- b) Marking of genuine products which were intended by the applicant to circulate as unbranded.
- c) Removing the trademark from genuine products and placing them in the market unbranded or bearing another trademark.

In case of an infringement, a Preliminary Injunction (PI) action can be filed, as well as a petition for a Temporary Restrain Order (TRO) both of which can be tried even *ex parte* (article 153, 154 *et sequens*). Damages can now be calculated on the basis of royalties.

Criminal sanctions have become stricter. Imprisonment sentence is six months and the pecuniary penalty is at minimum 6,000 EUR. In case of counterfeiting of identical marks and when the infringement took place in large commercial scale penalties are stricter with a minimum of two years' imprisonment and a pecuniary penalty of between 6,000 EUR and 30,000 EUR.

Our experience up to now from the implementation of the New Trademark Law has shown that through the innovations introduced, the aim of the law has been accomplished, and therefore, the trademark registration procedure has now been shortened and the judgments of examiners are in line with the practices of OHIM. Furthermore following the implementation of the IP Enforcement Directive (2004/48/EC). in an infringement case before Civil Courts, upon our request, the court ordered disclosure of documents and information from the infringer, something that was not feasible under the provisions of the previous law. All the above seem to indicate that steps to the correct direction, in achieving a stronger protection for trademarks, are being made in Greece.

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## An Interesting Legal Aspect of a Court Decision Preventing a Potential Later Trademark Infringement to Take Place

By *Michael Lantos - Danubia Patent & Law Office LLC*

The Metropolitan Court has recently established a threat for trademark infringement and issued an injunction prohibiting future use of a particular designation for which a Pharmaceutical Company has obtained a Marketing Authorization by the Hungarian Regulatory Authority for a pain killer and anti inflammatory drug which represents an OTC product.

The decision is not yet final, i.e. the parties have a right to appeal. The decision includes several issues; however, no prior decision has been issued so far prohibiting a potential (later) threat for infringement which is enabled by Article 27 (2) point b) of the trademark law. This decision will certainly have outstanding significance concerning trademark jurisdiction in Hungary that deserves the present attention and detailed report.

In this report it will be assumed that the designation is confusingly similar with the plaintiff's earlier trademarks.

The question how the court has arrived to this decision is very interesting but will form the subject of a separate report. In the present report it is sufficient to note that the court has established that there is a confusing similarity, therefore any use of the designation by the defendant would constitute a trademark infringement.

In the court proceeding the defendant pointed out that the existence of a Marketing Authorization for the subject OTC drug cannot be regarded as commercial use or utilization, therefore there can be no threat of infringement, since the defendant has not started manufacture and sale of the product. The Marketing Authorization is only a procedural status, which allows the company to start sale within 5 years from issue and after 5 years it will expire unless extended. According to the trademark law use of the trademark can start in 5 years from the date of registration, which will expire in 2017 only, therefore there can be no threat of any unauthorized use. The defendant further referred to prior court decisions brought in patent infringement cases, in which the court has not found the existence of a Marketing Authorization alone as a ground for patent infringement.

The court has not accepted the defendant's position and pointed out that Article 27, paragraph (2) point b) of the TM law allows for the owners of earlier trademarks to take actions if there is a serious threat of a future trademark infringement and to prevent any step that would qualify as trademark infringement.

In the application of this point the court has examined whether there exists any intermediate action or step on behalf of the defendant that would precede actual sale of the product by the defendant which could be learned by the plaintiff so that appropriate action could be done after having learned that action or step. The court has established that there is no such intermediate action or step, and in the possession of the marketing authorization the defendant can decide any time to start manufacture and sale. In the present case it is unusual that the point of time when such sale can start may occur in a distant future, therefore the threat of infringement might not be imminent. The court has found that this indefinite future period has no legal significance, as its length decides solely of the defendant could be free to start use any time.

In the lack of such intermediate action or step the mere existence of the Marketing Authorization for the drug under the given name qualifies as the last station prior to the infringement, and even if there can be a longer time period before the infringement takes place, the threat of infringement is there.

In the motivation the court pointed out that if the defendant's arguments were accepted, than the plaintiff would have to use illegal means to find out that the defendant has started manufacture and has got prepared for sale, otherwise the plaintiff could not be in the position to take any step to prevent the trademark infringement from being occurred. The court cannot overlook the existence of the cited clear definition of Art. 27 (2) b) and had to apply the legal consequences of such a threat and had to issue the injunction which prohibits for the defendant to start commercial use of the infringing trademark.

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## Descriptive Designations in Foreign Language Applied for Trademark Protection in Hungary

By *Dr. Tamas Godolle - Bogsch & Partners*

### The Practice of the Hungarian Intellectual Property Office

The issue brought up in this article is first of all important to foreign applicant wishing to secure adequate trademark protection locally. Disputes have been going on in this regard for decades now, however, the practice of the Hungarian Intellectual Property Office (HIPO) is evolving. Trademark law and practice as such is always bound to facts of life and the respective market including the mind and perception of the concerned consumers. As the Hungarian society is developing and more and more are of a proper knowledge of foreign languages therefore the standards that were set up and used by HIPO in the 90's might not be appropriate any more in the age of globalization and for 10 years by now within the European Union.

Without going back too far in applicable local case law of this field, we only point out a landmark decision of the Supreme Court from 1993 paving the way for the subsequent legal development and practice, stating that the trademark registration of foreign words has to be rejected if their Hungarian meaning is not suitable for trademark protection for its descriptive nature. In this decision the Supreme Court highlights that not only the consumers but also the competitors should be protected by the Trademark Act and the granting of such a protection would detrimentally affect the competitors barring them from using the same words that are descriptive concerning the given goods/ services of a trademark application. In this case the disputed mark was „Remedy Rescue” and same - being held descriptive - had been rejected for class 5 pharma-ceutical products. Just a hint to the varied and sometimes confusing nature of this field of trademark applications: a certain „RESCUE REMEDY” trademark was registered in 2003 for goods in Class 5 according to the Nice Classification (Pharmaceutical preparations and materials; medicines; medicine made of medicinal herbs, flowers and plants). However, it has to be also noted that the first application took place within the scope of the earlier Hungarian Trademark Act of 1969 under which

the examination of absolute grounds by the HIPO was more stringent.

The recent practice of HIPO can be evaluated in general that HIPO considers the basic English words as known to the average Hungarian consumer, despite the average Hungarian consumer cannot be considered as one having commanding knowledge of foreign languages, not even of the most known foreign language, the English. According to a survey of EUROSTAT on the knowledge of foreign languages within the EU population conducted in 2007, it was established that the 74.8 % of the Hungarian grown-ups between the age of 25 and 64 does not have any foreign language skills. This is the very reason in consideration of which the present examination practice of HIPO concerning the descriptive nature should be a specialized one with careful considerations regarding the language skills of the Hungarian consumers.

Touching the other aspect of rejecting trademarks consisting of foreign words with a descriptive meaning, in its own procedural guideline the HIPO states that for example the trademark „ENGLISH GARDEN” was to allowed to registration for goods in Classes 25 (Clothing, footwear, headgear); 35 (Advertising; business management.) and 41 (Education; providing of training; entertainment; sporting and cultural activities) as it had to be taken into consideration that the designation was applied for in relation to goods and services being conceptually different from the actual meaning of the words, thus no risk for deceit could be established hereto. However, the same could have been held as having a deceiving character for certain horticulture services in class 44 or for plant products in class 31 without a careful limitation.

Another interesting case was the application for the figurative trademark „Iceland” that was objected by the Ministry of Foreign Affairs of Iceland. The HIPO stated that the designation contained also a figurative element and pointed it out that the word „Iceland” has a secondary meaning translated

to Hungarian (land of ice) therefore it possesses the required distinctive ability.

In a further case from 2011 the applicant applied for the trademark „ANTIFLU” in Class 5. The application has been rejected by HIPO as in the view of HIPO the designation does not contain any element with distinctive ability concerning the products in Class 5 that would identify the product for the consumers. According to the HIPO the consumers would associate the designation with an anti-influenza medication and would not associate it with the applicant. The case has been reviewed by the Metropolitan Court as well and it has been stated that the designation does not have distinctive ability and pronounced the reasoning of the applicant irrelevant concerning the low number of Hungarian consumers speaking foreign languages and cited the above presented Supreme Court case from 1993.

In a recent case the designation „SPLIT ENDS RESCUE” word mark has been applied for in Class 3 for cosmetics in 2012. The application has been rejected by HIPO stating that neither the words alone nor the word complex has distinctive abilities for products in Class 3, they are only descriptive words in English after each other. The HIPO stated that the Hungarian

consumers are aware of the meaning of these words, especially because they usually appear in the descriptions on the packages. The decision has been reviewed by the Court that came to the conclusion that the English knowledge of the average Hungarian consumer did not reach that level rendering the consumer to know that these words only indicate the function of the product. In the evaluation of the court the average Hungarian consumer considers the designation as a fantasy expression and accordingly ordered the registration of the subject word mark.

Based on the above short summary of the controversy and diversity of cases in this field, furthermore also learning from the most recent experience with HIPO (like “Champions of Play” for sport sponsoring and entertainment services, or “Virginia Slims Duo” for tobacco products, in which cases the registration of the applied trademarks have been finally achieved), we can state that the case law concerning the descriptive or eventually deceptive nature of foreign words is not sufficiently elaborated yet, and by its very nature each and every trademark containing foreign words and applied for in Hungary has to be thoroughly considered and duly advised to prevent a refusal based on absolute grounds.

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# SELECTED INDIAN CASES

TRADEMARK DECISIONS 2012-2014

Contributed by D. P. Ahuja & Co., Research Division

## Forum: Intellectual Property Appellate Board (IPAB)

### 1. IPAB has the Power to Review its Own Decisions

*Aachi Masala Foods (P) Ltd. v. S.D. Murali & Anr.*

The issue in question here was whether the IPAB has the power to review its own decisions.

After calling IP practitioners as *Amici Curiae* and hearing their arguments for and against the issue, the Board answered the issue in the affirmative, asserting that such power is not limited to errors of procedure but includes substantive review.

However, it cannot extend to rehearing of a matter - which is an appeal in disguise. The six points that helped the Board reach this decision were:

1. IPAB is a judicial Tribunal, which was brought as a substitute for High Court, and must be so both *de jure* and *de facto*.
2. The power of review though not explicitly stated is not barred and is implied by the IPAB Rules.
3. Rule 23 is valid and has not yet been challenged. It will become meaningless if there is no power of review.
4. The IPAB's orders are final and there is no appeal, so following Section 114 and Order 47 CPC (the Civil Procedure Code), the remedy of review must exist.
5. On the principle of harmonious construction, the Board must give life to Rule 23 and so the power of review exists.
6. Review has been held not to be an independent jurisdiction but taking colour from the matter of the jurisdiction exercised.

### 2. Trademark "SNAX" held non-registrable due to similarity with the English word "Snacks"

*Britannia Industries Limited v. PepsiCo Inc. & Ors.*

PepsiCo opposed Britannia's registration of the trademark 'SNAX' in class 30. The Registrar allowed the opposition, holding that the word SNAX is not only phonetically equivalent but also visually and structurally equivalent to the



English word, "Snacks", which has direct reference to the character of quality of the goods in question and cannot be monopolized by any one as the same shall be required by other legitimate traders to describe their products in the course of trade. A generic word or expression cannot be the subject of trademark registration. A descriptive trademark cannot attain distinctiveness whatever be the amount or duration of use. Britannia appealed the Registrar's decision. The Board upheld the decision of the Registrar.

### 3. Board orders Re-advertisement of Mark Published with Errors

*Bhupinder Jain v. Sachdeva & Sons Industries Pvt. Ltd.*

Appellant's label trademark was erroneously published as a word mark. Respondent opposed the mark. Neither party brought this major discrepancy to the knowledge of the Registrar. The Assistant Registrar decided the case on its merit and refused Appellant's application. Appellant filed a petition seeking the relief of republication.

The Board held that the error of publishing a label mark as a word mark is a serious one and the only remedy available under law is to re-advertise the impugned mark. It is a settled law that when a device mark is published as a word mark it has to be mandatorily re-published whatever be the reason. The factum of non-publication of the trademark as applied is a fundamental mistake and the decision of the Assistant Registrar cannot override the requirement of the law. The Board remitted the matter to the Registry for consideration afresh from the stage of Examination.

### 4. IPAB rules that the Registrar cannot be prejudiced at the instance of the Ministry

*Prem Prakash Electricals v. Thakur Spare Parts & Anr.*

Appellant obtained registration for their trademark 'REAL KWALITY' in class 11. Respondent obtained registration for the mark 'KWALITY' in the same class. On the basis of a complaint to the

Ministry by Respondent, the Registrar sent a notice to Appellant under Section 57(4) of the Trademarks Act, asking them to show cause why the registration of their mark should not be cancelled. Appellant asked for a copy of the complaint but it was never provided, and consequently, Appellant had no opportunity to file any counter to the notice. The Registrar gave an order directing that Appellant's mark to be removed from the Register. Appellant appealed against that order. The Board held that the Registrar ought to have given the details of the complaint in the show cause notice issued to Appellant. The show-cause notice was not clear therefore it was quashed. The Registrar may, if necessary, issue notice to both the parties, give them the opportunity for a fair decision and decide the matter. The Registrar, a quasi-judicial body, shall not be prejudiced at the instance of the Ministry.

### 5. Board rules that Respondents cannot have a larger right than their predecessors in interest

*K.S. Raja v. Registrar of Trade Marks & Anr.*

Here both parties claimed ownership of the trademark 'ANIL APPALAM'. Applicant wanted rectification of the mark in question, claiming that the 2<sup>nd</sup> and 3<sup>rd</sup> respondents obtained registration of the trademark by using documents which originally belonged to him. Respondents claimed that Applicant had sold the goodwill and business to the respondent's predecessor in interest. Once the goodwill has been sold, the applicant has no right in the trademark. On reading the release deed, the Board discovered that the parties had agreed to divide the territorial operation of the trademark. Applicant had agreed to restrict himself to the states of Tamil Nadu and Pondicherry and Respondents had agreed to restrict themselves not to use the mark in those states. Respondents could not have a larger right than their predecessors in interest. The entire release deed had to be read as a whole and harmoniously. The Board cannot read the recital in a manner that nullifies other recitals. On this ground, the Board allowed Respondent's mark to be removed from the Register.



### 6. Board dismisses Application for rectification of CALCIROL FORTE by proprietor of CALCINOL

*Raptakos Brett & Co. Ltd. v. Cadil Pharmaceuticals Ltd.*

Applicant Raptakos owns the trademark CALCINOL. Respondent Cipla is the registered owner of the trademark CALCIROL and had applied for the

registration of the trademark CALCIROL FORTE. Applicant filed an application for rectification of the respondent's original mark CALCIROL.

The Board held that the burden to prove the issue of confusion is always on the applicant for rectification. Here the impugned mark has been on the Register since 1984 and since Applicant has not averred non-user therefore it is assumed that the mark was put to use. Under such circumstances, and in view of the fact that Applicant has failed to prove how they are aggrieved by the mark remaining in the Register as well as confusion in the market, the Board dismissed the application for rectification.



## Forum: High Courts

### 7. Court restrains passing off of trade name ICRAVE

*ICRAVE LLC v ICRAVE Designs Pvt. Ltd., Delhi High Court*

Plaintiff, Icrave LLC is a world renowned US based design studio and is engaged in providing consultancy and turnkey projects in the area of interior and architectural designing. Plaintiff coined and adopted the expression ICRAVE in 2002, and claimed to have considerable business presence in India as well.



In 2011, Plaintiff discovered that its trademark ICRAVE was being used by Defendant (Icrave Designs Pvt. Ltd.) who was also offering identical services, i.e., architectural and interior designing services. Plaintiff also found that Defendant had registered a domain name www.icravedesigns.com. Plaintiff filed a suit for passing off against Defendant, seeking to restrain them from using the trademark ICRAVE.

In reply, Defendant claimed that its adoption of the ICRAVE trademark/trade name was bona fide, and that Plaintiff's business was localized and Plaintiff had no trans-border reputation.

High Court after much deliberation of the applicable judicial precedents, concluded that Plaintiff has been able to satisfy the tripartite test for granting injunction, which was (i) prima facie case (ii) balance of convenience, and (iii) irreparable damage and injury. Accordingly, the High Court granted Plaintiff's prayers and restrained Defendant from using the trademark/trade name ICRAVE.

## 8. Court restrains Infringement of Trademark/Copyright

*Henkel India Ltd., v Chandan Chhabra & Anr., Delhi High Court*

Plaintiff, Henkel India Ltd., is a subsidiary of Henkel AG & Co. KGaA, a German company, which manufactures products sold in around 125 countries. Plaintiff's business areas include laundry and home care, beauty and personal care products. Plaintiff was licensed by its parent to use the trademark MR. WHITE in respect of detergents. In June 2009, Plaintiff became aware of defendants (Mr. Chandan Chhabra and Anr.) selling their whitening product under the trademark UJALA WHITE in a near identical product packaging. Accordingly, plaintiff filed a suit for trademark and copyright infringement.



After scrutiny of the rival marks and packaging, the Court concluded that Defendants had deliberately adopted Plaintiff's mark and restrained Defendants from using a similar packaging to that of plaintiff's product MR. WHITE.

## 9. Court Rules that the components of an established Trademark cannot be used by another

*Glaxo Group Ltd. & Ors. v Rajesh Bansal & Ors., Delhi High Court*

Plaintiffs, Glaxo Group Ltd., UK and others, filed the present suit against Defendants, Rajesh Bansal & Ors., for violation of their marks BETNOVATE, DEPENDAL and CROCIN through use of the Defendants' marks BENATE-N, BIPENDL and EROICIN for pharmaceutical preparations.



However, the parties entered into a compromise in relation to the marks DEPENDAL/BIPENDL, CROCIN/ EROICIN and by an order dated 11<sup>th</sup> February 2008, the Court issued a decision in terms of the compromise petition. Thereafter, the dispute remained in relation to the marks BETNOVATE / BENATE-N.

Despite notice to Defendants, they did not appear before the Court, nor did they file any response to Plaintiff's complaint. Accordingly, the suit proceeded *ex-parte*.

On perusal of the facts and evidence on

record, the Court found that so far as the packaging of the rival marks are concerned, Defendants' packaging for BENATE-N was not similar to the one used by Plaintiffs for BETNOVATE.

So far as the rival trademarks were concerned, the Court held Defendants' mark BENATE-N was deceptively similar to Plaintiffs' mark BETNOVATE. The Court issued a decree of permanent injunction and restrained Defendants from using the trademark BENATE-N.

## 10. US Publication granted permanent injunction

*Weider Publications LLC and Anr. v Pushpendra Srivastav & Anr., Delhi High Court*

Plaintiff, Weider Publications LLC, is a US company, and publisher of MUSCLE & FITNESS magazine. Plaintiff decided to launch an Indian edition of its magazine and for that purpose approached the Registrar of Newspapers (RNI) for title verification and registration of their publication title MUSCLE & FITNESS.



RNI rejected Plaintiff's application as there was a prior title registration for MUSCLE & FITNESS in the name of Defendants Pushpendra Srivastav and others. Plaintiff filed a suit seeking permanent injunction and to restrain Defendants from using the said trademark, copyrights in layout, design, etc. An *ex-parte* interim injunction was granted by the Court.

As a result of the injunction order, Defendants ceased publication of the magazine MUSCLE & FITNESS and started publishing and selling a magazine called FITNESS TRAINER, but continued to plagiarize and copy the entire content of Plaintiff's magazine. Plaintiff filed an application on the issue of non-compliance of the interim injunction order by Defendants. Despite directions to Defendants to appear and file an undertaking not to infringe Plaintiff's copyright, Defendants did not appear nor did they file any undertaking. Because of defendants' non-appearance, the matter proceeded *ex-parte* and Plaintiff was granted the relief prayed for.

## 11. JUST IN VOGUE found infringing VOGUE, but Amendment of Complaint after commencement of Trial, not Allowed

*Just Lifestyle Pvt. Ltd. v Advance Publishers Inc. & Anr., Delhi High Court*



Respondent, Advance Publishers Inc., USA was the original plaintiff in the present suit, filed for restraining Appellant from using the mark JUST IN VOGUE in relation to its goods/services. Respondent was engaged in the business of publication and distribution of magazines and journals internationally. Respondent sells its fashion and lifestyle magazine under the name VOGUE in around 145 countries, including India. Respondent is the registered proprietor of VOGUE in India since 1976 in relation to publications. Appellant, Just Lifestyle Pvt. Ltd., was engaged in the business of retail of various luxury brands of watches, jewellery, perfumes, cosmetics, writing instruments, crystals and leather goods in India. On 13<sup>th</sup> November 2009, Respondent filed a suit before the Court against Appellant, and an *ex-parte* interim injunction was granted by the Trial Court till the next date of hearing, i.e., 3<sup>rd</sup> March 2010.



On Appeal, The Appellate Court stayed the order dated 13<sup>th</sup> November 2009, by its order dated 18<sup>th</sup> November 2009, against which Respondent filed a Special Leave Petition before the Supreme Court who set aside the orders of the Trial Court and the Appellate Court (High Court) and directed the Trial Court to decide the interim injunction application afresh.

In the rehearing proceeding, Appellant filed two applications - (i) for deletion of 2<sup>nd</sup> respondent from the array of parties, as it was not a registered user of the VOGUE marks in India, and (ii) rejection of the complaint on the ground that Court does not have jurisdiction to try the suit since respondent does not carry on its business within Delhi. Thereafter, Respondent filed an application seeking amendment of its complaint to add another entity Priority Marketing Pvt. Ltd., which was allegedly the parent company of Appellant, was running a shop within Delhi, and selling products bearing the mark JUST IN VOGUE. On 18<sup>th</sup> November 2011, the Trial Court allowed Respondent's application for amendment of complaint and also allowed Priority Marketing Pvt. Ltd., to be added as a defendant to the suit.

Aggrieved by the order dated 18<sup>th</sup> November 2011, Appellant filed the present appeal before the High Court which concluded that no application for amendment shall be allowed after the trial has commenced, unless it was established that despite due diligence, the party could not have raised the matter prior to commencement of trial. The High Court found that in the present case, Respondent could have easily incorporated the amendments, but they failed to do so due to a *bona fide* error, and not because the facts sought to be incorporated were not

known to them prior to the filing of suit or commencement of trial. The Court held that in view of the facts of the case, the amendment sought by Respondent could not be allowed. Court also noted that initially that Respondent claimed that it was operating in Delhi through its branch office to invoke jurisdiction. On being countered by Appellant that no cause of action had arisen within Delhi which would enable respondent to rely on the operations of its branch office, Respondent suddenly chose to amend its complaint to include that Appellant's holding company was operating within the territory of Delhi.

High Court concluded that the application for amendment of complaint filed by respondent could not be granted.

## 12. EMADINE found infringed by ENAMIDE

*Merck Kgaa v Kusumben K. Bhagat et. al, Delhi High Court*

Plaintiff, Merck Kgaa, a German company, is the registered proprietor of the trademark EMADINE in Class 5 for pharmaceutical preparations in India. Plaintiff has been using the EMADINE mark in India since 1998. Defendants had filed an application for registration of trademark ENAMIDE, also for pharmaceutical preparations. Plaintiff came to know of Defendants (*Kusumben K. Bhagat et. al*) and their intention to use the mark ENAMIDE and accordingly filed the suit for trademark infringement and passing off.



By an interim injunction order dated 3<sup>rd</sup> July 2008, High Court restrained Defendants from using the impugned mark. Since Defendants failed to appear before Court, the matter proceeded *ex-parte*. Upon perusal of the facts and the documentary evidence filed by Plaintiff, High Court issued a decree of permanent injunction restraining Defendants from using the ENAMIDE mark.

## 13. SABMiller granted injunctive relief in trademark infringement matter

*SABMiller India Ltd. v Som Distilleries & Breweries Ltd., Bombay High Court*

Plaintiff, SABMiller India Ltd., the Indian arm of SABMiller Plc of UK, applied for registration of its mark "SABMiller" in Class 21 for glass. It also conceived and adopted a design to be applied



to its bottles to be used for selling beer and applied for registration of the design under the Designs Act. Plaintiff changed its name to SKOL Breweries Ltd., and in January 2010, introduced its beer bottles with the registered design and the trademark "SABMiller".

In January 2012, Plaintiff came to know that defendant (Som Distilleries & Breweries Ltd.) was manufacturing, selling, and distributing beer bottles with an identical design but which were also embossed with Plaintiff's mark "SABMiller".

Aggrieved, Plaintiff filed a suit against Defendant at the Raigarh District Court, Madhya Pradesh seeking permanent injunction against infringement of its registered design and passing off its products. The Raigarh District Court granted interim injunction in favour of Plaintiff. Defendant responded by challenging the validity of Plaintiff's design registration.

The District Court thereafter, dismissed Plaintiff's application for interim reliefs.

On appeal by Plaintiff, the Madhya Pradesh High Court set aside the order of the District Court and restrained defendant from using bottles with the trademark "SABMiller".

In the meantime, Plaintiff's trademark applications for "SABMiller" got registered and Plaintiff filed the present suit for trademark infringement before Bombay High Court.

Defendant raised three main defences (i) that it was merely followed the age old practice of using recycled bottles in respect of its products which happened to bear plaintiff's mark; (ii) Defendant used its own trademarks on the bottled products in addition to SABMiller marks, hence no confusion was possible; and (iii) Plaintiff had already filed a suit before Madhya Pradesh High Court regarding infringement of design and passing off, hence this suit was barred by *res judicata*.

Bombay High Court refused to accept Defendant's arguments and stated that when the trademarks and the goods covered under them are identical, a legal presumption of confusion arises and such confusion cannot be allayed by use of Defendant's own trademarks on the bottles in addition to Plaintiff's mark. Moreover, Bombay High Court held that the suit before Madhya Pradesh High Court was for infringement of design, while the instant suit was for trademark infringement and therefore the principles of *res judicata* shall not apply. The Court held that Defendant was guilty of infringement of Plaintiff's trademark and confirmed the interim injunction order granted earlier.

On appeal by Plaintiff, the Madhya Pradesh

High Court set aside the order of the District Court and restrained defendant from using bottles with the trademark "SABMiller".

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#### 14. Court awards punitive damage to Disney Enterprise Inc.

*Disney Enterprises Inc. v Rajesh Bharti & Ors., Delhi High Court*

Plaintiff, Disney Enterprises Inc., is an US corporation, and proprietor of trademark DISNEY and Disney characters in more than 58 countries. In July 2008, Plaintiff conducted an investigation of various parties including Defendants, Rajesh Bharti & Ors., and discovered that Defendants were engaged in manufacturing, selling and exporting counterfeit bicycles for children bearing the trademark DISNEY and Disney characters.



Plaintiff tried to contact Defendants for an amicable settlement, but on not receiving any response from them, filed a suit for trademark infringement. An *ex-parte* interim injunction was granted to Plaintiff by the High Court on 23<sup>rd</sup> October 2009. During further proceedings, despite notice,

Defendants failed to appear and the matter proceeded *ex-parte*. High Court, after scrutiny of the evidence on record, restrained Defendants from using the trademark DISNEY. Court also took strong note of Defendants' absence from the proceedings to escape liability, and held that Plaintiff was entitled to compensatory damage of Rs.2 lacs (US\$3300 approximately), and punitive damages of Rs.3lacs (US\$5000 approximately).

### 15. Perfetti succeeds in obtaining injunction and punitive damages in matter of infringement of Copyright in its CENTER FRESH label and passing off by trademark SUPER FRESH

*Perfetti Van Melle SpA & Anr. v Om Prakash Khushwant & Anr., Delhi High Court*

Plaintiffs, Perfetti Van Melle SpA, of Italy, are a reputed confectionery company and registered proprietor of the trademark CENTER FRESH.

Defendants, Om Prakash Khushwant & Anr., have been using the trademark SUPER FRESH for confectionery, with a label nearly identical to that used by Plaintiffs for their CENTER FRESH marks. Plaintiffs had sent a cease and desist notice to Defendants, who undertook never to use Plaintiffs' marks, but they did not abide by such undertaking.

Aggrieved, Plaintiffs filed a suit for passing off of trademark. On 25<sup>th</sup> August 2009, the High Court granted an interim injunction restraining Defendants from infringing Plaintiffs' mark and also allowed a request for local commissioner. The local commissioner seized Defendants' goods comprising the infringing marks and labels. Despite directions from the Court, Defendants did not appear and the matter proceeded *ex-parte*.

On scrutiny of the evidence, High Court was satisfied that even though Plaintiff's label was not registered, the colour scheme, get up and the lay out of Plaintiffs' label was protected by copyright, and such label has been imitated by Defendants. High Court granted injunction, awarded punitive damages of Rs.2 lacs (US\$3300 approximately) and cost of suit in favour of Plaintiffs.

### 16. Nestle granted Injunctive Relief and Damages in Trademark Infringement matter

*Societe Des Produits Nestle SA & Anr. v N. D. Sharma and Anr., Delhi High Court*

Plaintiff, Societe Des Produits Nestle SA, based in Switzerland, is the proprietor of the trademark/ trade name/house mark NESTLE which

was adopted by Henry Nestle in 1866. Plaintiff is one of world's leading nutrition, health and wellness company.

On 14<sup>th</sup> March, 2010, Plaintiffs received a customer query whether it manufactures NESTLE RO Water Purifier system which the enquirer had come across. Plaintiffs' investigation revealed that Defendants (N. D. Sharma and Anr) had a website by the name [www.nestlemineralro.com](http://www.nestlemineralro.com). Plaintiff manufactures purified packaged water, while Defendants were using the mark NESTLE in relation to water purifiers.



Aggrieved Plaintiffs filed a suit, and Defendants were restrained from using the trademark NESTLE in any manner. Defendants did not appear before the High Court despite notice, and the matter proceeded *ex-parte*. After perusal of the documents and noticing the various facts, High Court concluded that use of the trademark NESTLE by Defendants constitute infringement and the rival products are cognate and allied. Accordingly, the High Court issued an order of injunction restraining Defendants from using the NESTLE mark. In addition, the Court directed Defendants to pay damages to the tune of Rs.2 Lacs (US\$3300 approximately). Court also granted permission to Plaintiff to destroy the goods seized by Court officers. Court also granted permission to Plaintiff to destroy the goods seized by Court officers.

### 17. ITEK found infringing HITEK for pharmaceutical product

*Glaxosmithkline Pharma Ltd. v Hindustan Medibiotic, Delhi High Court*

Plaintiff, Glaxo-smithkline Pharma Ltd., Indian arm of the UK multinational, manufactures, markets and distributes pharmaceutical and medicinal products under various trademarks, one of which is the trademark HITEK for which it has a pending application in Class 5. Plaintiff has been using the trademark since January 2003.



Plaintiff, Glaxosmithkline Pharma Ltd., Indian arm of the UK multinational, manufactures, markets and distributes pharmaceutical and medicinal products under various trademarks, one of which is the trademark HITEK for which it has a pending application in Class 5. Plaintiff has been using the trademark since January 2003.

On perusal of documentary evidence and facts of the case, the High Court concluded that Defendant has dishonestly adopted the artistic work embodied in the packaging of Plaintiff product. High Court also noted Plaintiff was prior user of the HITEK mark and that Defendant's mark ITEK was intended to deceive consumers. Accordingly, Court allowed Plaintiff relief of permanent injunction restraining Defendant from using the mark ITEK and the infringing artistic work.

### 18. High Court issues direction to National Exchange of India (NIXI) to transfer domain [www.cokestudio.in](http://www.cokestudio.in) to the Coca Cola Company

*The Coca Cola Company and Anr. v Rajesh, Delhi High Court*

Plaintiff, the Coca Cola Company of USA, is registered proprietor of well-known trade marks COKE and COKE STUDIO. Plaintiff together with its Indian counter part, launched a television series in Pakistan called COKE STUDIO featuring live music performances. The program is also popular in India, and in order to promote Plaintiff's series, they regularly upload video and MP3 files of songs on their website.



In April 2011, while preparing for launch of their series in India, Plaintiffs found that Defendant had registered the domain name [www.cokestudio.in](http://www.cokestudio.in) but on typing the address on the address bar, no page was located. Plaintiffs filed a suit against Defendant on 26<sup>th</sup> August 2011, claiming that Defendant has only obtained the domain name registration for the purpose of squatting.

On 29<sup>th</sup> August 2011, the High Court granted an interim injunction to the Plaintiff. Since Defendant failed to appear before the Court, the matter proceeded *ex-parte*. On perusal of the documents, High Court was of the opinion that Plaintiffs have successfully established a *prima facie* case and that Defendant has infringed Plaintiffs' registered trademarks. Consequently, the High Court issued an injunction order restraining Defendant from using the domain name and also issued a direction to National Internet Exchange of India (NIXI) to transfer the impugned domain name to the Plaintiff.

### 19. Fresh Agreement robs Plaintiff opportunity to invoke Arbitration Clause of original Licence Agreement

*Monnalisa SpA v Ashwani Kumar Chawla & Anr. Delhi High Court*

Plaintiff, Monnalisa SpA is an Italian company, engaged in the manufacture, design and sale of ready made garments and accessories for children under the trademark MONNALISA, which is also its trade name.

In 2009, Respondents had contacted Plaintiff, for permission to sell ready made garments for kids in India under Plaintiff's various marks including MONNALISA. Plaintiff agreed and by way of an agreement dated August 2009 granted Respondent (Ashwani Kumar Chawla & Anr.), a non-transferable, exclusive and sole license to sell ready made garments under the marks MONNALISA, BEBE, BIMBA, CHIC, JAKIOO, and NY & LON, BABALAI, and MONNALISA FLOWERS. However, Respondents violated several clauses of the agreement regarding payment of royalty to Plaintiff, who brought those irregularities to the notice of Respondents. In April 2011, Respondents expressed their willingness to terminate the license agreement. However, in November 2011, an agreement was arrived between the parties to revise their business relations. Even after that, no payments were made by Respondents to the Plaintiffs. In June 2012, Plaintiff terminated the license agreement with effect from September 2011 (as was previously agreed by the parties) and as per the terms, Respondents were to cease dealing in products bearing the trademarks of Plaintiff. However, Plaintiff found that Respondents continued to sell products bearing Plaintiff's marks. According to Plaintiff, Respondent's actions amount to trademark infringement. Aggrieved, plaintiff filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996. Section 9 of the Act provides that a party may apply for interim relief from Court, pending an arbitration proceeding between parties.



The High Court examined the case, and found that in April 2011 when the relationship between the parties soured, Plaintiff did not invoke the arbitration clause and instead chose to arrive at a fresh agreement. The High Court opined that the original agreement containing the arbitration clause ceased to exist in April 2011 and consequently, Plaintiff could not claim relief at this stage under the Arbitration Act. High Court dismissed the petition, but directed that if Plaintiff chose to settle the dispute by way of arbitration afresh, the dismissal of the

suit will not have any impact on the decision of the arbitrator so appointed.

**20. Court rules against Use of Misleading Words in Comparative Advertisement that can have a Detering Effect on Sales**  
*Reckitt Benkiser (India) Ltd. v Hindustan Unilever Ltd., Delhi High Court*

Plaintiff, Reckitt Benkiser (India) Ltd., the subsidiary of Reckitt Benckiser Group Plc of UK, is the manufacturer of well known antiseptic liquid under the brand name DETTOL. Plaintiff expanded its product portfolio under the DETTOL brand by launching a kitchen cleaner under the name DETTOL HEALTHY KITCHEN Dish and Slab gel. The chemicals used in the DETTOL antiseptic liquid are completely different from the DETTOL KITCHEN CLEANER. Plaintiff claimed that Defendant (Hindustan Unilever Ltd.) launched a print advertisement where it disparaged Plaintiff's brand DETTOL by referring to it as a 'harsh antiseptic'. Aggrieved, Plaintiff filed a suit before the High Court claiming disparagement of its trademark and product by Defendant. Plaintiff contended that Defendant's advertisement campaign exceeded the parameters of permitted competitive advertising and blatantly denigrates the reputation and goodwill of Plaintiff's brand.

In response Defendant argued that the advertisement made no reference to DETTOL HEALTHY KITCHEN Dish & Slab Gel, but only sought to inform consumers that harsh antiseptics were not fit for cleaning utensils.

High Court found no merit in Defendant's submissions that the term 'harsh antiseptic' did not refer to Plaintiff's brand or product. Court concluded that by using 'harsh' along with 'antiseptic' in respect of cleaning utensils from which food is consumed, Defendant was trying to indicate that Plaintiff's product, DETTOL HEALTHY KITCHEN, has the same effect as that of its other product DETTOL ANTISEPTIC LIQUID. According to the Court, such a linkage between the two products with completely different formulations misleads consumers and deters them from purchasing Plaintiff's product, thereby affecting them prejudicially. Consequently, the High Court issued an interim injunction order restraining Defendant from publishing the advertisement.

**21. Court rules that Concurrent Use must be honest**

*The Timken Company v. Timken Services Pvt. Ltd., Delhi High Court*

Plaintiff, The Timken Company of US, is engaged in manufacturing a diversified range of products including ball bearings, power transmission products, hub assemblies and related kits such as grease and specialty kits, lubricants, seals, condition monitoring equipment, turbine engine components, motion control systems, high quality custom-made steel products as such alloy steel bars, tubes and precision components, and a range of repair and reliability services. Plaintiff adopted the trademark TIMKEN, which was the surname of its founder, in 1899. Plaintiff is also registered proprietor of the TIMKEN trademark in India and its products are widely available in India since 1922. Plaintiff claims that no other business entity anywhere in the world uses the trademark/trade name TIMKEN in respect to any goods/services or as a corporate name.



In April 2008, Plaintiff came to know of Defendant's use of the name/mark TIMKEN and found that Defendant-company (Timken Services Pvt. Ltd.) was incorporated in 1989 and it had obtained registration of the domain name www.timkenservice.com in 2006. Plaintiff filed a suit claiming infringement of its mark, confusion as Plaintiff's products and services pertain to heavy diesel engines and power transmission, while Defendant's products also relate to power transmission and generation.

In defence, Defendant claimed to have honestly adopted the mark and that it had no knowledge about Plaintiff and Plaintiff's goods and its goods are completely different, thus there will be no confusion. Defendant also alleged delay and laches on part of Plaintiff in approaching the High Court. During the course of the proceeding, Defendant offered to change the style and font of the trademark TIMKEN which was not accepted by Plaintiff.

The High Court compared the marks in question and found them to be identical, and concluded that when marks are identical there was a presumption of confusion and Defendant's claims of no knowledge was unbelievable as it had not only adopted the same name, but also the font, artwork

and colour. Court also held that mere concurrent user was not sufficient, it has to be honest. A fraudulent infringer, according to Court, who has deliberately violated the rights of Plaintiff, cannot claim delay or laches as the action at the initial stage itself was fraudulent. Accordingly, the Court issued an interim injunction restraining Defendant from using the trademark TIMKEN. In the interest of justice, Defendant was granted two months' time to change its name. On a prayer of costs, the High Court decided to await the final decision to assess costs payable by Defendant.

## 22. Court rules that the Doctrine of Acquiescence cannot operate in the Event of Fraud

*Eaton Corporation & Anr. v BCH Electric Limited, Delhi High Court*

The present matter involves two cross suits, one filed by Eaton Corporation against BCH Electric, and the other filed by BCH Electric against Eaton Corp.



Plaintiffs are Eaton Corporation, a US based company, engaged in the business of manufacture and sale of a wide range of electrical apparatus for use in operating machines, engines and motors, etc., and its Indian subsidiary, Eaton Power Quality Pvt. Ltd.

The trade marks "CUTLER-HAMMER" and CH were adopted by Cutler-Hammer Inc., (the predecessors of Plaintiff No. 1) which were thereafter, transferred to Plaintiffs, when it acquired the company in 1978. Accordingly, Plaintiffs claimed to be the present owners of the trademarks "CUTLER-HAMMER", "CH (label)", "CH Control" and "CH" in respect of goods in Class 9.

Defendant, BCH Electric Limited was also engaged in the business of manufacture and sale of electric goods falling in Class 9. Defendant was set up in 1965, as a joint venture between Cutler-Hammer Inc., and some Indian entities. Defendant was granted a restricted permission to use the CUTLER HAMMER/CH trademarks, initially by Plaintiffs' predecessors and thereafter, by Plaintiffs themselves. However, the permission expired in 2000. Despite such restrictive permission, and during the pendency of such permissive use, Defendant filed several applications for registration of the marks BHARTIA CUTLER-HAMMER, CUTLER-HAMMER and CH and variants thereof. Plaintiffs opposed one application of Defendant, and among the rest, one got registered and others were pending registration.

As a result, Plaintiffs filed a trademark suit

claiming infringement and passing off of the CUTLER HAMMER/CH marks by Defendant. On the other hand, Defendant also filed a suit claiming that it had acquired independent goodwill and reputation of CUTLER HAMMER marks in India. Defendant also alleged that Plaintiffs had knowledge of its use of the marks, that Plaintiffs had abandoned their trademarks and were not using them in India and other parts of the world.

On a detailed evaluation of the various agreements, the Court concluded that Plaintiffs' permission to Defendant for use of CUTLER HAMMER/CH marks were always restrictive. Despite specifically agreeing not to apply for registration of the CUTLER HAMMER/CH marks in various agreements, Defendant had dishonestly adopted and used the trademarks. The Court stated that a mere justification that Plaintiffs have not used the trademarks in India is not enough. Moreover, the Court stated that there was never any acquiescence on part of Plaintiffs, and even assuming there was, in the event of fraud the doctrine of acquiescence cannot operate.

Finally, the Court concluded that Plaintiffs had established a *prima facie* case for grant of an interim injunction and the balance of convenience was also in favour of Plaintiffs and against Defendant. Accordingly, the Court restrained Defendant from using the CUTLER HAMMER/CH marks. Court also dismissed the suit filed by Defendant as non-maintainable.

## 23. Design Registration does not preclude Action for Passing Off of Trademark

*DGT Holding B. V. & Anr. v Ravi Scientific Industries & Anr., Delhi High Court*

Plaintiff, DGT Holding B.V., a company based in Netherlands, is engaged in the business of manufacturing and marketing goods and products for use in the board game of Chess, particularly digital clocks and electronic chess boards for use in chess matches. One of the most successful products of Plaintiff is the DGT 2010 Chess clock, which the official FIDE (*Fédération Internationale des Échecs* - International Chess Federation) Chess clock. Plaintiff found out that Defendant Ravi Scientific Industries together with another entity, were selling clocks bearing identical trade dress and get up under the trademark NEW 2020. Aggrieved by Defendants' unlawful activities, Plaintiff filed a suit before the High Court.



In the suit, Plaintiff obtained an *ex-parte* interim injunction order initially. Thereafter, the

Court also allowed Plaintiff's request and appointed Local Commissioners, who visited Defendants' premises and seized all the infringing products. During the search and seizure operations, Defendants could not produce account books.

During the suit proceeding, Plaintiff claimed that Defendants had not only copied the colour combination, but also the entire shape and get up. Plaintiff alleged infringement of copyrights and passing off of trademarks. Defendants submitted that as it had obtained registration of the design, the suit for passing off cannot be maintained.

The Court, relying on an earlier case, held that when a design is being used as a trademark and due to such use, goodwill is generated in the trade, it can be protected by an action of passing off. The Court, again relying on judicial precedents, further held that when a defendant has obtained registration under the Designs Act, it does not impinge on the right of the Plaintiff to move an action for passing off under the Trade Marks Act. Based on these observations, the Court made the interim injunction order (issued earlier) *absolute pendente lite*.

#### 24. Court restrains use of FINA for Class 03 goods

*Fena Limited v Fina Europe S.A. & Ors., Delhi High Court*

Plaintiff Fena Limited, an Indian company, is engaged in the business of manufacturing and selling various consumer non-durables including detergent cakes and powder, cleaning preparations, etc. since 1976, under the trademark FENA.

Defendants in this case are (a) Fina Europe S.A. (b) Fina India Petroleum Pvt. Ltd. and (c) Pal Motors & Industries. Fina Europe S.A., is a company incorporated in Belgium, whereas Fina India Petroleum Pvt. Ltd., is the Indian subsidiary of Fina Europe. According to Plaintiff, FINA marked products of Fina Europe and Fina India, were being sold by Pal Motors & Industries within the territory of Delhi.

In the suit, Plaintiff claimed that Defendants had sent a legal notice dated 3<sup>rd</sup> November 1999, demanding that Plaintiff ceases use of FENA trademarks, as FINA and FENA were deceptively similar, and Plaintiff is dealing in similar goods as that of Defendants. Since Plaintiff could not permit Defendants to assert any proprietary rights over the FINA mark in India, Plaintiff claimed that it was compelled to file the suit. Plaintiff claimed that use of FINA trademark in relation to soaps, detergents and other cognate or allied goods will cause confusion and deception among the public and Defendants ought to be restrained from using the FINA trademarks.

Defendants submitted that the Delhi High Court did not have jurisdiction to try the suit. Additionally, Defendants stated that they had adopted the trademark FENA in 1920 and are the registered proprietors of FENA trademark in India. By virtue of such long international use and registrations, Defendants stated that the suit is not maintainable.

The Court held that in their response to the complaint, Defendants had admitted that they were conducting business in Delhi, and in view of such admission, this Court had jurisdiction to entertain the suit. On the issue of confusion between the rival marks, Court held that there is no chance of confusion or deception for products and services outside the scope of Class 3 and held that Defendants are free to use their FENA marks for goods and services in classes other than Class 3. However, in respect of Class 3 products, Court held that there exists a possibility of confusion and deception, and restrained Defendants from using the FINA trademarks in relation to Class 3 products.

#### 25. Court finds FERRERO ROCHER mark Infringed and awards Exemplary Damages

*Ferrero SpA & Anr. v Mahendra Dugar & Anr., Delhi High Court*

Plaintiff Ferrero SpA, is an Italian manufacturer of chocolates and other confectioneries. Plaintiff conducts its business in India through its subsidiary Ferrero India Pvt. Ltd.



Plaintiff has a large portfolio of trademarks, one of which is FERRERO ROCHER, a foreign surname having no meaning in India, except as a trademark for high quality chocolates manufactured and distributed by Plaintiffs.

Plaintiffs found that Defendants - Mr. Mahendra Dugar and Maxsweet Foodstuffs Co. Ltd. were producing look alikes of Plaintiff's FERRERO ROCHER chocolates under the trademark ROYS. Aggrieved, Plaintiffs filed a trademark infringement and passing off suit before the Delhi High Court, claiming that Defendants are infringing the registered trademark FERRERO ROCHER of the Plaintiff by manufacturing the impugned products. Court granted an initial order restraining Defendants from manufacturing and dealing in the infringing goods and also appointed a Local Commissioner to visit the premises of Defendants. Before the Local Commissioner, Defendant No. 1, Mr. Dugar, denied having imported any chocolates bearing any resemblance to Plaintiffs' FERRERO ROCHER marked products. However, he did not deny that he was importing confectionery and chocolates under different name and trade dress. Before the Court,

Defendant No.1 undertook never to infringe Plaintiffs' trademarks and based on such undertaking, Plaintiffs withdrew the suit against him. However, the suit continued against Defendant No.2 Maxsweet Foodstuffs Co. Ltd.

Despite sending notices requiring its presence before the Court, Defendant No.2 failed to appear. Hence, the suit proceeded *ex-parte*. The Court found that Plaintiff had successfully established that Defendant No.2 was infringing Plaintiffs' registered trademarks. The Court was satisfied that Defendants' products were bound to cause incalculable harm to the goodwill and reputation associated with Plaintiffs' FERRERO ROCHER marks. Accordingly, the Court passed an order in favour of Plaintiffs restraining Defendant No. 2 from dealing in the infringing products in any manner. The Court also awarded damages of Rs.10 lacs (US\$16,400 approximately) payable by Defendant No.2 to Plaintiffs.

## 26. Trial Judge refers case to Higher Court for Reconsideration of Issue of Tentative Validity of a Trademark Alleged to be a Mala Fide Adoption

*Lupin Ltd. v Johnson & Johnson, Bombay High Court*

Plaintiff, Lupin Ltd., an Indian company engaged in the business of manufacturing, marketing and selling pharmaceutical products, claimed to have independently conceived and adopted a distinctive mark "LUCYNTA" and registered it in class 5.



Defendant, Johnson & Johnson, a US based company, is also engaged in the business of manufacturing, marketing and selling of pharmaceutical products. Defendant had coined and adopted a distinctive trademark "NUCYNTA" which was existing in the international market since 2008.

Plaintiff claimed that Defendant's use of the trademark "NUCYNTA" constitutes infringement of its registered trademark LUCYNTA and filed a suit for trademark infringement and passing off against Defendant before the Bombay High Court.

Defendant, in response, stated that its mark NUCYNTA was registered in various countries, much prior to the registration of Plaintiff's mark in India. Defendant also stated that it is Plaintiff who is guilty of infringing its well known and popular trademark NUCYNTA, by adopting the deceptive trademark LUCYNTA for the same drug, and obtaining registration in a *mala fide* manner. Defendant stated

that it had filed a suit for passing off against Plaintiff at Delhi High Court, and argued that Plaintiff is not entitled to any injunctive relief.

During the proceeding, Plaintiff relied on its registration for LUCYNTA. The trial judge, while examining the judicial precedents applicable to the facts of this dispute, referred to the case of *Maxheal Pharmaceuticals v. Shalina Laboratories Pvt. Ltd.*, where the Bombay High Court had stated that at the stage of consideration of an application for interlocutory orders, it is not permissible for Court to go into the question of validity of the mark and as long as the mark remains on the register (even wrongly) the proprietor thereof is entitled for an order of injunction.

The trial judge also considered various other pronouncements of law by the Supreme Court and coordinate divisions of the Bombay High Court and Delhi High Court, and found that in cases where Plaintiff is alleged to have itself imitated somebody else's mark, courts have not granted injunctive relief to Plaintiff. The trial judge opined that, in order to arrive at a conclusion in such special cases, it is necessary for courts to examine the tentative validity of the registration, even at the initial stage of granting interim relief. The judge was of the view, that the decision of High Court in *Maxheal Pharmaceuticals v. Shalina Laboratories Pvt. Ltd.*, ought to be reconsidered by a higher division of the High Court, and thus referred the matter for consideration by such higher division of the Bombay High Court.

## 27. Google India Allowed to Operate Ad Words Program while Preserving the Trademark Rights of Consim Info

*Consim Info Pvt. Ltd. v Google India Pvt. Ltd. and Ors., Madras High Court*

Appellant, Consim Info Pvt. Ltd., is an Indian company, providing online matrimonial services using the Internet as a platform.



The parties had been involved in a trademark opposition proceeding in 1990, where Plaintiff had successfully opposed Defendants' FINA mark in Class 3 which was refused registration. Defendants had filed a suit against Plaintiff in 1999, which was pending at the time of filing of the present suit in 2000.

In course of its business, Appellant adopted many trademarks including Bharatmatrimony, Tamilmatrimony, Telegumatrimony, Assammatrimony, etc. Google India (the Indian arm of Google Inc., USA) is an online search engine, where



an Internet user searches with a search term to locate information relating to the search term and related websites. Google India has an advertisement program 'Sponsored Links', which appears on the right hand side of the search page along with the search results, on the basis of the search 'Key Word'. The displayed results under the 'Sponsored Links' closely correspond the terms searched by the Internet user. Google India suggests 'Key Words' to the competitors, who then bid for the 'Key Word' terms, so that when the user searches for the term, it would display the advertisements of bidders/ competitors under the 'Sponsored Links' in addition to links connected with the search term. Plaintiff/Appellant alleged that when Internet users searched for its websites using the key words 'Bharatmatrimony' etc., its competitor's advertisements appear under the Sponsored Links. If the user clicks on the links under the Sponsored Links, then the user is taken to the competitor's website, instead of Appellant's website. According to Plaintiff/ Appellant, this amounts to unjustified use of its trademarks to enrich its competitors and this use by Google India amounts to trademark infringement and will cause confusion and deception among consumers.

Plaintiff/Appellant filed a suit before the High Court against Google India and its competitors. Plaintiff/Appellant's prayers for interim relief were refused by Trial Court. Aggrieved, Plaintiff/ Appellant filed the present appeal before Appellate Division of the High Court.

Google India argued that use of Appellant's trademarks in the advertisement program would not amount to use in course of trade, and such use was an honest business practice. Google India also contended that they never use Appellant's trademarks in the sense of a trademark in relation to goods and services as contemplated under the Trade Marks Act, 1999 and hence, it cannot be considered to be trademark infringement.

The Appellate Court held that Google India's usage of the Adwords did not provide equal benefit to Appellant as it did to the other Respondents (Appellant's competitors). However, the Court held that the grant of an order of injunction would lead to the consequence of reducing the choice of words available to competitors, hence, at the interim stage it was sufficient to direct Google India to adhere to its present business policy that Appellant's registered trademarks would be protected by ensuring that others did not use them in their "ad words". The Court ruled that other issues had to be decided only during the course of the trial and that the present arrangement based on the undertaking given by Google and other respondents, which has been in force for nearly three years, should not be disturbed or deviated, till the disposal of the suit.

## 28. Court restrains the Appellants from Meta-Tagging their Websites with those of the Respondents

*Kapil Wadhwa & Ors v Samsung Electronic Co. Ltd and Anr., Delhi High Court*

Respondents ('Samsung Electronics Company Ltd.' of Korea and its Indian subsidiary 'Samsung India Electronics Pvt. Ltd.') manufacture and trade in electronic goods such as colour televisions, home appliances, washing machines, microwaves, air conditioners, computers, printers & cartridges, etc. Their business is done under the brand name/ corporate-name using the Trade Mark 'SAMSUNG'. Respondents' grievance was that Appellants were purchasing from the foreign market, 'SAMSUNG' printers manufactured and sold by Respondent, and selling the same product in the Indian market, thereby infringing the Respondents' registered Trade Mark in India. Respondents also alleged that Appellants operated their website by meta-tagging the same to the website of Respondents, which also constitutes infringement of their registered trademark in India. At the trial stage, Respondents' request was allowed by the Judge, and Appellants were restrained through an injunction order. On appeal to the appellate division of Delhi High Court, Appellants pleaded that the act of importation and sale of printers in India is authorised, hence the sale of SAMSUNG printers in the Indian market was legal and valid, since the Appellants sell the products without any modification/change.

The High Court, after hearing the arguments and relying on judicial precedents, concluded that 'the market' contemplated by the Trade Marks Act 1999 is the international market, i.e., the legislation in India adopts the Principle of International Exhaustion of Rights. The High Court further held that the said principle itself takes away the right of Respondents to control the further sale and further distribution of the goods.

The Court observed that any confusion arising out of Appellant's sale of SAMSUNG products in India, could be resolved and accordingly, directed Appellants to prominently display in their shop that the SAMSUNG printers sold by them are imported by the appellants from other countries and are not being sold by Respondents in India. Thus, the Court partially allowed the appeal and set aside the injunction order restraining Appellants from selling imported products in India. However, the Court upheld the trial judge's injunction restraining Appellants from meta-tagging their websites with those of the respondents.

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## Oh Dear ! I Missed the Deadline....

By Sylvain Rousseau, Floriana Aloï - ipSO Intellectual Property

If you are reading this article in a taxi in Hong Kong while jumping from one INTA meeting to another, this is because before leaving your desk few days ago, you finalized your submissions in that very important appeal pending before the Boards of Appeal of the OHIM, you timely sent the proofs of use requested in that complex opposition case and finally you also submitted the renewal application of this so-important trademark of your client.

So far so good. Now, why have you received this urgent email from your colleagues reporting that the brief of appeal was not timely received, the proofs of use were lost before reaching the Opposition Division and the so-important trademark of your client is reported as expired on the OHIM's website? We do not have the answer to that question but we have a few tips to sort out these issues. First, remember that an application for *restitutio in integrum* shall be filed before the OHIM within two months after the removal of the cause of non-compliance and within the time limit of one year following the expiry of the deadline. You must also complete the omitted act within this same period. So, how do you prove that you exercised all the due care required by the circumstances but, even so, you were unable to observe the deadline? Well, for the submissions of original documents, you may always refer to the courier which you used. To demonstrate that the failure to timely deliver the documents was due to the courier service, you shall submit a copy of the airway bill, signed by the courier operator, which confirms the date of withdrawal and the expected date of delivery, together with a letter written by an administrative operator of the courier company which can confirm that the late delivery was caused by an internal error (Opposition No. B1743379 Spa Monopole vs. Value Retail 21/12/2011; Board of Appeal Case No. R1928/2011, Sunparks Groep vs. Feriehauser zum 26/06/2012). What about your application for renewal? Again, if there is an unexpected and prolonged breakdown of the external electricity supply line and you are no more able to access your computer files and your fax and internet connections do not work and for these reasons you missed your deadline, you may request to be reinstated in your rights. You will

have to submit however a declaration of the electricity supplier company or a certificate from the administrator of your building to confirm that there has been a breakdown of the electricity supply in all the building for a long and continuous period of time (Opposition No. B1593931, Jan Roman Potocki vs. Wojciech Moskaa, 29/11/2010). Be careful though that an internet breakdown may not be sufficient. If it was possible for you to access your files and your deadlines, you could have arranged for the application for renewal to be filed through other means (fax at the post office, free internet connections). What about strikes? When a national strike occurs with little warning, for example, in the transportation field, this can amount to an extraneous event independent from the party's will and control (Board of Appeal, Case R1240/2005-1 Tommy K. vs. Thoy et al.) Again, it will be a matter of proofs but all is not lost. As all is not lost if you have experienced serious health issues. Sickness of the representative or of the owner does not auto-matically amount to a justification to obtain the reinstatement of rights. It must be considered, for example, if the representative/party, despite its illness, could still communicate during its sickness leave with the Office. Bear in mind that the cause of non-compliance can be considered removed when the ill person comes back to work (Board of Appeal, case R 0236/2007-1 ATE; CFI, case T-71/02 Classes Holding KG vs. OHIM, 17/09/2003). All right, you know what to do now. But what if none of these events occurred? Errare humanum est, perseverare autem diabolicum. Yes, we are all humans, and human errors may happen. Even exceptional and extraordinary errors cannot usually justify the acceptance of a request for *restitutio in integrum*. If the error was made by your assistant (for example while updating deadlines), the OHIM will respond that where the representative delegates administrative tasks concerning trademark matters, it must ensure that the delegated person offers the assurance necessary to enable it to presume that those tasks will be carried out correctly (Board of Appeal Case No. R 268/2010-2 Orion Electric Co. Ltd. 28/06/2010). In other words, the staff, which act on behalf of the representative, must be adequately trained and

supervised. Ok, ok, that was your computer then. Sorry, but the failure of a computerized system to monitor time limits is neither for the OHIM an exceptional and unforeseeable event. The computer system should be in fact able to detect and to correct any potential error of the representative or of its staff (CFI, Aurelia Finance v OHIM, Case T-136/08, 13/05/2009 and Constellation Brands Inc. v. OHIM, Case T-314/10, 28/06/2012). National holiday? No more. Missing a deadline because of a national holiday cannot imply that the due care required by the circumstances has been exercised (Board of Appeal, Case R-731/2008 1, 5 Hours Energy, 03/09/2008). Failure from.....a third party? You

have delegated to an outsourced third company the renewal of your client's trademark but it missed the deadline: too bad, both the representative and the outsourced company are subject to the requirement of due care. (CFI, Evets Corp. v. OHIM, Joined cases T-20/08 and T-21/08, 23/09/2009). Quite logically, the OHIM is not considered however as a third party when the mistake is its own (CFI, case T-326/11 Brainlab AG v. OHIM, 25/04/2012). All right, you made it, you can now send a quick email to your colleagues at the office. Thanks to you, they will know what to do to save the renewal date, to make sure the appeal brief is accepted and to have the proofs of use on records.

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## Italian Trademark Opposition Proceedings: Features and Observations on the First Decisions

By *Angela Zampetti - Luppi & Crugnola*

In Italy it is possible to file opposition against the registration of third parties' trademark applications, namely against:

(a) Italian national trade mark applications for which no objections have been raised on absolute grounds

and

(b) Italian designations of International Registrations.

A feature of our opposition system is to be opened only to (i) owners of earlier trademarks (filed/registered) valid in Italy, (ii) their exclusive licensee and (iii) persons entitled pursuant to art. 8 of the Italian Intellectual Property Code (i.e. the persons whose consent is requested for registering certain types of marks).

Starting October 2012, the Italian PTO issued a number of decisions from which interesting insights can be inferred. The proceeding is designed similarly to Community Trademark opposition proceedings, except for some peculiarities. The main typical steps are:

- preliminary check on formal requirements of the opposition notice;
- a first communication to the parties, setting of the so called "cooling off period", i.e. a period of two months - extendable on request of both parties - for reaching a settlement agreement;
- expiry of the cooling off period (without further communication to the parties) and opening of the challenging phase, during which the parties have the opportunity to submit statements and documents to support their position;
- outcome of the case, that may consist in the rejection or in the uphold of the opposition to which follows the refusal (total or partial) of the mark.

Similarly to the decisions issued by the OHIM, the winning party can be awarded expenses (opposition and professional representation fees).

In accordance with Community Trademarks practice, after the header, the names of the parties and the opposition number, on the first page of the decisions it can be read immediately the outcome of the proceedings as well as any order for costs or, alternatively, the

burden of the costs to be borne by each party. Thereafter are reported the reasons for the finding, often anticipated by the description of the proceedings, the parties' arguments and eligibility, not necessarily in the order shown here.

With regard to reasons, the examiners take into account the likelihood of confusion between the conflicting marks, having in mind the goods and signs under comparison, and their overall impression.

In particular, the products are shown as per the exact list as protected at the time of filing/registration in order to verify whether there is identity or similarity, while the signs are represented alongside to always evaluate any identity or similarity from a visual, aural or conceptual level.

Given that the global assessment of the likelihood of confusion between two marks must be based on of their overall impression, taking into account their distinctive and dominant components, the examiners also assess these aspects, as well as the degree of distinctiveness of the earlier mark (eventually claimed by opponent through use), the end users and the level of attention of the relevant consumer.

In most cases it has been appointed a professional representative, especially by opponents, whilst they are rare oppositions in which the holders of the opposing marks were inactive, not filing any statement in support of their request; even in such a case, the examiner is required to evaluate the merits of the opposition, not being determined any effect by failure to defend. The opponents have often based their demands on more than one mark, in which case the examiners, as per Community Trademark Opposition practice, have limited the discussion to the first right, being this sufficient for the purpose of the proceedings when the opposition is upheld.

In the merits, opponents argued - with recurring themes and reasons - the similarity between the marks and products resulting in a likelihood of confusion, the predominance of common distinctive elements or the irrelevance of descriptive elements - if any - in complex marks, the existence of similar distribution

channels, the reputation acquired on the market or even reputation. In some cases have been recalled earlier decisions in favour (issued by Italian Courts or by OHIM), which however were not considered because they are not strictly applicable or irrelevant.

With regard to the position of the applicants, there is a substantial uniformity of arguments in defence, based on the dissimilarity of the marks and products/services and the absence of likelihood of confusion. With particular regard to this element, it has been sustained without success (and the position of the Office seems correct) the thesis of the coexistence of a number of marks similar to those at issue in the case: the examiners have always claimed that the existence of several registered trademarks is not in itself decisive, since it does not necessarily reflect the situation on the market and it cannot be presumed on the basis of data on the registry that the marks were actually used and to what extent. The same applies with regard to the different positioning of the marks in the results of web search engines.

Not particularly used the request of proof of use of the registered mark on which the opposition is based, when applicable, even if in the case of non-submission of relevant evidence within thirty days of notification by the Office the opposition is rejected. At the moment there are four known cases of appeal of decisions lodged before the Appeal Committee (all filed by the applicants against decisions refusing the contested mark); in three cases the Board has ruled against the first degree decision and stated the registrability of the opposed marks.

The opposition procedure is definitely a fast and efficient way to protect trademark owner's rights and to resolve possible conflicts, being also less expensive than a lawsuit with competent courts, on which work it has also a deflationary effect.

For accessing this tool, however, the trade mark proprietor has to trigger a watching service for being informed of the publication of potentially conflicting marks and timely oppose them.

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## An Interesting Case Law about the Difference between two Trademark Categories

By *Giovanni Lecce - Dott. Giovanni Lecce & C. S. R. L.*

The subject of this article is a sentence of the Italian Civil Cassation (Div. I, January 18, 2013, n. 1249) concerning an opinion about the possibility of confusion between complex trademarks and the distinction between complex and overall trademarks.

The sentence in issue has quashed the decision of the Appeal Court of Rome in a suit between the German Mast-Jägermeister AG and the Hungarian Budapesti Likoripari KFT Bulif, the former having summoned before the Tribunal of Rome the latter for counterfeit of its well-known trademark consisting of a figurative element (head of a stag with a cross between the antlers) and a denominative element (the word "Jägermeister"). The defendant had registered a subsequent trademark using the same figurative element with addition of its own different denomination "Hubertus". The Judges on the merits, first and second stage, had rejected the claim of Mast-Jägermeister AG on the ground that possibility of confusion between the two marks should have been ascertained upon a total and synthetic evaluation, that is with regard to the whole of the graphic, visual and phonetic elements used by each of them.

The Court of Appeal of Rome had excluded the risk of confusion between the two marks alleging the difference of the respective denominative components, though had considered plaintiff's mark a strong one owing to the distinguishing strength of the cross bearer stag head.

In its grounds for the judgment the Court of Appeal has believed that the figurative sign constituted by the stag had to be evaluated together with the denominative one which, identifying the product, assumed a predominant character: consequently the Court has thought that such a denomination was a sufficiently different element in comparison with the defendant's sign, so that no risk of confusion between the two marks was recognizable since the figurative elements had to be considered secondary.

The appointed Court of Cassation has, on the contrary, stated that the criterion of a synthetic evaluation cannot be applied to the complex trademarks, pointing out that in their

several elements it is possible to identify one or more "hearts" which contain the whole distinguishing and characterizing strength of the mark. This feature forms a difference in respect of the overall trademark in which the distinguishing strength is only given by combination of the several (figurative, denominative, graphic, phonetic and visual) component elements.

The complex trademark is different from the overall one, in which a characterizing element (the so called heart) is absent, being all the several elements individually lacking in distinguishing strength. Only combination of them, that is their overall, has a more or less distinguishing value, so that the single signs that compose it are not autonomously protectable but only their overall can be protected, contrary to the complex trademark. Thus, according to the Supreme Court, the judges on the merits should have evaluated possibility of confusion between the two signs having in mind both the figurative component and the denominative one, thus being able to ascertain the distinguishing strength of both the elements.

The sentence is divided into the following statements:

I. In theme of complex trademarks it is to be applied the principle according to which appraisal of possibility of confusion between similar distinguishing signs must be performed by the judge on the merits not in a total and synthetic way, that is with regards to the whole of the main graphic, visual and phonetic elements in relation to the normal perception degree of the persons to which the product is intended, but in an analytical way, through the detailed examination and the separate evaluation of each single element.

II. Complex trademark is recognizable in the sign resulting from a composition of several elements whose distinguishing strength is nevertheless committed to one or more of such elements constituting the "heart", protected because of its originality and independently protectable as a trademark. Thus judge's examination must be performed in a shared out way for each of the elements provided with a characterizing capacity.

III. Complex trademark can be considered a strong trademark only if the single signs that compose it, or at least one of them, are strong or if their combination has a particular distinguishing character owing to originality and fancy in combining the signs, while it must be defined weak in case the combination of its single constitutive signs, even though provided with a distinguishing capacity, be lacking in a particular individualizing strength.

IV. The overall trademark is lacking in a characterizing element (the so-called heart), consisting of several elements, element (the so-called heart), consisting of several elements, all individually lacking in distinguishing strength and not independently protectable as patent rights, and it is only the combination of the single signs which compose it that can have - as per it is perceived by the market- a more or less accentuated distinguishing value.

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## Trademarks and Domain Names in Italy

*By Massimo Introvigne - Jacobacci & Partners SPA*

The Italian second level domain name, .it, is the thirteenth most popular extension in the world, with more than 2,6 million domain names registered. This also makes .it domain names quite attractive for cybersquatters and trademark infringers.

The Italian Intellectual Property Code was amended in 2010 in order to offer trademark owners more effective protection against domain name piracy. In particular, before 2010, Section 22 of the Code protected trademark owners against domain names which were defined as aziendali, "connected to a business". Case law interpreted this provision such that, to qualify as "aziendale", the domain name must be owned by a registrant "doing business" in some way. Some Italian courts concluded that a domain name registered by an individual which did not own a "business" (azienda) could not infringe a trademark. The new Section 22 replaced the word "aziendale" with the phrase "used for an economic activity". Courts now recognize that individuals who do not own a business but register domain names in order to establish a presence on the Internet, or even in order to sell them, are "using" their domain names "for an economic activity". As a consequence, trademark owners may sue them for infringement.

New section 22 is not a cure-all, however, since in Italy most controversies are not submitted to courts of law. Trademark owners normally use the .it domain name dispute resolution proceedings. These proceedings are similar to the UDRP

proceedings used for .com and other international top level domains, but - unlike the latter - are not managed by WIPO. There are five approved dispute providers in Italy, but one known as CRDD (Centro Risoluzione Dispute Domini, Rome), receives the majority of Italian complaints.

An "opposition" before the NIC has been introduced as a mandatory pre-requisite for initiating a domain name dispute process. In this process, the Italian NIC is informed that the domain name is contested, and why. Success in an opposition does not result in a transfer of the domain name to the opponent. It merely prevents the domain name from being transferred (except to the opponent itself) for the next 180 days. This term may be renewed twice. Within the term, a dispute or a court case should be started, or the case should be settled. While such oppositions previously were granted as a matter of course, the NIC now takes a closer look at these cases, and at least a prima facie chance of success should be proved. The NIC is very strict with respect to submitted documents and the meeting of formal requirements.

Dispute resolution proceedings may follow after the opposition. It is important to remember that, just as with the registrant of an .it domain name, the complainant in a dispute should have a residence or place of business within the European Union. It is often the case that a contested domain name is confusingly similar to a trademark whose owner is American or Japanese. In such cases, the complainant may be a licensee which may act in its own name



but on behalf of the trademark owner. The domain name, however, eventually will be transferred to the European licensee rather than to the non-European trademark owner.

The decision whether to start a dispute or a court case is not often easy. Court cases are longer and more expensive, but may be the only possibility available in the case of a registrant which can argue a legitimate interest, for example, the ownership of a registered trademark whose dubious value may not be easily contested in a dispute. Italian law now also allows for a domain name to be transferred to the plaintiff in a pending court case on a provisional basis, provided that it can show a prima facie likelihood of success in the case. This new provision has only been tested on a few occasions thus far.

Procedure and duration of an Italian dispute are similar to those in the UDRP. The complainant must prove its ownership of registered or common law intellectual property rights, the risk of confusion, that the domain name was registered and used in bad faith, and that the registrant has no legitimate interest in or to the domain name. Defenses are also similar to UDRP cases, except that a frequent defense in an Italian dispute is that the complainant is not a “real” licensee of the non-European trademark owner, which (allegedly) has no effective places of business within the European Union.

Perhaps, however, the main difference between the UDRP and the Italian proceedings is that the latter can be terminated before a decision has been rendered by the respondent,

by starting a court action where a declaration of non-infringement is sought. Even if the panelists have already started their work, the dispute would be immediately and finally closed and all matters would be decided in court. Stopping a dispute through a court case is a frequent strategy used by the more astute professional infringers. They hope that, faced with the likely two or three years duration of a court case (and more if the case is appealed), the trademark owner would be more inclined to settle. Of course, court cases also may be started after a decision on a dispute has been rendered. If started prior to 15 days after a decision, the court case prevents the domain name from being automatically transferred to complainant, which is the normal outcome of a successful dispute.

Professional infringers are indeed a plague in Italy. Some Italian cybersquatters have registered thousands of domains, with the goal of selling them to the trademark owners or to use them for promoting other Web sites, most of which are pornographic. Professional infringers normally lose their court cases, but damages are seldom heavy and they count on the reputation of Italian courts for delays in order to persuade the trademark owners to purchase the contested domain name rather than litigating. Oppositions and disputes, however, are now concluded relatively quickly unless there are special circumstances or problems, and are a quicker and cheaper alternative compared to both court cases and settling disputes with greedy professional infringers.

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## JAPAN

### Catch-Phrase and Tag Line Trademark

*By Hisakata S. Omino - Matsubara, Muraki & Associates, P. C.*

The Japan Patent Office (the JPO) have tendency not to accept “catch-phrase” trademark. This is according to article 3, paragraph 1 (vi) (Any trademark to be used in connection with goods or services pertaining to the business of an applicant may be registered, unless the trademark: a trademark by which consumers are not able to recognize the goods or services as those pertaining to a business of a particular person).

A catch-phrase trademark is not regarded as recognition by consumer - the lack of distinctiveness. More specifically, it is simply understood as advertising of the company, if it is used in specified goods or services, it is not recognized as a brand for consumer to identify the goods or services. On the other hand, in recent days, “Tag line” trademark applications are increasing its number according to the JPO

database because quite a lot number of companies aggressively use its tag line trademark as indicated as place of origin. This seems to meet the requirements of the above article 3 since tag line indicates its PLACE OF ORIGIN in many circum-stances.

I think that the big difference between “catch-phrase” and “tag line” is phrasing. That is, whether the phrase is elevate buying inclination of consumer in concretely speaking - to more arouse, to more impact and to more differentiate. The “catch-phrase” is generally regarded as a brief phrase that indicates goods or services, which is not normally accepted by the JPO. Such tag line is accepted in recent days by the JPO as a trademark. For Example, “Inspire The Next” (Hitachi), “SHIFT\_the future” (Nissan) or “The Power of Dreams” (Honda). These tag lines are phrases to arouse impact or differentiate its goods or services for consumer by phrasing about the goods or services by the words which are not relevant to those. That is prominent.

To establish tag line as trademark right, there is a point on whether the words are simply regarded as phrases which are sales promotion or regarded as trademarks which can differentiate the place of origin.

First is whether the tag line contains neologism or trademark. It is very easy for consumers may differentiate goods or services since those are very distinctive. Second is whether the tag line is quality representation. It will becloud consumers for the designation which simply represent quality. Moreover, such tag line have tendency to be regarded as a simple advertising statement for sales promotion. Third is whether the tag line is prolixity. In such case, consumers have difficulty to differentiate goods or services by the tag line since there is adversity distinguish.

The above analysis fit into Japanese character tag line trademark applications. On another front, what about foreign language character tag line? The analysis is as follows.

1.Foreign languages (languages except Japanese) have tendency to be accepted by the JPO because the languages do not have facility to be understood by Japanese people, especially, languages except English (e.g. French, German, Italian or Spanish). Therefore,

words in such languages have much possibility as a mark.

2.If the words are longer or prolix, consumers have possibility differentiate place of origin. In this regard, however, the above matter are example of registration, I do not certify that such wording will be surely registered.

So, how does foreign applicant think “Catch-Phrase” and “Tag line”? As I said in the above, it is chaotic in the JPO trademark prosecution. There seems not be certain standards. Accordingly, if you adopt phrase(s) depicting place of origin, I recommend introducing a filing of trademark application. On that basis, in case the application is rejected, the company had better give a reaction particularly to the JPO.

#### The Recent Improvement of the Japanese Trademark Law

The JPO officially announced “The Aspect of Protection of the New Type Trademark”. The announcement says that movement, hologram, color, position and sound will be protected in revised Trademark Law. That is, on this occasion, only trademark which can be differentiated through a sense of vision may be protected. Aroma, texture and taste are shelved on the improvement.

In this regard, however, the announcement also says that “distinct-iveness of goods or services” should be established on extra. A provision of sound mark also should be established on extra since embodiment of use will be different from sense of vision thereof. Companies had better file new type trademark application to protect their brand(s) in an appropriate manner because not only traditional trademark (e.g. character or device) but also new type trademark shall shape its branding and protect. Meanwhile, this is for purpose to join the TPP or FTA rather than needs from companies. The Manual for Trademark Examining is now drafted, may be expected to be issued in 2015.The improvements of the Trademark Law are also expected to be in force by 2015.

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## Protection for Non-Traditional Trademarks in Japan

By *Atsushi Aoki, Nami Togawa, Yoshiki Tohyama - Seiwa Patent & Law*

### INTRODUCTION

A bill to amend the Japanese Trademark Law may be submitted to the ordinary session of the Diet in 2014<sup>1</sup>

One of the major points in the amendment bill is to introduce protection for non-traditional trademarks.

If the amended Trademark Law is enacted, we assume that many trademark applications for non-traditional trademarks may be rejected due to lack of distinctiveness of the filed mark, and therefore it would be necessary to claim and prove acquired distinctiveness of the mark for obtaining registration.

In this article, we would like to look at the issue on how applicants can appropriately obtain protection for non-traditional trademarks by claiming and proving acquired distinctiveness of the marks in light of recent practice regarding 3D trademark applications and case laws.

### Recent Trends of Protection Regarding 3D Trademarks

According to statistics issued by the Japan Patent Office (JPO), averagely around 45% of 3D trademark applications have successfully been registered since 1997 when the amendment of Japanese Trademark Law to introduce protection for 3D trademarks was enforced.

However, when we further studied the JPO's practice, we learned that the registrability of 3D trademarks seems to depend on the type or nature of 3D trademarks.

While 3D trademarks with distinguishable devices or words can easily be registered, 3D trademarks comprised of shapes of products or containers per se are difficult to register, unless it can be proved that 3D trademarks have obtained acquired distinctiveness through actual use.

### Regulations And Case-Laws Regarding Acquired Distinctiveness in Japan

#### (A) LAWS AND REGULATIONS

Pursuant to Article 3.2 of Japanese Trademark Law, relatively descriptive marks can be registered if applicants can demonstrate that Japanese consumers can associate the mark with a particular commercial origin or source.

In any evidence of such use, the mark should be identical to the filed mark, according to the JPO's examination guidelines which state that "Registration through the application of this paragraph is only acceptable when the trademark and the designated goods or designated services in an application are identical to those actually used."

The JPO strictly examines "identity of the trademark and the designated goods or designated services in an application and those actually used" in accordance with the guidelines, and a claim of acquired distinctiveness is only accepted if the trademark and the designated goods or services those actually used are identical. However, based on recent court precedents regarding acquired distinctiveness, the Court seems to have relaxed the requirements for "identity".

#### (B) CASE LAWS

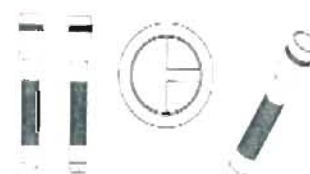
We will discuss recent court precedents which allowed trademark registration by "acquired distinctiveness".

The leading case regarding relaxed requirements for proving acquired distinctiveness is the "mag-lite case" for which a decision was rendered on June 27, 2007, by the Intellectual Property High Court.

The details of that case are as follows.

**[MAG-LITE CASE]**  
Case No. 2006 (Gyoke) 10555, I.P. High Court

1. Filed mark



**2. Designated goods**

Class 11: Flashlight

**3. Summary of decision**

The filed mark is not inherently distinctive. Although the used mark is slightly different from the filed mark since the used one includes the letters "MINI MAGLITE" while the filed mark consisted of only the 3D shape, those marks should be deemed as substantially identical and thus, the filed mark should be registered based on acquired distinctiveness.

**4. Consideration**

This court decision is remarkable in that it allowed a 3D shape per se to be registered as long as (1) the 3D shape itself is a substantial part of the filed and used mark, (2) the filed mark and the used mark are substantially identical, and (3) there has been extensive use of the filed mark in Japan.

After the above IP High Court case, some other court cases followed that decision, as follows:

【Gaultier Perfume Bottle Case】

Case No. 2010 (Gyo-ke) 10366, I.P. High Court:

**1. Filed mark****2. Designated goods**

Class 3: Beauty products (cosmetics), soaps, perfumery, cosmetics

**3. Summary of decision**

The filed mark is not inherently distinctive.

However, the filed mark has been used for more than 15 years and its unique shape helped achieve recognition with regard to the 3D mark per se. Therefore, the court accepted acquired distinctiveness of the filed mark.

1. This news was reported on January 19, 2014 by Japanese public broadcasting company, NHK.

**4. Consideration**

The interesting point of this decision is that the Judge allowed registrability regarding not only "perfume" but also other goods despite the fact that the applicant used the filed mark in connection with "perfume" only.

Therefore, this court decision relaxed the requirements for both aspects of "trademark" and "goods" being judged "identical".

**CONCLUSION**

Although it is not clear how these court decisions will affect JPO practice relating to interpretation of "identity", we consider this trend to be advantageous for applicants who wish to obtain protection for 3D trademarks and other relatively descriptive trademarks.

Especially regarding 3D trade-marks, we believe that the recent Court's approach (after the decision of mag-lite case) to judge distinctiveness of trademarks by focusing on characteristic and distinctive part in the mark will be helpful for applicants of 3D trademarks, considering that 3D shape of products per se, are often forced to be modified under technological innovation or actual trade conditions.

In the practical aspects, the above case laws will be helpful for possible applicants of non-traditional trademarks in planning the usage of such trademarks.

Therefore, the amendment of Japanese Trademark Law will be beneficial for companies which consider to use non-traditional trademarks to distinguish their goods or services. By obtaining protection for non-traditional trademarks, such companies can diversify their brand strategies and raise their brand values through utilizing unconventional brand messages.

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## Is a VIAGRA Three-Dimensional Trademark Registration Enforceable in Korea?

By *Ho Hyun Nahm - Barun IP Law*

Since the introduction of the three-dimensional trademark registration system in 1998, about 500 three-dimensional trademarks have been registered in Korea. It ranges from a packaging of various products, a shape of pharmaceutical tablet, an automobile shape, a figuration of doughnut, even to an airline stewardess' uniform. However, the question of whether such a three-dimensional trademark registration is enforceable against the products in the shape of a registered trademark has virtually remained unanswered thus far. The uncertainty lies especially in the area where the shape is the product as opposed to its packaging. In fact when I, on behalf of a US client, successfully obtained a three-dimensional trademark registration for a shape of doughnut even not on the basis of its secondary meaning, I had doubt that it would be able to prevent a third party from producing doughnuts in the shape similar to the registered three-dimensional mark.

Recently the Seoul High Court answered this question. It has found the trademark infringement and the constitution of an act of unfair competition in favor of an owner of a three-dimensional trademark registration (Seoul High Court 2013 NA 26816, October 17, 2013). As soon as the patent right for VIAGRA product expired in Korea, the Defendant began to produce and sell pharmaceutical products to treat erectile dysfunction or impotence in men in the shape of (a tablet device with letters "HM 50") and (a tablet device with letters "HM 100"). The Plaintiff Pfizer, Inc. brought an infringement suit against the Defendant's production on the ground of trademark infringement on their three-dimensional trademark registration for the figuration of and constituting an act of unfair competition (act of causing confusion as to the source of the goods of well known mark in Korea) under the Unfair Competition Prevention and Trade Secret Protection Act (UCPTA). The first instance court dismissed the complaints by



denying both the trademark infringement and the violation of UCPTA. The court has reasoned that the shape and color of the Defendant's products are not deemed as constituting the use of the trademark. Even if it were considered as being the use of the trademark, the trademark right of the Plaintiff would not extend to the Defendant's products as the shape and color of the products concerned are functional. The shape and color of the Defendant's products are not recognized as being a source indicator of goods in that the shape and color of the Plaintiff lack distinctive character and that the Complainant's products were exposed in



combination with the word mark 'Pfizer.' In addition, there is no likelihood of confusion in the trade among pharmaceutical experts who are rarely confused on the pharmaceutical products, and thus it does not constitute an act of unfair competition. However, the Seoul High Court overturned the lower court's decision by finding both the trademark infringement and the act of unfair competition.

### Finding trademark infringement:

The Seoul High court found that in light of the various factors below, the Defendant is deemed as having used the shape and color of products at issue as trademark not just as design.



1) The three-dimensional trademark of the Plaintiff has distinctive character by combining a diamond device and blue-based color. On the front and back of the Plaintiff's products appear 'PalPalTab' and its Korean phonetic equivalent as well as the Defendant's trademark and on the inner packaging the Korean phonetic



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equivalent of ‘PalPalTab’ and its trade name are repeatedly printed. However, consumers take medicine tablet by tablet after removing the packaging and sometimes they are often traded in tablets without description. Furthermore, the front packaging is transparent, and thus the shape and color are easily visible.

ii) The Plaintiff’s three-dimensional trademark is prominently well known.

iii) The Defendant’s intention and use in bad faith: a) the defendant launched its products at issue as soon as the patent of the Plaintiff expired, b) notwithstanding the fact that the Defendant was open to choose many other shapes and colors than those of the Plaintiff, it adopted the shape and color similar to those of the Plaintiff, c) a person accustomed to a specific type of medicine would have a sense of adverse-feeling to a medicine of different shape and color, d) it is presumed for the Defendant to have intent to free-ride on the Plaintiff’s goodwill in terms of safety and effect of the products accumulated for a long period of time, e) the diamond-shape device with blue-based color of the Plaintiff’s mark is eye-capturing distinctive while the letters on the Defendant’s products such as the Korean phonetic equivalent of ‘PalPalTab’, “HM”, etc. are not seen well, and thus the shape and color of the Defendant’s products are considered as indicating the source of the products, and thus considered as the use of trademark notwithstanding the existence of the letters on the Defendant’s products.

### Finding of act of unfair competition

The shape of the Plaintiff’s products has distinctive characters as designs, and its distinctive character is recognized as prominently indicative enough to link general consumers or traders to the Plaintiff’s products, and thus it is found that it has sufficient distinctiveness for consumers to recognize the Plaintiff’s products at a glance. We cannot say that there is no likelihood of confusion simply because the products are traded among pharmaceutical experts. In fact, the survey to which pharmacists responded shows actual confusion to the considerable degree.

Although the case has yet to reach the Supreme Court’s judgment, the reasoning of the High Court for finding the trademark infringement and an act of unfair competition (act of causing confusion in relation to another person’s well known mark in Korea) under UCPTA is noteworthy and can be a guidance and test for the enforceability of three-dimensional trademark registrations. As the author is of the view that the Seoul High Court Decision is green light for the enforceability of three-dimensional trademark registrations, it is encouraged for the clients to obtain more three-dimensional trademark registrations thereby securing protection of shape of products even after the lapse of patent or design rights in Korea.

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## POLAND

### “If at first you do not succeed”- Differences between Polish and European Opposition Procedure

*By Michal Maracewicz - Polservice Patent & Trademark Attorneys Office*

You have just lost the opposition case. You feel that if only you had one more chance of convincing the Patent Office that trade marks are confusingly similar, you would definitely succeed. If only it was possible to travel back in time and file that opposition again. Well, it is possible in Poland. Sort of.

In the European Union, third parties who believe a Community Trade Mark should not

be registered, because it would conflict with an earlier right, may challenge the CTM application.

An opposition can be filed within three months after a trade mark application has been published. Simultaneously, it is possible to object the application based on absolute grounds through the means of the so called

“observations”. While filing an opposition results in inter partes proceedings, the person making the observations does not become a party to the proceedings.

The Polish procedure seems similar at first sight, but with several significant differences. Many companies not accustomed with Polish trade mark law peculiarities are not aware of these differences. First of all, the opposition procedure in Poland is comprised of two stages. It is possible to object both application and registration of a trade mark. The communication filed at the first stage is called “observations”, just like in the CTM system, it is free of charge and does not result in inter partes proceedings. However, contrary to the European procedure, it may be based not only on absolute grounds, but also on a conflict with an earlier right. Further, there is no official deadline for filing the observations. They can be filed throughout the registration proceedings, until the decision on the registration, which under normal circumstances is issued not sooner than after 6 months from publication of the application.

The second stage of the procedure is called “opposition” and it is almost identical to its European counterpart. The only significant difference is that it happens after the examination period ends and when the trade mark is successfully registered. The time limit for filing the opposition is 6 months from publication of a registered trade mark. If the opposing party succeeds, the Polish Patent Office cancels the decision on the registration. If the owner of the trade mark does not reply to the opposition, the decision is cancelled without subsequent inter partes proceedings.

These procedural differences may cause both unpleasant surprises and missed opportunities for unaware foreign companies. Firstly, one may expect that receipt of registration decision means that nobody opposed the trade mark and consequently ones right to the designation is relatively strong and secured. As has been explained above, this notion is very far from the truth. On the date of the registration decision the opposition period has not even started. After adding a period of waiting for publication to the six-month opposition period it becomes clear that in

Poland the opposition period ends approximately one year after the decision on registration.

Further, we have observed that big number of our foreign clients who rely on major international providers of watching services for their Polish market trade mark monitoring missed many opportunities. The problem is that they are notified only of published registrations, which of course secures the possibility of filing an opposition and taking part in a long and expensive procedure, with a further possibility of appeal to the administrative courts. What is missed here, however, is the very first step of the objection proceedings, which gives the possibility of filing observations to the application. These observations which are easy to file, free of charge and give one more opportunity of convincing the Polish Patent Office that a particular designation should not be protected as a trade mark. Of course, chances for success in opposition proceedings are much higher, compared to filing of an observation letter. The reason is the opposition proceedings are inter partes proceedings and the erroneous decisions of the Polish Patent Office can be appealed in the administrative court. Still, as was said before, filing of observations is free of charge, so why not use this possibility, if it is readily available?

If you learned of the possibility of filing observations based on earlier rights in Poland, you may ask what are my recommendations. Well, real time travel is not an option yet; therefore, for the time being it is essential to make sure your watching service covers not only registered trade marks that are published in the official monthly gazette named “Wiadomosci Urzedu Patentowego”, but also trade mark applications published in the bi-weekly bulletin named “Biuletyn Urzedu Patentowego”. If your watching service provider does not cover application monitoring you may ask them to upgrade their offer, or try to find a firm that will gladly fill this gap. It will increase your chances that you will never again miss out on the first step of the objection proceedings in Poland, so no time travel will be necessary in the future.

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## Intervening in an Opposition Action is not Limited to the Prescribed Time period (three months from the day following the Date of Publication of Registration) of Opposition.

*By TIPO Newsletter - JAW-HWA IP & Trademark & Law Offices*

According to Article 23 of Administrative Procedure Act, where the conduct of a procedure will affect the right or legal interest of a third person, the administrative authority may ex officio or upon application give such person a notice of intervention into the procedure as a party thereto.

In addition, Article 6 (11) of Trademark Government Fee Standards stipulates that for an application to intervene in an opposition, invalidation or revocation action, NT\$2,000 per supplication.

Although the Trademark Act does not explicitly stipulate about the intervention in an opposition, the acts that TIPO receives, examines and makes a decision for an opposition application belong to an administrative disposition rendered by administrative authorities. In order to protect third person's rights, and reach the purpose of

solving the problem at a time in the administrative procedure, where the conduct of a procedure will affect the right or legal interest of a third person, the administrative authority may ex officio or upon application, based on Article 23 of Administrative Procedure Act, give such person a notice of intervention into the procedure as a party thereto. Furthermore, the regulations in Administrative Procedure Act shall be applied from the beginning to the end of an administrative procedure. According to the Trademark Act, an opposition action starts when the opponent files an opposition up to TIPO and ends on the day when the disposition of the opposition is served to both parties. Thus, during the administrative procedure, any third person may file an application to intervene an opposition action. In addition, since the opposition to be intervened has been brought to TIPO, the intervention thereto is not to initiate an opposition, so it should not be limited to the prescribed time period of opposition.

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## How the Well-Known Trademarks are Protected in Taiwan, when a Third Person files for Registering a Similar Mark Designated Using in Different Goods or Services

*By Ben Hsieh - Mission International Patent & Trademark Office*

**I. During registrability examination of trademark applications:**

**A. Case examples:**

On April 24, 2008, a natural person filed "Just 讀 it!" (A word mark, where the Chinese character "讀" means "read", and pronounces as "do" in English, and its designated goods are "Gummed papers; adhesive tapes; plastic book covers; binders for office use; book shelves; bulletins made of paper, car board, and cork; adhesive labels; adhesive notepads; book binding materials; stickers; books; magazines; pictures; photos, printed matters" in Int'l Class 16

related to stationery articles. Through the registrability examination by Taiwan Intellectual Property Office (hereinafter referred as "TIPO"), the trademark application has been granted, and registered as Registration No. 1346434, and published on Taiwan Trademark Gazette on January 16, 2009.

It should be noted that "JUST DO IT" is the trademark of U.S. NIKE INTERNATIONAL LTD (hereinafter referred as "NIKE") using worldwide on "shoes, clothing, caps...ect." from 1989, and has been recognized as well-known trademark in some other cases in Taiwan.

From this fact that the above-mentioned trademark application “Just 讀 it !” was granted by TIPO, it may be inferred that the Examiner of TIPO must have the following thoughts:

1. “JUST DO IT” was not regarded high degree well-known, and only famous on the goods of “shoes, clothing, and caps”.
2. The mark “Just 讀 it !” being translated as “Just Read it” was not similar to “JUST DO IT”.
3. The designated goods of “Just 讀 it !” to be used are belonged to stationery articles and not similar to “shoes, clothing, or caps” that the mark “JUST DO IT” are used.
4. “Just 讀 it !” using on stationery articles will not cause confusion on the origin of the products by the relevant consumers.

## II. During Opposition Proceeding:

### B: Case examples:

On April 15, 2009, within three months public notice period, NIKE filed an opposition against the registration No.1346434 “Just 讀 it !” with TIPO, asserting that the opposed trademark in issue violated Article 23-1-12 of Trademark Act. Pursuant to the Article 23-1-12 “A trademark shall not be registered if it is identical or similar to another’s well-known trademark, and there exists a likelihood of confusion on the relevant public or a likelihood of dilution of the distinctiveness or reducing the reputation of the said well-know trademark”.

The term “well-known” as prescribed in the Trademark Act refers to the circumstance where there is objective proof of a sign capable of being commonly recognized by the relevant enterprises or consumers, according to the interpretation of Enforcement Rule of Trademark Act.

And said “A likelihood of dilution of the distinctiveness or reducing the reputation of a well-known trademark” means “ A trademark uses the distinctiveness of a well-known trademark by unfair method or improper utilization and causes the value of the well-known trademark decreased, or by Free-Ride taking advantage of the reputation of the well-known trademark without effort.

Responding to the opposition, the applicant of the trademark “Just 讀 it !” did not file any counter statement. On October 26,

2009, six months from the petition date of opposition, TIPO completed the examination of opposition and issued a Decision of Opposition annulling the opposed trademark.

We would like to study and report herein the reasons how the Examiner in opposition proceeding made the Decision. The following factors have been considered during the examination of opposition, which were indicated in the Decision of Opposition.

### 1. Whether the based trademark for opposition (or invalidation) is a well-known trademark?

It is found that in other cases, NIKE’s trademark “JUST DO IT” has been recognized as a well-known trademark. There exists objective proof that the trademark capable of being commonly recognized by the relevant consumers. In this case, “JUST DO IT” has been once more confirmed as “well-known”.

### 2. Is the opposed trademark “Just 讀 it !” similar to NIKE’s “JUST DO IT”?

The Examiner indicated since the opposed trademark is pronounced like “JUST DO IT”, there exists a likelihood of confusion on the relevant public when the marks spoken in trading, and thus they are similar.

### 3. If the distinctiveness of the well-known trademark is strong?

In fact, no matter the distinctiveness of a well-known trademark is inherently existed or acquired by actual use, it can be the subject of protection from being diluted by Trademark Act. Ever since 1989, the based trademark “JUST DO IT” was used widely around the world, and after years of use and advertisement, it has obtained strong distinctiveness without question.

### 4. Is there any similar trademarks being used in other not similar goods/services?

After search, there is no any other trademark similar to “JUST DO IT” being used for not similar goods/services by any third party

### 5. If the using of opposed trademark exists likelihood of dilution of the distinctiveness



and or reducing reputation of the well-known trademark “JUST DO IT”?

After considering the above factors, the Examiner of TIPO decided that the using of the opposed trademark is unfairly taking advantage of the reputation of the well-known trademark “JUST DO IT”, having the situation of “Free Ride”.

**6. On the other side, the opponent did not file any counterstatement to the opposition.**

### III. Conclusion

In general, the well-known trademarks in the foreign countries around the world will be easily accepted and recognized as well-known trademarks in Taiwan and obtain a certain extent of protection. Still, well-known trademarks have different level of fame. For those high degree well-known trademarks, such as COCA COLA or McDonald, any similar trademark applications even designated for using on not similar goods/services will still not

be granted for registration. For those not high degree well-known trademarks, some similar trademarks for not similar goods/services may have a chance of being registered. However, if any similar trademarks to a well-known trademark were filed and granted for registration, during the opposition period, if the owner of the well-known trademark files an opposition or invalidation within 5 years, based on the past experience and cases, TIPO tends to make a decision in favor of the owner of the well-known trademarks and to annul the opposed trademark.

Therefore, the owners of the well-known trademarks need to be diligent to watch the publication of Trademark Gazette, and file opposition or invalidation within 5 years against any granted similar marks in order to prevent the dilution of the distinctiveness of their well-know trade-marks.

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## UNITED KINGDOM

### When will a Hashtag Infringe a Trade mark?

*By Robert Cumming - Appleyard Lees European Patent and Trademark Attorneys*

In May 2013, the English High Court held in *Interflora v M&S*<sup>1</sup> that the British retailer infringed the world-famous florist’s trade marks by bidding on them through Google’s AdWords program. That has serious implications for the use of competitors’ brands online, including as hashtags on Twitter.

In reaching its decision in *Interflora*, the judge followed guidance from the Court of Justice of the European Union (ECJ) given in a series of decisions beginning with *Google France*<sup>2</sup>. At its core, the judgment explored the outer limits of when use of a trade mark is justified in the interests of promoting fair competition and when it oversteps the line.

What is perhaps more interesting is that the court held that a failure by the defendant to “negatively match” *Interflora*’s trade marks could also constitute infringement. In other words, even where M&S did not bid on the

protected terms or use them in its advertisements it might be liable.

The retailer understandably argued that it should not be liable in those circumstances because it did not “use” the trade marks. However, the judge dismissed this. His reasoning was that, if M&S did not negatively match, then searches for “*Interflora*” in combination with “flower” and “delivery” might still lead to an M&S advertisement being displayed. Given the factual circumstances, including consumers’ perception of the parties’ businesses, there was a reasonable likelihood that that might lead to confusion as to the origin of the advertisement.

It was therefore held that the retailer did: *...”use” the sign, albeit in a less direct way. What M & S is doing has the object and effect that a search by a consumer for “interflora” results in the display of M & S’s advertisement.*



*Thus the SERP [Search Engine Results Page] will contain both the sign "interflora" and M & S's advertisement. In my judgment it is immaterial that this is achieved by a technical means which does not involve M & S selecting "interflora" itself as a keyword.*

## Do you see what I see?

Suddenly, seen through the prism of this decision, the use of trade marks in other forms of online media is brought into sharp focus. It seems a natural extension to consider the use, for instance, of hashtags on the social networking site Twitter. When would that constitute trade mark infringement?

The hashtag #, or octothorpe depending on your etymological preference<sup>3</sup>, is commonly used on social media to group discussions according to their topic. For example, tweets which include #iplaw allow users to quickly filter posts about IP law. But what about when lawyers use the hashtag #INTA14? Could that ever entitle the International Trademarks Association to bring an action for infringement?

In the European Union, the cumulative test for trade mark infringement of an identical sign is taken from Harmonisation Directive 89/104 (and carefully sculpted by the ECJ over the years):

*Article 5(1)(a) ...the proprietor of a trade mark is entitled to prohibit a third party from using, without the proprietor's consent, a sign identical with that trade mark when that use is in the course of trade, is in relation to goods or services which are identical with, or similar to, those for which that trade mark is registered, and affects, or is liable to affect, the functions of the trade mark, in particular the essential function of indicating origin.*

As to when the origin function is adversely affected, an advertisement will infringe if it does not:

*"enable normally informed and reasonably attentive internet users, or enables them only with difficulty to ascertain whether the goods*

*or services referred to by the advertisement originate from the proprietor of the trade mark... or on the contrary, originate from [an unconnected] third party" (Google France).*

Basically, if consumers will interpret the advertisement as indicating that there is an economic link between the owner of the trade mark and the advertiser, or it is unclear whether there is such a connection, then it will infringe. This obviously depends on the nature of the goods or services, their target demographic, the parties' businesses as well as the manner in which the advertisement is displayed. That perception will also change over time, potentially very quickly.

In the context of the #INTA14 hashtag used by trade mark attorneys and their firms on Twitter, we have an identical sign, used in the course of trade, in relation to identical or similar services. Leaving aside for a moment whether the use is implicitly authorised, the key question is whether the average consumer will readily interpret the use of #INTA14 as originating from the International Trademarks Association, an economically-linked entity or an unconnected third party.

In most circumstances the origin of the commercial message will be clear. Where it is not, the tweeter will need to argue that the hashtag is used with the owner's consent or, failing that, that the tweet is "with due cause" and justified because it is descriptive of the topic (though it surely can't do any harm for the sender to ensure their INTA membership fees are fully paid up).

## So where does that leave us?

In a world where an innocent tweet can "go viral" in minutes, businesses using competitors' trade marks tread a delicate tightrope between capturing the zeitgeist and straying into infringement. The rewards are potentially large but if the origin of the commercial message is unclear, so too will be the repercussions.

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1. *Interflora Inc v Marks and Spencer plc* [2013] EWHC 1291 (Ch)  
2. *LVMH v Google France, Joined Cases C-236/08 to C-238/08*  
3. <http://en.wiktionary.org/wiki/octothorpe>

## Ninth Circuit (Finally) Rejects Presumption of Irreparable Harm in Trademark Preliminary Injunction Context

By *Susan L. Heller and Nina D. Boyajian - Greenberg Traurig LLP*

Until recently, the legal standard a trademark plaintiff in the Ninth Circuit had to satisfy in order to obtain a preliminary injunction was unclear. In *Herb Reed Enters., LLC v. Fla. Entm't Mgmt.*, 736 F.3d 1239 (9th Cir. 2013), however, the Ninth Circuit clarified that legal standard and joined other circuits in ruling that trademark owners no longer enjoy a presumption of irreparable harm when seeking a preliminary injunction.

Trademark plaintiffs in the Ninth Circuit long-relied on the principle that once they demonstrated a likelihood of success on the merits of their infringement claims, they would enjoy a presumption of irreparable harm. See, e.g., *Brookfield Communs., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999). This presumption of irreparable harm first came into question with the *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) decision (no presumption of harm in the patent permanent injunction context), and then again with the *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7 (2008) decision (requiring that a plaintiff establish that it will actually suffer irreparable harm absent a preliminary injunction).

While the Ninth Circuit had already applied the rulings in *eBay* and *Winter* to reject the presumption of irreparable harm in obtaining a preliminary injunction in a copyright case (*Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*, 654 F.3d 989 (9th Cir. 2011)), and in obtaining a permanent injunction in a trademark case (*Reno Air Racing Ass'n, Inc. v. McCord*, 452 F.3d 1126, 1137-38 (9th Cir. 2006)), it appeared reluctant to do so in the trademark preliminary injunction context. Its opinion in the *Herb Reed Enterprises, LLC v. Florida Entertainment Management* case has now affirmatively done just that.

*Herb Reed Enterprises* involved trademark rights to the "The Platters," the name of the 1950's music group. The band broke-up in the 1960's, but each member continued to perform under some variation of the name "The Platters." As a result, litigation

ensued, and there have been multiple legal disputes among the original members and their current and former managers over ownership of "The Platters" mark. In the underlying dispute, plaintiff obtained a preliminary injunction barring use of the name "The Platters" in connection with any vocal group, and the defendants appealed.

The Ninth Circuit affirmed the district court's holding that plaintiff demonstrated a likelihood of success on the merits, but after reviewing the precedents of *eBay*, *Winter*, *Flexible Lifeline Systems*, and *Reno Air*, held that the district court abused its discretion in finding irreparable harm because the "imposition of the irreparable harm requirement for a permanent injunction in a trademark case applies with equal force in the preliminary injunction context." *Herb Reed Enters., LLC*, 736 F. 3d at 1249.

The Ninth Circuit held that while the district court correctly recognized that *Winter* requires a plaintiff to establish that it will actually suffer irreparable harm absent a preliminary injunction, it nonetheless issued a preliminary injunction without first making the requisite factual findings. The Ninth Circuit held that doing so was an abuse of discretion because it had "the practical effect" of revising "the now rejected presumption of irreparable harm based solely on a strong case of trademark infringement." *Herb Reed Enters., LLC*, 736 F. 3d at 1250.

It is noteworthy that although the district court specifically considered plaintiff's arguments regarding "loss of control over business reputation and damage to goodwill" - and the Ninth Circuit acknowledged that evidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm - the Ninth Circuit nonetheless held that the district "court's pronouncements [were] grounded in platitudes rather than evidence." *Herb Reed Enters., LLC*, 736 F. 3d at 1250. The Ninth Circuit even rejected the evidence of actual confusion that plaintiff submitted in support of irreparable harm. *Herb Reed*

*Enters., LLC, 736 F. 3d at 1250.* In doing so, the court diminished the value of one of the most powerful pieces of evidence a trademark plaintiff may have in demonstrating damage to goodwill.

“Gone are the days when ‘[o]nce the plaintiff in an infringement action has established a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief does not issue.’” *Herb Reed Enters., LLC, 736 F. 3d at 1250*, quoting *Rodeo Collection, Ltd. v. W. Seventh, 812 F.2d 1215, 1220 (9th Cir. 1987)* (citing *Apple Computer, Inc. v. Formula International Inc., 725 F.2d 521, 526 (9th Cir. 1984)*). According to the court in *Herb Reed Enterprises*, “[t]his approach collapses the likelihood of success and the irreparable harm

factors.” *Herb Reed Enters., LLC, 736 F. 3d at 1251.*

Based on the standard set forth in *Herb Reed Enterprises*, a trademark plaintiff seeking a preliminary injunction will now have to submit concrete and ample evidence of the irreparable harm and damage to goodwill it claims it will suffer in the absence of a preliminary injunction, or risk that the district court will deny the preliminary injunction - or that the Ninth Circuit will reverse the district court based on its holding in *Herb Reed Enterprises*. By contrast, trademark defendants now have a new arsenal of arguments to make in opposing a preliminary injunction - attacking plaintiff’s evidence of irreparable harm as insufficient or speculative.

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## Many Foreign Filings at Risk in U.S.

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Many non-U.S. trademark owners file U.S. trademark applications based on Section 44(d), Section 44(e) or Section 66(a) of the Trademark Act, relying on a home-country application or registration or international registration rather than actual use of the mark in the U.S. Section 44(d) requires an applicant claiming priority from a foreign application to include a statement that the applicant has a bona fide intent to use the mark in U.S. commerce. Section 44(e) requires an applicant relying on its foreign trademark registration to include a similar statement at the time of filing. Similarly, Section 66 requires an applicant seeking to extend protection of an international registration to the U.S. to declare its bona fide intention to use the mark in commerce in the U.S.

A U.S. registration that issues from an “intent-to-use” application is vulnerable to at least partial cancellation in the event the applicant lacked such bona fide intent at the time of filing. The U.S. registration may be cancelled for all goods for which the applicant had no bona fide intention to use the mark in

U.S. commerce at the time the application was filed. This is often a problem when a U.S. registration includes a long list of goods and/or services, imported from a non-U.S. application or registration, for which the mark has never been used anywhere. If the validity of such a registration is challenged, the registrant may find it difficult to establish that the requisite bona fide intent existed at the time of filing for all goods listed in the registration.

At least one court has found that if a registrant has no documentary evidence of intended use, no marketing or promotional materials, and no marketing plans, dating from the time when the application was filed, the burden shifts to the registrant to prove there was bona fide intent. In another case, the Trademark Trial and Appeal Board found that an applicant’s lack of documentary evidence of active steps toward use of the mark outweighed the applicant’s subjective statements to the contrary. *L’Oreal S.A. v. Marcon, 102 USPQ2d 1434 (T.T.A.B. 2012)*. See also *PRL USA Holdings v. Rich Young, 91206799 (T.T.A.B. Oct. 13, 2013)* (non- precedential, but granting summary

judgment refusing registration and holding that “[b]ecause there is no documentary evidence of applicant’s bona fide intent to use applicant’s mark in commerce ... at the time he filed his application, and applicant has not come forth with any evidence to explain his lack of documentary evidence, the Board cannot conclude that applicant had a *bona fide* intent to use his mark at the time of filing ....”).

Some courts and scholars have suggested that if bona fide intent is lacking for some of the goods or services, the entire registration is vulnerable to cancellation. This raises the stakes even higher for non-U.S. applicants relying on home-country applications or registrations reciting class-wide lists of goods and services.

In summary, applications relying on Sections 44(d), 44(e), or 66(a), especially those relying on foreign applications/ registrations

having a long list of goods or services for which no use of the mark has been made anywhere, are likely to produce registrations that are vulnerable to cancellation in whole or in part. Applicants would do well to preserve any evidence of bona fide intent that exists at the time of filing and, if existing documentation is lacking, document any bona fide intent which does exist at the time of filing. Applicants also may wish to consider submitting a more realistic list of goods/services at the time of filing, even for applications filed under Sections 44(d), 44(e), and 66(a). At the very least, it is essential to carefully review U.S. registrations based on Sections 44(d), 44(e) or Section 66(a) when it is time to file a Section 8 Declaration of Use and delete any goods and services which are not then being offered for sale under the mark.

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## USPTO Rules Regarding Demonstration of Use of Trademarks- One Specimen May Not be Enough

*By Gregory S. William - Danielson Legal LLC*

Of all provisions of U.S. trademark law, perhaps none creates so many questions for foreign applicants and attorneys as the requirement that, except in limited circumstances, a mark must be “used in commerce.” Applicants must demonstrate that a mark is used in U.S. commerce in connection with all of the applied-for goods and/or services before a mark can be registered, and proof of continued use is required to maintain and renew a registration. Although all goods/services must be in use, historically, the USPTO has only required one example (“specimen”) of the mark in use per class. Certain regulatory changes, however, have suggested increased scrutiny of this practice, both for pending applications and registrations, which both attorneys and their clients should be cognizant of when addressing U.S. trademark strategy.

### Background

On June 21, 2012, the USPTO issued a Final Rule, making several changes to the Trademark Rules of Practice (37 C.F.R. pt. 2) and the Rules of Practice for Filings Pursuant to the Madrid Protocol (37 C.F.R. pt. 7) (collectively, the “Trademark Rules”). Changes in Requirements for Specimens and for Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases, 77 Fed. Reg. 30,197 (May 22, 2012) (to be codified at 37 C.F.R. pts. 2, 7). The main purposes of this rule were to (i) amend the Trademark Rules to codify the authority of the USPTO to require more than one specimen of use in pending applications, as reasonably necessary to conduct proper examination; (ii) to allow the USPTO to, at its discretion, require information, exhibits, affidavits or declarations, and such additional specimens, as may be reasonably necessary to the proper examination of the affidavit or

declaration [under Sections 8 or 71 of the Trademark Act]; and (iii) establish a two-year pilot program “for the Office to assess the accuracy and integrity of the register,” by allowing the USPTO to request such additional documentation in post-registration filings, for approximately 500 registrations. As of the date of this article, USPTO sources confirm that all 500 registrations for the pilot program (which ends in June 2014) have been selected and the owners notified.

### Why the Changes are Important

In many instances, the changes described above do nothing more than codify implicit USPTO authority and existing practice. For example, prior to the Final Rule, the USPTO could ask for “information or exhibits necessary to examination,” which was construed to include requesting additional specimens and/or declarations/affidavits. To the extent that the Final Rule may indicate increased USPTO scrutiny of evidence of use, however, the changes are particularly important for foreign registrants, whose registrations may contain long lists of goods/services. The results of the pilot program may very well play a role in the USPTO’s direction in this area, particularly if

the results indicate that certain types of registrations are more likely than others to contain goods/services that are not actually in use with the mark.

If a U.S. registration relies on registration abroad or the Madrid Protocol as the basis for registration, and thus is not required to demonstrate use of the mark as a prerequisite to registration, careful attention must be paid to the identification of goods/services as the deadlines approach for filing a Declaration of Continued Use at six and ten years post-registration. While it has always been the case that a mark must be in use with all of the mark as a prerequisite to registration, careful attention must be paid to the identification of goods/services as the deadlines approach for filing a Declaration of Continued Use at six and ten years post-registration. While it has always been the case that a mark must be in use with all of the goods/services identified in the Declaration, Registrants and their attorneys would be well-advised to ensure that evidence of use with each good/service is collected and periodically updated, in the event the USPTO requires such additional evidence.

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## Trademark Protection and College Athletics

*By Ephraim Alajaji and Cassandra L. Wilkinson - Johnson & Kachigian, P. C.*

Sports can have an amazing impact. They can unite schools, cities, states, and nations, impacting not only the players and fans, but the community through the economy, clothing stores, restaurants and bars, tourism, or even enrollment at the local university. With the amount of potential earnings to be made, the sports world looks to trademarks to protect their rights, products, and players.

Just like in any business, schools and owners seek to protect their trade. The most valuable asset to a sports organization or school is often its logo or emblem--the symbol on uniforms, t-shirts, and apparel. Trademarks are the best way for these universities and organizations to protect their rights, products, and potential earnings.

In the United States, in order to gain ownership rights, the university or organization must be the first to use a particular mark as a source identifier for goods or services.<sup>1</sup> The trademark allows consumers to identify and distinguish the owner’s unique goods or services from those of others in the particular industry. A trademark owner may also federally register the mark for additional rights beyond those granted by the common law.<sup>2</sup>

After five years of continuous, exclusive use, a trademark registration may become incontestable.<sup>3</sup> A trademark owner may renew the registration every ten years in order to maintain exclusive rights to the mark for his or her products and services.<sup>4</sup> More than two hundred colleges and universities across the United States are members of the Coalition to

Advance the Protection of Sports Logos, a group founded in 1992 by numerous leagues, including the National Collegiate Athletic Association (“NCAA”).<sup>5</sup> The organization has successfully maintained authenticity in their brands “by making available to law enforcement and other interested persons the tools to authenticate licensed vs. unauthorized products.”<sup>6</sup>

Teams and universities are not the only ones protecting their symbols. Athletes themselves have been registering as trademarks certain unique symbols or slogans to protect their image or identity. For example, Heisman Trophy winner Johnny Manziel submitted a trademark application for his signature nickname, JOHNNY FOOTBALL.<sup>7</sup> NBA player Anthony Davis filed applications for several marks referencing his famous unibrow, including RAISE THE BROW, FEARTHE BROW, and BROW DOWN, as well as marks referencing his name and number, ANTHONY DAVIS and AD23.<sup>8</sup> With rising fame, many athletes see the potential for profit through their unique brand.

Recently, the NCAA and some of the athletes playing for their member schools have been involved in certain lawsuits involving the NCAA’s rule prohibiting payments to collegiate athletes.<sup>9</sup> While college athletics provide an economic boost for most major universities, athletes themselves cannot profit from their brand. As schools benefit from tickets, jerseys and other apparel sales (the University of Texas sold over \$8.4 million worth of apparel in 2012<sup>10</sup>), and even likeness rights sold to video game services, many athletes seeing the potential economic benefit have taken steps to protect their brand as college athletics continues to be more profitable, specifically in football (during the 2012-2013 season, the University of Oklahoma had a net sports-related revenue of over \$123 million, nearly \$70 million of which was attributable to football<sup>11</sup>). In one such case, Johnny Manziel filed a lawsuit in the

United States District Court for the Eastern District of Texas on February 15, 2013 against Eric Vaughn for selling shirts bearing the phrase, “Keep Calm and Johnny Football.”<sup>12</sup> Typically, a trademark case would not gather much notice, but the case highlighted a possible legal loophole: because Manziel was a high profile collegiate athlete, he was barred from profiting off of his image or likeness; the NCAA determined, however, that a student athlete can “keep financial earnings as a result of legal action.”<sup>13</sup> The case was recently settled out of court.<sup>14</sup>

A now-settled class action lawsuit brought about by former UCLA basketball player Ed O’ Bannon highlights another potential issue involving the NCAA.<sup>15</sup> The major issue involved the licensing rights by the NCAA and the Collegiate Licensing Company to video game manufacturer EA SPORTS, which has developed college football and basketball games since 1993. While these video games do not specifically name players, the games aim to create a sense of reality. Athlete avatars correspond with their real life counterparts, including height, weight, jersey number, and hometown. EA SPORTS was not involved in the lawsuit but the NCAA announced that it has cut ties with the video game manufacturer due to the potential impact of this lawsuit, making NCAA 14, which sold 549,216 copies in two weeks, the last game under that brand.<sup>16</sup> The NCAA is looking at possible restructuring based on these intellectual property cases, making trademark and license rights all the more relevant to the individual.

These issues may have a significant impact on the NCAA, as illustrated by the NCAA’s dissociation from EA SPORTS. The next few years may see a revolution in the world of college athletics and the NCAA and should be closely examined by the intellectual property community.

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## “Charbucks” is not a Blurring Trademark Dilution of “Starbucks”

By Judith L Grubner - Arnstein & Lehr LLP

In 2001, Starbucks Corporation, prominent global purveyor of specialty coffee, brought an action for trademark dilution by blurring against Wolfe’s Borough Coffee, Inc., doing business as Black Bear Micro Roastery, to enjoin Black Bear’s use of “Mister Charbucks,” “Mr. Charbucks,” and “Charbucks Blend.” Black Bear manufactures and sells roasted coffee beans.

After a trial in 2005, the United States District Court for the Southern District of New York concluded that the Charbucks Marks were not likely to dilute Starbucks’ famous Starbucks Marks. Starbucks twice appealed rulings of the District Court to the United States Court of Appeals for the Second Circuit. *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 477 F.3d 765 (2d Cir. 2007) (“Starbucks I”); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009) (“Starbucks II”).

In 2005, Starbucks operated 8,700 retail locations worldwide, had revenues in excess of \$5 billion, and had registered over 50 United States trademark registrations. From 2000-2003, Starbucks spent over \$136 million advertising and promoting its Starbucks Marks. The Starbucks Marks were “famous” within the meaning of the Federal Trademark Dilution Act (15 U.S.C. § 1125(c)(2)(A)) long before Black Bear started using its Charbucks Marks.

Black Bear was aware of the Starbucks Marks in 1997, when it developed Charbucks Blend. One reason Black Bear used the term “Charbucks” was the public perception that Starbucks roasted its beans very darkly. Soon after Black Bear began selling Charbucks Blend, Starbucks demanded that it stop, bringing suit when Black Bear refused.

At trial, Starbucks relied on the results of a consumer telephone survey in which 30.5% of the participants responded “Starbucks” when asked “What is the first thing that comes to your mind when you hear the name ‘Charbucks?’” The District Court held that there was neither actual dilution (required at

the time under the federal dilution statute) nor a likelihood of confusion (required under the New York state dilution statute). Starbucks appealed and, while that appeal was pending, Congress amended the dilution statute to require only a likelihood of dilution rather than actual dilution. The amendments also defined “dilution by blurring” as an “association arising from the similarity between a mark or trade name and a mark that impairs the distinctiveness of the famous mark.” 15 U.S.C. § 1125(c)(2)(B).

Under the federal dilution statute, a court must consider all relevant factors, including (1) the degree of similarity between the mark and the famous mark, (2) the degree of inherent or acquired distinctiveness of the famous mark, (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, (4) the degree of recognition of the famous mark, (5) whether the user of the mark intended to create an association with the famous mark, and (6) any actual association between the mark and the famous mark. Because of the change in the law, the Second Circuit (in Starbucks I) sent the case back to the District Court for further proceedings. After analyzing the six dilution factors, the District Court again ruled in Black Bear’s favor, concluding that the marks were only minimally similar, which was enough to find no dilution. The District Court also found that Black Bear’s intent to create an association with Starbucks Marks was not in bad faith and the survey evidence was insufficient to make the actual confusion factor weigh in Starbucks’ favor. The District Court found the other factors to weigh in Starbucks’ favor.

Starbucks appealed again, and the Second Circuit (in Starbucks II) held that the District Court was correct that the marks were only minimally similar but was mistaken in finding that there had to be “substantial similarity” between the marks for dilution to be likely. The Second Circuit also observed that “degree of similarity” being only one of the six factors, even a low degree of similarity would not bar a dilution claim. The District Court also



erred in requiring “bad faith” to find that the “intent to associate” factor favored Starbucks, and in requiring actual confusion to conclude that the actual association factor favored Black Bear. The Second Circuit held that the absence of actual or likely confusion did not bear directly on whether dilution is likely. Rather, the dilution analysis must focus on whether an association, arising from the similarity between the marks, impairs the distinctiveness of the famous mark.

The District Court then determined that factors 2-5 favored Starbucks but again found that the first factor (similarity of the marks) favored Black Bear because the marks were only minimally similar when Black Bear’s packaging was viewed in context. The District Court also discounted Starbucks’ survey evidence because consumers were asked only about the isolated word Charbucks, and did not see the packaging. Balancing all the factors, the District Court again found no likelihood of dilution and Starbucks appealed again.

In affirming the District Court, the Second Circuit reviewed the history of the

dilution laws and concluded that the importance of the six factors could vary with the facts, so that some factors might be irrelevant and other factors could also be considered that were not in the statute. The Second Circuit held that the District Court did not err concerning the minimal degree of similarity between the marks and the weakness of the association between the marks. Moreover, Black Bear’s intent to create an association with Starbucks did not raise a presumption of actual association, as the two factors are distinct, although related. In addition, the survey evidence was weak and failed to demonstrate actual dilution because it did not present the mark as it was used in commerce, with a distinctive color scheme, font, and layout. In balancing the factors, the Second Circuit found that the finding of minimal similarity weighed heavily in Black Bear’s favor. Other factors being in Starbucks’ favor did not overcome the weak evidence of an actual association between the marks. Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 12-364-cv, November 15, 2013.

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## Observations by Third Parties in European Patent Practice

*By Tuomo Timonen, Sanna Kalliola - Espatent OY*

The European Patent Office provides a free and public register service for searching and monitoring patent applications of interest and their status during the examination procedure. The register also offers a quick and simple tool for making third party observations on the applications, albeit with a slightly clumsy user interface.

### Observation by a Third Party

The European Patent Convention (EPC) allows observations by third parties to be presented concerning the patentability of an invention. This could be interpreted to mean that the observation could only deal with requirements of patentability, for example novelty and inventive step. The interpretation of the EPO is however different, and also the online tool provides a possibility to comment on sufficient disclosure, clarity, validity of priority and added subject-matter. Accordingly, a third party observation provides even a possibility to address a wider scope of issues than an opposition against a granted patent in European practice.

An observation by a third party can be submitted at any time during prosecution of an application, up until the time that the EPO has delivered the granted application for publication. There is no definite final deadline for making an observation. If the observation is submitted after the publication of the grant has been prepared, the content of the observation will anyhow be published in the register, even though the EPO will take no action concerning the observation.

The applicant is always informed about an observation by a third party and the applicant has the possibility to comment thereon. Accordingly, an observation by a third party at least delays the prosecution of an application, or the grant thereof, with several months.

An observation by a third party may be submitted anonymously. This is advantageous, as the applicant, who often is a competitor, need not know of the interest of the observer. An anonymous observer is not disadvantaged, as a third party observer does anyhow not become a party to the proceedings.

### Procedure

An Observation by a third party should be prepared carefully, in the same manner as a negative office action or a notice of opposition, in order to provide the examiner with ready-made arguments for refusing the application. An observation may be in any form, but the chances of success are improved with a proper professional formulation. Often an observation by a third party is submitted at a point of procedure, where the examiner is already intending to grant a patent. At this stage of the procedure, it might be difficult for the examiner to re-open a case that was basically finished and at the same time admit being wrong, especially if the observation is based on facts, e.g. cited documents, already known to the examiner. A convincing and well-formulated argumentation is less likely to be ignored.

The examiner need not comment on the content of the observation. It is sufficient for the examiner to note that the observations are not relevant. Experience has shown that at least in some cases the opinion of one examiner is enough to find the observation irrelevant whereas the whole examination division is consulted in order for the case to be reconsidered in view of the observations submitted. Herewith rises an important question: Is it advisable to use the grounds and evidence suitable for revoking the patent to make an observation by a third party, or should the best material be saved for an opposition? The opposition procedure might, at least in theory, prove more difficult if the evidence has already been "found irrelevant" by the examiner when dealing with the third party observation.

### Observations by a third party should be submitted

In case a patent application, the granting of which would be undesirable for whatever reason, is being prosecuted by the EPO, it is easy to find motivation for submitting an observation by a third party.

First, the observation is free of charge and there are no formal requirements. Both time and money is saved in comparison with an eventual opposition.

Second, the observation can be made anonymously and thus prevent the applicant

from knowing the parties interested in the application without any further tricks.

Third, the observation allows a wider range of issues to be addressed and for example questions of clarity may be very relevant at a later stage, but cannot be addressed in an opposition.

Fourth, the observation makes it possible to insert almost anything into the file history. It might for example be beneficial to make a certain interpretation of a reference publication or a certain term known already during prosecution of an application.

Furthermore, an observation by a third party can be seen as almost obligatory, if the state of the art is formed by such publications or information that has become public in some other way that the examiner reasonably cannot find. In such a case it is very pleasant to aid the patent office by providing the material needed to refuse the application.

Finally, an observation by a third party makes it possible to prevent the grant of a patent, whereas an opposition procedure and the eventual appeal might take years, during which time the patent is in force.

## Conclusion

The number of observations by third parties is likely to increase, alone due to the ease of submitting one. This might have certain repercussions. Already now the EPO is advertising the observations as a way of helping the examiners, which might be interpreted to hint that despite the resources the examiners have, the EPO will in the future rely more and more on a "peer review"-type of examination in which the public provides the examiner both with prior art and arguments.

The discretionary power of an examiner in considering an observation of a third party is very large and even a well formulated observation might not succeed, if the examiner is of a different opinion. As the number of observations grows, statistics will hopefully be available, but based on experience only a portion of well formulated observations succeed.

An observation by a third party is a simple and pleasant tool with which one can ensure a thorough examination for an interesting application. Even if success is not guaranteed, the opportunity is better not left used.

Competitor monitoring is need in order to identify interesting applications and formulating an observation requires expertise, for example in determining and interpreting the closest prior art. A competent patent attorney will formulate an observation in such a way that the EPO will find it hard, if not impossible, to ignore it.

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## ISRAEL

### The Real Value of Patents

*By - JMB Factor & Co*

***"Do you know how much money we spent on patents last year?"***

This is a common opener to a panic attack, shortly before all the money that has been invested, is shown to be a waste, as the CEO or Chief Legal Counsel, having no idea why their company was filing patents in the first place, decides to abandon all of their patent applications and to cease maintenance payments on their granted patents.

Whether your business is in engineering, hi-tech or healthcare, and whether you are a startup, a mature company, tech transfer or any type of business, patents are objectively important. Your patents are financial assets, no less than real estate or any tangible asset. But if

the rationale for patenting is a superficial 'because we need to protect ourselves', then the next person to pull the plug on his company's intellectual property assets, may be you.

So is obtaining a patent simply another thing that 'you do' when developing a company or a project? Is it like setting up a website, choosing a logo or going to the annual conference, without which no one knows your company exists? Is it a box that needs to be checked for the benefit of the investors or shareholders? Obviously not. But my experience shows that many companies and investors have no real understanding of what patents are and how they can be used. So let's take a closer look.

## What is a Patent?

A patent is often referred to as a ‘bundle of rights.’ I have heard it said that if a patent covers an invention, and an invention is something that one can make, then surely if a company owns the right to a patent, it should have the right to make its invention. As professionals, we all know that this is not correct, but many are confused by this.

At a recent conference in Singapore, I heard the in-house IP counsels of US corporations that own tens of thousands of patents refer to the protection provided by their patents. I knew what they meant, but it still rankled me to hear them talk about patents providing protection. This is because when the same words are used by the owner of a small company (and most companies are small in comparison to the corporations represented at that conference) it often shows a lack of understanding as to what a patent actually does. Because a patent’s function is often misunderstood, it’s small wonder that after a couple of years, and several tens of thousands of dollars spent on filing a handful of patent applications and building a patent portfolio, one of the first things to be cut during an owner’s annual budget review is the patent budget. Or at least a good portion of it.

As we all know, in the first instance, patents enable an owner to do nothing at all in the implementation of the invention. A patent owner can, however, enforce his patent against infringers. A patent can be used as a way to generate income by granting a license to a third party to operate in a manner which would otherwise - in the absence of the license - be considered infringement. Patent rights can, of course, be sold outright, although a wise seller will in many cases want to ensure that he has a license to use the patent that he has just sold.

## So How Do Patents Provide ‘Protection’?

There are two answers to this. The first answer is to state emphatically that they don’t provide protection. At least, not if the protection means that the patent owner is ‘protected’ in the sense that he is free to practice the patented invention.

The second answer is more complex and is the result of the enforceability rights that are provided by a patent. This can be easily

understood by the following example which could be viewed as a simplified and superficial explanation of the ongoing patent war between Apple® and Samsung®, as well as hundreds of patent battles which are less well known.

So here’s the story: “Super Patents Inc.” owns a patent for certain advanced widget technology. In fact, they own a number of patents which cover different aspects of the technology. They manufacture and sell ‘super’ widgets which are far more advanced than conventional widget products.

“Old Widgets Ltd.” have a number of older, more basic widget patents, and used to be on the cutting edge of widget technology. They now limit themselves to the manufacture and sale of a single lucrative ‘old widget. But they have now realized that certain aspects of the super widgets made and sold by their competitor Super Patents Inc. appear to infringe their own (i.e. Old Widgets Ltd.’s) patents. Surely this is a chance for Old Widgets Ltd. to see a return on their investment in patents, and to obtain a royalty stream from Super Patents Inc.

Old Widgets Ltd. warns Super Patents Inc. that by manufacturing and selling the super widgets, Super Patents Inc. is infringing Old Widgets Ltd.’s patents and that they are required to stop, otherwise they will be sued. However, being reasonable, they are also prepared to license their patents to Super Patents Inc. for appropriate royalty fees.

Super Patents Inc., who are more concerned with making and selling things than with making money out of lawsuits, are initially resigned to the fact that they will either have to stop making their super widgets, which will mean the loss of a major revenue stream, or to come to a licensing agreement with Old Widgets Ltd. However, this too, will impact the cost of making and selling the super widgets, and bring into question the economic viability of the super widgets.

Rather than wallowing in its misfortune, Super Patents Inc. conduct a review of their patents and discover that they are being infringed by old widgets being manufactured and sold by Old Widgets Ltd. Super Patents Inc. then goes on the offensive, and warns Old Widgets Ltd. that by manufacturing and selling the old widgets, they are infringing Super Patent Owner Inc.’s patents and must stop.

### The Bottom Line on Protection

One way of settling these counter claims would be to go to court. A far more practical and usual way, however, assuming that these companies are not Apple® and Samsung® would be for the two competitors to license each other's patents, without money changing hands. This can be considered a barter agreement which enables each side to continue operations as before. It is this sort of use which can be considered to be **protection** which, indeed, is provided solely by virtue of both sides having patents.

### Don't Take Chances

Of course, at the outset, neither company knew how its patents might come in

handy. Old Widgets Ltd. was the first to realize that its patents could be useful, even though their initial intention was to use them **offensively** and to directly generate a revenue stream based on them. Ultimately however, after **Super Patents Inc.** got lucky and realized how it could use its patents, Old Widgets Ltd. found a **defensive** use for its patents, ultimately enabling them to avoid an expensive law suit or licensing agreement.

In the above scenario, a lot was left to chance. I strongly recommend that you decide to understand **what** patents are, **what** they can do for your business in the long term, and **why** it may be worthwhile investing in them. This could turn out to be one of your smartest business decisions.

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## Israeli Defense Systems to Supreme Court

*By Dr. Marganit (Maggie) Goldraich - GOLD PATENTS*

***Israeli Supreme Court recently upholds ruling on non-infringement based on Dr. Marganit Goldraich's expert patent attorney witness opinion.***

San Hitec Ltd., one of Gold Patents clients, as well as the Israeli Ministry of Defense, was sued several years ago by Hydro-Noa, a company that holds an Israeli patent for breaking an entry device adapted for military purposes. Hydro-Noa got the patent through an expedite procedure before the ILPTO. Immediately after, Hydro-Noa sued San Hitec and the Israel Ministry of Defense for infringing its patent. San's defense was based on opinion of Dr. Marganit Goldraich, that first established there was no infringement due to lack of a

revolving ring in San's breaking device; the revolving ring was one of the elements in the independent claim; and second, that the patent is not valid due to prior art that was not revealed in an IDS to the ILPTO during prosecution. The main prior art were Holmatro systems that were widely used by the Israeli Defense Force before using Sun's breaking systems. The judges of the Supreme Court upheld the ruling of Judge Dr. Zarenkin of the district court that expressed his appreciation from the professional opinion and sincere testimony of Dr. Goldraich. Read about the entire case at Gold Patents website: [www.en-gold.patent.co.il/Goldpatent-cases](http://www.en-gold.patent.co.il/Goldpatent-cases)

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## ITALY

### Unified Patents Court

*By Fabio Siniscalco - Coloberti & Luppi*

On February 19, 2013 in Brussels, representatives of 25 European Union member countries, including Italy, signed an Agreement establishing the Unified Patent Court, for the

uniform application of the new legislation on the registration of patents in Europe; the Court shall have exclusive jurisdiction over the validity and infringement of the unitary patent.

The main feature of unitary patent protection is providing uniform protection and identical effects in all participating Member States, at the moment with the exception of Italy and Spain. The system is based on the European Patent one, with which shares the same filing examination and granting proceedings; at the time of grant, the holder will have the opportunity to choose the unitary patent or the European patent, i.e. a bundle of national patents to be validated where of interest.

Italy signed the agreement establishing the Unified Patent Court to participate in the new judicial system: it is essential to establish a unified patent court responsible for judging cases concerning European patents with unitary effect in order to ensure the proper functioning of these patents, the consistency of case law and therefore legal certainty, as well as cost efficiency for patent holders.

The risk that on the same patent are pending multiple proceedings in different Member States, thanks to the Unified Patent Court is thereby cancelled, as well as the risk that the judgments on the same dispute may differ from one Member State to another.

The unified court for the settlement of the litigation concerning European patents and European patents with unitary effect consists of a Court of First Instance, a Court of Appeal and a Registry.

The Court of First Instance consists of a central division based in Paris and two sections with offices in London (responsible for chemical, pharmaceutical and biotechnology inventions) and Munich (responsible for mechanical, lighting, heating, weapons, explosives patents) as well as local divisions established at the request of Member States, that shall also designate their the headquarters. It seems certain that Italy will require to have a local division and the seat should be Milan.

A new feature of particular importance is the participation of a technically qualified judge in the panel, as full effective member.

As a general rule actions where the validity of a patent is challenged will be heard by the central division with responsibility for the technology sector relevant to the patent, whereas patent infringement actions or threat of infringement of patents, provisional and protective measures and injunctions, actions for damages or for claims arising from the provisional protection conferred by a European

patent application published will be brought before the local/regional division where the infringement occurred or where the defendant is seated.

Should the defendant challenge the validity of the patent by a counterclaim, the panel can send the whole case to the central division, send the case of validity of the patent to the central division and hear the infringement case separately (c.d bifurcation), or hear the entire case at the local/regional division.

Decisions and orders issued by the court will be enforceable in any Member State; an order for the enforcement of a decision shall be appended to the decision by the Court.

The patentee and the exclusive licensee are allowed to bring action before the court, whereas the non-exclusive licensee is authorized only if expressly provided for in the contract and after having informed the patent holder accordingly.

The parties are represented by lawyers or qualified European patent attorneys to represent clients before the European Patent Office and in possession of appropriate qualifications such as a certificate for the European patent litigation; patent attorneys can also assist the lawyers and allowed to be heard.

The Court may, by way of order, grant injunctions against an alleged infringer or against an intermediary whose services are used by the alleged infringer, intended to prevent any imminent infringement, to prohibit, on a provisional basis and subject, where appropriate, to a recurring penalty payment, the continuation of the alleged infringement or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the right holder. It can be also ordered the seizure or delivery up of the goods suspected of infringing a patent to prevent their entry into or movement within the channels of commerce as well as the attachment of movable and immovable property of the alleged infringer.

An appeal against a decision of the Court of First Instance may be brought before the

Court of Appeal (with seat in Luxembourg) by any party which has been unsuccessful, in whole or in part, in its submissions, within two months of the date of the notification of the decision. If an appeal is well founded, the first instance decision is revoked and it is issued a final decision; only in exceptional circumstances the Court of Appeal may refer the case back to the Court of First Instance.

The parties may, at any time during the course of the proceedings, end the dispute by

means of transaction, which is validated by a court decision; however, a patent cannot be revoked or limited by a transaction.

During a transitional period of seven years after the date of entry into force of this Agreement, an action for infringement or for revocation of a European patent may still be brought before national courts or other competent national authorities.

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## JAPAN

### Transition in Judgment of Inventive Step/Obviousness in Japan

*By Masashi Yanagida - YANAGIDA & ASSOCIATES*

The standards of judgment regarding inventive step during examination has changed with the times in the Japanese patent practice. There was a particularly notable change recently, which will be outlined below.

(1) Prior to the year 2000, the JPO and the courts utilized the “Same Technical Field Theory” as the standard of judgment regarding inventive step/obviousness, which had been extremely strict toward applicants. In the “Same Technical Field Theory”, a prior invention closest to the claimed invention selected from the same technical field as that of the claimed invention is determined as a main reference. Even in cases that the inventions did not belong to the same technical field in a strict sense, prior inventions are treated as having cleared the hurdle of being in the same technical field if there was a certain degree of technical commonality. Then if auxiliary references are also selected from the same technical field or technical fields having technical commonalities and thus treated as being the same technical field, they may be regarded as being readily combinable to achieve the invention. As a result, many “hindsight” judgments that concluded that the teachings of cited references are readily combinable were rendered and decisions were made to reject applications or invalidate patents.

The courts applied a stricter standard of judgment regarding inventive step than the JPO, and many cases in which inventive step had been judged to be present in appeals were overturned in the courts. The rate of the overturned cases was 60 to 70% for patents in the mechanical field around the year 2000.

(2) In the year 2000, the JPO revised the Examination Guidelines as follows in order to correct the discrepancy with the standard of judgment utilized by the courts. As a result, judgments regarding inventive step rendered by the JPO became stricter toward applicants and patentees.

- Identify invention of the application
- Identify prior invention closest to the invention of the application (main reference)
- Identify differences between the invention of the main reference and the invention of the application
- Render judgment regarding obviousness (lack of inventive step) using auxiliary references and the like with respect to the differences, taking the following into consideration:

- a) Relationship of technical fields
- b) Commonality of objectives
- c) Commonality in operations/functions
- d) Contents suggested within the invention of the main reference



However, inventions are judged to exhibit inventive step in cases that there are factors that inhibit combination/substitution and in cases that unpredictable advantageous effects are obtained.

(3) From about the year 2008, court decisions that raise alarms against facile justifications of denial of inventive step by the JPO have been increasing, cases in which inventive step is denied based only on the “Same Technical Field Theory” have been decreasing, and many cases in which inventive step had been denied in appeals were overturned in the courts. The percentage of overturned cases increased to 30% in 2009 from 10% in 2007.

Example: In H20 (2008) (Gyo-Ke) 10096 “Connecting Member for Circuits”, the Intellectual Property High Court ruled that “It is insufficient for it to be possible to presume that **those skilled in the art would have attempted** to achieve the features of the invention. It is necessary for there to be an implication suggesting that **those skilled in the art must have made such attempts** with the intention of

achieving the features of the invention.” That is, the “presence of motivation or suggestion” is required in order to render a judgment of obviousness.

(4) From 2008 to present, both the courts and the JPO have been providing “more detailed logical explanations” when denying inventive step, and the standard of judgment regarding inventive step has become more relaxed compared to the past. It can be said that there is not a great difference between the standards of judgment regarding inventive step utilized by the courts and by the JPO at present.

Accordingly, if it is judged that an invention of an application would have been easily invented based on a combination of a plurality of references within the same technical field during examination but there is no motivation or implication to combine the teachings of the references, it is considered prudent to contend that the Examiner/Judge employed “hindsight” to reject/invalidate the application/patent. Such an approach may be an effective measure to overcome or traverse the rejection/decision of invalidation.

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## Recent Changes IN IPR Field in Japan

*By Shuji Shirahama - Shirahama & Co*

In recent years, the situation in the intellectual property (IP) field in Japan is rapidly changing. In the negotiations of Trans-Pacific Partnership (TPP), IP is the one of the most important pending problems. Especially for the U.S., who earns about \$96 billion USD income of patent license fee and copyright royalties from abroad, IP is a highly profitable industry. Therefore, the U.S. asks Asian countries including Japan for extension of copyright term, removing a condition of accusation of copyright infringement that requires the victim’s complaint, introduction of legal compensation against copyright infringement and extension of patent term of new drugs, for example.

Although Japan was leading the world in the number of international patent application in or before 2004, the position has been replaced by China in recent years and China is keeping a huge lead over Japan.

In the rapid changes in environments surrounding Japan, there are urgent needs of fundamental review of patent strategy, significant revision of related laws, reform of systems and, most importantly, drastic change in concept of values over rules and IP systems.

Besides, as the world trend, the modern society demand to create new intellectual resources from existing knowledge and information and protect that as property right,

and now the world has entered the so-called “age of intellectual creation”.

Particularly for Japan, who has scarce industrial resources and an industrial structure having a large number of small and medium sized businesses, it is greatly necessary to establish a social mechanism that brings profits by making the most of IP created by creative ideas and technical development in order to keep a presence in the world economy in the future.

In the IP consciousness reform, the Japanese government publishes “Intellectual Property Strategic Program” every year from 2010 for the purpose of building and implementing the IP strategy by combining knowledge and ideas of public- and private-sectors.

In “Intellectual Property Strategic Program 2012”, “Comprehensive IP Innovation Strategy” and “Comprehensive content strategies to boost Japan” are the important pillars. In these strategies, here we would like to introduce a concept of “Cool Japan” which is a key part of the comprehensive content strategies above and is not yet often introduced in other countries.

Though it is difficult to define the concept of “Cool Japan” definitely since this concept includes a lot of different meanings, it may be considered that it is to create and stimulate new internal demand and to bring in foreign demand by actively promoting Japanese traditional and cutting edge culture in other countries, which consequently leads to acceleration of the change of industrial structure in Japan, creation of new income source and employment and revitalization of local economy. That is, utilizing the Japanese unique culture such as animation, comics, food culture including Japanese traditional food, characteristic Japanese delivery system, Japanese style inns offering most excellent hospitality and world-famous traditional crafts such as potteries and textile fabrics as soft power, Japan intends to revitalize and strengthen the international competitiveness.

Specifically, for example, “ramen” is getting popular in the world and even known as

one of the most famous Japanese food, and in delivery industry, it is drawing world attention that Japanese delivery companies offer varied optional services such as that customers can appoint a time frame to be delivered and that customers can send chilled parcels by refrigerator cars. The first class Japanese style inns offering excellent services and traditional crafts such as dyed fabrics have been regarded with high esteem by foreign tourists.

Among the above, the most world-leading industry is said to be entertainment industry such as comics, animation, video games etc.

Particularly Japanese comics and animation is very popular in the world and some Japanese old animations are broadcasted on TV in Europe and Asian countries acquiring a huge audience.

As my own experience, I remember that, when I had an opportunity to interact with a Philippine youth through the Internet, he said that Japanese animation was broadcasted in Philippines over a decade ago and we enjoyed talking about Japanese animation and comics.

Expanding the scope of the hugely popular Japanese content through Cool Japan Concept overseas offers the potential to further make a profit from IP and assures the establishment of a Japanese unique export industry in the IP field requiring for international harmonization which other countries can hardly enter.

In view of current Japanese diplomatic problem with neighboring countries over territorial dispute, it could be expected to cultivate a favorable feeling of youth and children in foreign countries, who have been building own characters, toward Japan through Japanese animation and comics, and in this sense, IP protection is not only for economic profits but also for improvement of the global image of Japan.

IP is now recognized as a potential key industry in Japan, and this is not only for economic development but also for improvement of Japanese social and cultural presence in global society. Considering the

Japanese rich cultural resources, Japan is not necessarily in the gloom and doom situation even that the number of international applications is getting reduced.

It is certain that the situation of IP in Japan will change significantly in the near future, and we strongly expect that Tokyo

Olympic Games in 2020 will stimulate Japanese economy and eventually accelerate the development of IP in Japan.

Finally, I'm grateful to D.P. AHUJA & CO. for giving me this opportunity to contribute the article and best wishes for your success as a Gold sponsor in INTA this year.

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## On the Evaluation of the Inventive Step in JAPAN

*By Ito, Masakazu - Miyoshi & Miyoshi*

1. About a decade ago, the Tokyo High Court handling a suit against appeal decision made by the JPO took a position unfavorable to an applicant of a patent application or a patent proprietor about the judgment of inventive step. Specifically, they considered as follows. When the claim has features A and B, and a prior art reference D1 discloses the feature A and another prior art reference D2 discloses the feature B, the invention of the claim is generally obvious over D1 and D2 if the following requirements are fulfilled:

- (1) D1 and D2 belong to the same technical field.
- (2) There is no obstacle to combine D1 and D2.

As a result, in Japan, it was not easy to get an allowance with a broad claim, and applicants were frequently forced to narrow the scope of the claims by adding various further limitations.

2. However, after the Intellectual Property High Court (that was established for handling the suit against appeal decision made by the JPO, in stead of the Tokyo High Court) rendered the decision H17(gyoke)10490 on June 29, 2006, the Court had gradually changed its position on the determination of the inventive step. In the foregoing decision, the new position of the Intellectual High Court is that there must be a motivation for a person skilled in the art to combine D1 and D2 so that the claim is obvious over D1 and D2. To show the motivation, typical examples of the requirements are:

(1) Prior art references D1 and D2 belong to the same technical field.

(2) Tasks of the prior art reference D1 and D2 are the same.

3. In the following, we review an example (H22(gyoke)10273) of the decisions that took the recent position of the Intellectual Property High Court after the decision H17(gyoke)10490.

4. A suit (H22(gyoke)10273) against appeal decision made by the JPO

### 4.1 Overview of the case

Plaintiff filed an application entitled "Aluminum foil for packaging, made by printing a label with excellent infrared transparency" in 2003; but it received a final rejection in October 2009, and then filed a request for a trial against this rejection in January 2010.

The Board of Appeal made a Decision stating "The claim of the present trial is rejected" in July the same year.

The plaintiff filed a lawsuit to cancel that decision made by the Patent Office.

### 4.2 The Issue

The Issue was about the evaluation of inventive step.

<Plaintiff's arguments>

4.2.1 Reason 1 (error in applying a cited reference 2 to a cited reference 1)

The Decision made by the JPO concluded that the feature of the cited reference 2 can be applied to the invention of the cited reference 1, but the conclusion was not rational.

The tasks of the reference 1 and reference 2 have no commonality; this is because while the former is to improve the performance of inspection systems, the latter is to improve the performance of the coated pigment. Thus there is no motivation to combine the two references, and the judgment of the trial decision that denied the inventive step by using a combination of the references 1 and 2 is an error.

4.2.2 Reason 2 (failing to appreciate significant effects of the present invention )

4.2.2.1

The Decision concluded that the present invention brought about no significant effect based on the explanation of the principle of the present invention made by the plaintiff in the trial. That is, the Decision failed to evaluate the effect of the present invention based on the disclosure of the references 2 and 1. This was an error.

4.2.2.2

Whether the present invention brings about significant effect should be evaluated in view of the effects brought about by the references 2 and 1 (or the disclosure in the references 2 and 1). It should not be evaluated based on the explanation of the principle of the present invention by the plaintiff.

4.2.2.3

The references 1 and 2 neither discloses nor suggested what solution is available to facilitate transmission of the infrared light without reducing tinting power. That is, the foregoing effect of the present invention is particularly remarkable and can not be easily derived by those skilled in the art, based on the reference 1 and 2..

4.3 Ruling and Decision of the Court

4.3.1 Decision: The Decision made by the PTO is canceled.

4.3.2 Ruling

4.3.2.1

The Decision by the PTO denied an inventive step, considering that replacing the ink in the reference 1 with the paint in the reference 2 is easy for a person skilled in the art .

4.3.2.2

However, the above determination by the JPO failed to show whether there is a motivation to use, in the reference 1, the feature of the reference 2, "the oil paint made by adding to resin varnish pigments coated with reactive water-soluble resin and having good dispersiveness". Thus, it must be said to be an error.

4.3.2.3

Further, in the determination, the JPO stated as follows. " Cited reference 2 shows "paint ", but in the first place, "paint" and "ink" are not clearly distinguished from each other. For example, a material is called a "paint" when it is attached to a metal sheet, and is called as " ink" when it is caused to soak into the paper; however, frequently, there is no essential difference between the materials thereof; thus it is easy to use the paint disclosed in the reference 2 for printing on the surface of the aluminum foil disclosed in the reference 1."

However, this argument only stated that "paint" and "ink" are not clearly distinguished from each other and have no essential difference; even if "paint" and "ink" are not distinguished from each other and the paint in the reference 2 can be used for printing on the surface of the aluminum foil, it merely discloses an ink in the reference 2 may be used for the aluminum foil in the reference 1.

The reference 2 fails to disclose that the paint has excellent transmittance for infrared light; thus, it cannot be concluded that it is suggested to use the "paint" in the reference 2 in stead of the "ink" in the reference 1.

4.3.2.4

In the first place, there are huge number of the conventional technical concept relating to " paint " and " ink". Thus, in order to select one of those as an invention and to combine it with another one to deny the inventive step, there must be suggestion or motivation about the specified combination.

However, the Decision by the JPO failed to show the motivation how (from which technical point of view) a person skilled in the art can easily use in the invention of the reference 1 the feature of the reference 2 using coating pigment. (If the technology in question is a conventional technology to those skilled in the art, it is not necessarily required that such motivation should be shown to combine two references. However, in the present case, the feature of the reference 2 is not deemed to be a conventional technology; defendants also did not make that allegation.)

#### 4.3.2.5

As such, the ruling in the Decision by the JPO about the difference between "paint" and "ink" disclosed in the references 1 and 2 was an error. And, the Decision that assumed this ruling and denied the inventive step of the present invention by applying the feature of the reference 2 to the invention of reference 1 is erroneous.

#### 4. 4. Comments

In this case, the issue was the determination of the inventive step.

In the ruling, it is stated as follows.

- There are huge number of the conventional technical concept relating to "paint" and "ink". Thus, in order to select a specific concept from among them and combine the selected one with another concept to deny the inventive step of the invention in question, there must be suggestion or motivation about the specified combination.

- The Decision by the JPO failed to show the motivation how (from which technical point of view) a person skilled in the art can easily use in the invention of the reference 1 the invention of the reference 2 using coating pigment.

If the technology in question is a conventional technology to those skilled in the art, it is not necessarily required that such motivation is shown.

5. Similar examples of the decisions are shown in H22(gyoke)10036, H22(gyoke)10075 and H23(gyoke)10237.

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## THE NETHERLANDS

### Back to the Future for the Rules relating to filing of European Divisional Patent Applications

*By Bas W.H. Langenhuijsen - PATENTWERK B. V.*

It's an exciting time for patents in Europe. Although the excitement will not be pleasant for everyone, certainly a lot is going on. Much of the excitement is linked to the expected arrival of Europe's first real European patent. Europe is moving towards a unified patent system, comprising a unitary patent which will have effect in 25 participating European Union Member States and a supranational court system to enforce it.

However, in this article I would like to inform you about another change to the European patent system which has been implemented recently, and which is worth mentioning, and which relates to the implementation of new Rules, in particular Rules 36, 38, and 135, for filing European divisional applications. These new Rules have

entered into force on April 1, 2014 and repeal the former divisional deadline of 24 months from the first communication from the Examining Division, which was introduced on April 1, 2010 in Rule 36 EPC.

The new rules are now back in line with the old Rules (prevailing before April 2010). This U-turn of the EPO is very welcome news to patent applicants, who often prefer to wait to file a divisional application until they know which subject-matter is deemed allowable in the original application. In addition to spreading out patent costs, that timing often permits applicants to leverage strategies that were successful in the original application when prosecuting the divisional application. Further, this change will eliminate the need to file a "back up" divisional application when it is still

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possible that the original application will be allowed.

Since the previous amendment to current Rule 36(1) EPC entered into force on 1 April 2010, the overall number of European divisional applications has actually tripled during the six-month grace period after the amendment's entry into force. Although the number of first-generation divisional applications has increased, the amendment has had a negative impact on the number of subsequent divisional applications filed, which has been declined drastically.

Under the former Rules, European patent attorneys unfortunately had to press their clients for instructions to file or not to file a divisional application, in many cases long before the proceedings up to grant had matured to the point allowing to make a properly reasoned decision. The President of the EPO concluded, rightly, that "strict application of the current regime might entail unfair situations. No satisfactory and balanced solution seems possible under the current Rule." Fortunately, under the new Rules any patent application for which the existing window for division has closed before April 1, 2014 will again be open for division, as long as it is still pending at that date.

An additional fee is introduced for second and subsequent generation divisional applications in order to discourage the filing of cascading divisional applications that prolong existing sequences of applications. The filing fee for European divisional applications increases progressively after the first generation. In other words, the costs of filing a divisional application out of an application that is itself divided from a parent application have increased. Subsequent generations attract still higher official fees, up to a ceiling. This additional fee will not be incurred by first generation divisional applications, but only by divisional applications prolonging an existing sequence. The levels of the additional fee in euros that will be payable on second and higher generation divisional applications are as follows:

- fee for a divisional application of second generation= 210

- fee for a divisional application of third generation= 420
- fee for a divisional application of fourth generation= 630
- fee for a divisional application of any subsequent generation= 840

*Practical considerations for applicants:*

1. Applicants may wish to reconsider earlier decisions not to file divisional applications.

Subsequent prosecution of a case may have led to new situations and insights. Following the new rules the opportunity to divide and explore alternative proceedings up to grant is re-opened for all pending European patent applications.

Several Board of Appeal decisions have dealt with the meaning of a "pending European application", since this definition is not given in the European Patent Convention.

In the Board of Appeal decision J 18/09, and later confirmed in G1/09, it was held that a divisional application cannot be validly filed based on a PCT application before entry into European regional phase. In decision G 1/09, the Enlarged Board of Appeal further held that "In the case where no appeal is filed, a European patent application which has been refused by a decision of the Examining Division is thereafter still pending within the meaning of Rule 25 EPC 1973 (present Rule 36(1) EPC) until the expiry of the 2-months time limit for filing a notice of appeal." In decision J 4/11, the Legal Board of Appeal held that "An application which has been deemed to be withdrawn for non-payment of a renewal fee is not pending within the meaning of Rule 25(1) EPC 1973 in the period for filing a request for re-establishment of rights under Article 122 EPC 1973 in respect of such non-payment or in the period after which such an application is filed in the event of such request being refused."

2. Applications under appeal are deemed to be pending and can be divided.

Applicants may wish to review their refusals in the last 2 months to consider filing of one or multiple divisional applications.



*Practical considerations for third parties:*

It is expected that many third parties are not pleasurably excited by the implementation of the new rules, especially when one recalls that part of the original rationale for the 24-months time limit was to avoid submarine divisional applications in order to give greater legal certainty to third parties. Just as before April 2010, submarine divisional applications can pop up again late in proceedings up to grant. No transition measures have been taken by the Administrative Council to avoid this retroactive effect on past events.

Hence, it is recommended that third parties review their earlier freedom-to-operate reports or other legal reports, wherein an indication has been given relating to the expiration of the period for filing a divisional application. Under the new rules, this filing period may be re-opened, which may lead to unexpected surprises. Please consult your European patent attorney about this review.

This article is for guidance only and is not intended to be a specific legal advice. If you would like further information, please contact your European patent attorney or the author of this article.

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## NEW ZEALAND

### How New Zealand's New Patents Act could Affect your Clients

*By David Macaskill, Tim Walden - James & Wells Intellectual Property*

The New Zealand Parliament passed into law the Patents Act 2013 on 28 August 2013, which will likely be brought into force on 14 September 2014. It is important to keep this the 14 September 2014 date in mind for patent filing strategies that may include New Zealand. This is the biggest shake up in New Zealand's Intellectual Property landscape in over 60 years and is well overdue.

The Patents Act delegates to the Commissioner of Patents responsibility for drafting Regulations that will define many of the changes to New Zealand's patent law. The first draft of the proposed Regulations has been released, and public comments were due before 24 January 2014. Therefore, many of the changes that may be implemented by the new law are yet to be finalized. However, an overview of the more significant changes brought in by the new Patents Act is set out below. A more detailed discussion of the relevant issues is available on our website, 'New dawn for the New Zealand Patent landscape - the new Patents Act'. [<http://www.jaws.co.nz/media-centre/2013/8/29/new-dawn-for-the-new-zealand-patent-landscape-%E2%80%93-the-new-patents-act.aspx>]

You can also read a detailed discussion on the new Patents Bill's provisions relating to computer software. 'New Zealand software patents: reports of their death have been greatly exaggerated'.

[<http://www.jaws.co.nz/media-centre/2013/8/30/new-zealand-software-patents-reports-of-their-death-have-been-greatly-exaggerated.aspx>]

We will be releasing regular articles on our website and in our newsletters on how to prepare for the new Act and its implementation prior to it coming into force on 14 September 2014.

#### Transitional provisions

Patent applications filed under the old Patents Act will continue to be examined under that law. The key date is likely to be 14 September 2014, which is when the Patents Act will likely commence. Applications originating outside New Zealand, will be deemed to be filed in New Zealand provided that :

- The requirements for entry to the national phase are completed before commencement of the Patents Act. This is notwithstanding that



the 31 month national phase deadline may be after the commencement date.

- A convention application is filed before the commencement of the Patents Act.

These provisions are important for patentees to consider when deciding how to secure protection in New Zealand. Given the significant changes (discussed below), it is probably worthwhile filing for protection in New Zealand early. This is particularly so for applications relating to computer software technology.

### Patentability of software

The new Act delegates to the Commissioner the responsibility for drafting Regulations on the patentability of embedded software. This will create some uncertainty for patentees. It is also expected that IPONZ will take a hard line on the patentability of embedded software. Therefore, we recommend that those operating in this technology space file patent applications in advance of the commencement of the Patents Act.

### Tougher examination

IPONZ will now be able to examine patent applications to determine whether the claims involve an inventive step over the existing products and documents. Therefore, it is less likely that patent applications will be granted for inventions of dubious inventiveness. This may not be relevant for inventions that have already undergone substantive examination in jurisdictions such as the United States. However, it is likely to increase the cost of securing granted rights in New Zealand.

Examination of inventive step is likely to be the most significant change arising from the Patents Act. To date, IPONZ examiners have not had to deal with this issue. As a result they are inexperienced with how to assess inventive step, and related issues such as mosaicking of prior art. Therefore, it is likely that additional hurdles will be encountered to secure patent protection in New Zealand.

The Patents Act also raises the bar on the standard to secure a grant of a patent. The new standard is "balance of probabilities", whereas the previous law required that the "benefit of the doubt" be provided to the patentee. It is anticipated that IPONZ will try to use this new standard to justify a rigid interpretation of the inventive step of a claimed invention.

### Re-Examination

Third parties will be able to request re-examination of a patent application or granted patent. The re-examination process will provide a cost effective way to challenge the claims of and accepted an or granted patent. Therefore the re-examination procedures are likely to be of significant value to those with business interests in New Zealand.

### Requesting examination

Applicants will need to actively request examination of a patent application. The Regulations propose that the deadline for requesting examination will be three years from filing of the application. However, there is no clarity as to whether that deadline will be set from the filing date of a PCT application, or the date of entry to the national phase in New Zealand. This requirement will therefore need to be monitored and taken into account when filing applications in New Zealand.

In addition, the draft Regulations are expected to introduce a new examination fee, which has been proposed as approximately US\$500. This is an additional cost pressure for securing protection in New Zealand.

### Absolute Novelty

The new law brings New Zealand's patent regime into line with many overseas countries. This is great news for New Zealand innovators as it will provide credible protection for their inventions in New Zealand. In addition, it will assist New Zealand businesses to secure patent protection overseas, as the New Zealand process will more closely mirror the processes encountered overseas.

### Publication of applications and prosecution history

The specifications of New Zealand public patent applications will now be published 18 months after the earliest filing date. In addition, there is provision in the Patents Act for documents and correspondence relating to applications to be published after publication of the specification. This brings New Zealand practice into line with other jurisdictions. However, care will need to be taken to ensure that potentially limiting

statements/admissions during prosecution of New Zealand applications.

### Conclusion

The new Patents Act is a significant improvement to New Zealand's Patent Law, bringing it into line with other jurisdictions. However, the new Act will require some bedding in. It is anticipated that there will be a period of uncertainty for patentees as IPONZ grapples with the new issues that must be considered during examination.

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## SOUTH AFRICA

### Patents and Health in South Africa

*By David Cochrane - Spoor & Fisher*

South Africa has deposit patent system. This means that patent applications in South Africa are not examined to ascertain whether the invention is patentable. At first blush this seems quite odd because it means that there could be (and there are) patents that have been granted and that are invalid. The system has however worked, and continues to work. The South African Patents Act has a very important provision - a patentee is not entitled to any relief for infringement under a patent if any of the claims in the patent are invalid. In practice, therefore, a patentee needs to ensure that the claims of the patent are valid before attempting to enforce the patent. Furthermore, any patent with invalid claims can be challenged at any time by bringing an application for revocation of the patent to the Court.

The benefit of the deposit system in South Africa is that the South African Patent Office is able to operate efficiently and does not have to bear the costs of an expensive examination system. Patents which are likely to be the subject of litigation are usually amended voluntarily by the patentee to ensure that the patent is enforceable, and resources are not wasted on examining patents which have no or limited commercial value. The main draw-backs of the deposit system are that, because the claims of a patent have not been examined, there can be uncertainty as to whether the

claims are valid (it must be said that uncertainty also exists in an examination system although possibly to a lesser degree); and if a person wishes to challenge the validity of a patent, that person needs to apply to a Court for the revocation of the patent. Court proceedings are costly, and the biggest risk is an adverse costs order.

The deposit system in South Africa is under intense scrutiny from non-governmental organisations such as the Treatment Action Campaign (TAC) and the Médecins Sans Frontières (MSF); and the also the South African Government.

Public Health is of the utmost importance. South Africa has a high incidence of HIV/AIDS and our citizens are afflicted by other so-called "third world diseases" such as tuberculosis, malaria and hepatitis; as well as other diseases such as cancer, diabetes and heart disease. It is, of course, important that medicine is available to treat disease in South Africa.

The TAC has been running a campaign called "Fix the Patent Laws" and one of the main topics is the deposit system in South Africa. The TAC is of the view that the deposit system encourages "evergreening" or abusive patenting. "Evergreening" is the term used to

describe the extension of protection for a patented product by obtaining patent protection for a new form, use or formulation of the product, when the new form, use or formulation is in fact not inventive. The TAC is also of the view that a patent means that a medicine will be more expensive and therefore not available to the public. This is not necessarily the case.

In the recent case of CIPLA Medpro (Pty) Ltd v Aventis Pharma SA in the Supreme Court of Appeal, the TAC joined as Amicus Curiae. The case concerned South African Patent No. 93/8936, which is registered in the name of Aventis, and interestingly covers a new formulation for the anti-cancer drug Docetaxel (Docetaxel was synthesized in 1986 and was the subject of a patent that expired in 2007). Aventis requested an interdict against Cipla. The Court of Appeal found that the patent, prima facie, was both novel and inventive (i.e. that this was not a case of evergreening). The TAC submitted that a factor that must be taken into account when weighing the balance of convenience for granting an interdict is the broader public interest, and not only the interests of the litigating parties. The Court agreed, and so did Aventis. Evidence showed that Aventis was supplying its product to State hospitals for less than the cost of the Cipla product. Public health therefore at State hospitals was not prejudiced by the patent. Aventis had brought out its own generic version of the product which was marginally more expensive than the Cipla product, and in this case private health was not paying much more either. The Court proceeded to grant the interdict. This case goes to show that a patent covering a new formulation is not necessarily

evergreening, and a patent does not necessarily hinder access to medicine.

The South African Government has recently published a draft of an Intellectual Property Policy and one of the key considerations is a balance between patents and health. The policy mentions patent examination, pre-grant and post-grant opposition, a specialist patent court, evergreening, parallel importation, compulsory licences, and competition law. Some of these considerations have merit and others require debate.

The South African Patents Act was last amended in 2002 and it is clear that it is due for amendment. The writer has no problem with an examination system, but does not think that the South African Government needs to go to the expense of examining all patent applications that are filed in South Africa. A good solution would be to make provision for pre-grant and post-grant opposition and form a Patent Tribunal of experienced patent examiners which will handle the oppositions. The Patent Tribunal should also be allowed to hear applications for compulsory licences. This will ensure that there is a mechanism to test the validity of commercially important patents, without first having to the expense and risk of a Court action and the same would apply to applications for compulsory licences. The question of evergreening is more complex, and it will be interesting to see whether the South African Government follows the way of India, and legislates on the bench-mark for inventive step. The South African Government has made it clear that it will comply with its obligations under TRIPS, within the flexibilities afforded.

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## HAMILTON BEACH BRANDS v. SUNBEAM PRODUCTS-Outsourcing of Product Manufacturing Leads to a Loss of Patent Rights

By Christian Miller - Wood, Philips, Katz Clark & Mortimer

In *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, 2013 WL 4081872 (Fed. Cir. 2013), the Federal Circuit clarified that there is no supplier exception to the on-sale bar, and that a foreign supplier's offer for sale may invalidate the patent.

Hamilton Beach obtained U.S. Patent No. 7,485,831 (the '831 patent), directed toward a portable slow cooker with sealing clips on the body of the cooker for holding the lid in place during transportation. Hamilton Beach's commercial embodiment of the patented invention, the Stay or Go® slow cooker, was a large success. Sunbeam, the prior market leader for slow cookers, responded by designing around the '831 patent claims--releasing the Cook & Carry® slow cooker having sealing clips located on the lid instead of on the slow cooker body.

Not to be outdone, Hamilton Beach responded by filing a continuation application, issuing as U.S. Patent No. 7,947,928 (the '928 patent), with a broad claim that covered the Sunbeam slow cooker. Hamilton Beach asserted this later-issued '928 patent against Sunbeam in the United States District Court for the Eastern District of Virginia.

The District Court found that the later-filed application, which issued into the asserted '928 patent, contained new matter that was not supported by the disclosure contained within Hamilton Beach's first-filed application. Thus Hamilton Beach's later-issuing patent could not rely on the filing date of its first-filed application. Furthermore, the District Court granted Sunbeam's summary judgment motion, finding that some of the asserted claims were invalid under the pre-America Invents Act ("AIA") version of 35 U.S.C. § 102(b)1 on evidence that Hamilton Beach had offered the claimed invention more than 1 year prior to filing the application for the asserted '928 patent. Interestingly, this alleged offer for sale was Hamilton Beach's own request for 2,000 pre-production pressure cookers from its third-party overseas manufacturer.

Under Supreme Court precedent, as cited by the Court of Appeals for the Federal Circuit ("CAFC"), a disqualifying "offer for sale" occurs under pre-AIA Section 102(b) when the claimed invention is: 1) the subject of a "commercial" offer for sale; and 2) "ready for patenting". No actual sale need to occur, and the offer need only be one in which the offeree could form a binding contract by acceptance. Actions of foreign parties, offering products for sale to those in the US, may also constitute a disqualifying offer for sale.

The majority opinion of the CAFC affirmed the District Court, but on a different characterization of the facts. The majority noted that, based on precedent, there is no supplier exception to the on sale bar under the old Section 102(b). Unlike the District Court, the majority found a commercial offer for sale in the third party manufacturer's response to Hamilton Beach's 2,000 unit purchase order. Upon receipt of the purchase order, the supplier had responded with a statement that it would fulfill the order upon receipt of a final release by the patentee. Even though the actual release was provided by Hamilton Beach within one year of filing its earliest patent application, the CAFC found that the supplier's response constituted a commercial offer. After all, Hamilton Beach needed only to have provided the release in order to form a binding contract.

While Hamilton Beach argued that its design was not perfected when it placed the purchase order, and thus could not meet the "ready for patenting" prong of the commercial offer for sale test, the CAFC found that the design drawings sent to the supplier would have enabled one of ordinary skill to practice the claimed invention. Thus, the invention was ready for patenting at the time of the purchase order. The fact that some working prototypes did not work and needed fine-tuning for commercial production, did not mean that the invention was not ready for patenting.

In the dissent, CAFC Judge Reyna focused on the practical outcome of the

majority's ruling and stated that the ruling does not give any weight to how companies outsource prototyping in today's market. Judge Reyna characterized the 2,000 unit purchase order as being experimental because the design of the sealing clips was not finalized until well after that order. Furthermore, a mere 2,000 prototype pressure cookers was far from a typical commercial quantity ordered in the industry. In other words, Hamilton Beach was not stockpiling units for commercial distribution, but was actively perfecting its design. Judge Reyna stressed that a court must take into account the experimental use of the ordered products when determining whether the purchase order was commercial in nature. While it may be more than a year before the CAFC interprets the post-AIA 35 U.S.C. § 102, it

is possible that this case would have been decided differently under the new law. The Court may interpret the language of the new Section 102(a)(1) to require that the sale must be public—the new Section 102(a)(1) recites, “on sale, or otherwise available to the public before the effective filing date of the claimed invention” (emphasis added). Under this interpretation, it would appear that a contract between an inventing entity and its third party supplier, which contains a non-disclosure agreement, would not make the invention “otherwise available to the public”. It will, however, fall upon the Court to clarify the meaning of the new law.

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## COPYRIGHT

### United States Supreme Court Holds U.S. Copyright “First Sale” Doctrine Applies To Non-U.S. Sales

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On March 19, 2013, the Supreme Court of the United States issued its decision in *Kirtsaeng v. John Wiley & Sons, Inc.*, holding 6-3 that the statutory “first sale” doctrine applies to all lawfully acquired copyrighted works, whether those works are sold abroad or within the United States. The decision substantially impacts the manner by which copyright holders markets their works in a global marketplace.

Under United States law, the purchaser of a copy of a copyrighted work may redistribute that copy in any manner they like. While such a purchaser cannot violate the other exclusive rights owned by the copyright owner (such as reproduction and creation of derivative works), they are allowed to redistribute the copy. Similar rights exist in other jurisdictions, usually couched in terms of “exhaustion.”

Mr. Kirtsaeng, an enterprising Thai citizen attending college in the U.S., asked his friends and family to purchase and send him English-language textbooks made and sold abroad by Wiley's wholly-owned foreign subsidiary. Wiley holds the copyrights to those

texts. He then sold the textbooks for profit, and ultimately found himself on the wrong end of a \$600,000.00 jury verdict finding he had engaged in copyright infringement. The Second Circuit Court of Appeals affirmed, concluding that the books, while lawfully acquired abroad, nonetheless infringed on the copyright if the import into the U.S. was not also authorized.

At issue was the language of 17 U.S.C. § 109(a) -- applying the “first sale” doctrine to a copy of a work “lawfully made under this title.” The Court addressed whether that language restricted the “first sale” doctrine only to those works which are first sold in the United States, i.e., whether it acts as a geographical restraint on the “first sale.” Likewise at issue was the language of 17 U.S.C. § 602(a)(1), which says unambiguously that: “[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies...of a work that have been acquired outside of the United States is an infringement....”

Justice Breyer's majority opinion reasons that "§109(a)'s language, its context, and the common-law history of the 'first sale' doctrine, taken together, favor a non-geographical interpretation." The first sale doctrine thus now applies to copies of a work lawfully made abroad, and if a party imports such copies into the U.S. they would not infringe. The majority expressed concern that the converse interpretation may cause great harm to large parts of the economy, as the doctrine is "deeply embedded in the practices of booksellers, libraries, museums, and retailers." In her dissent, Justice Ginsberg chides that "[t]he Court's parade of horribles... is largely imaginary" and that the Court's adoption of an "international exhaustion" scheme conflicts with international trade agreements.

Justice Ginsberg's minority opinion notes that the decision is contrary to the legislative history and plain meaning of the statutes in point, as § 109(a) only implicates the U.S. -- "lawfully made under this title" (i.e., the U.S. Copyright Law) -- and § 602(a)(1) says that unauthorized importation is an infringement. The majority disagreed, and instead of reading a geographic limitation into § 109(a), read § 602(a)(1) to imply that the prohibition on importation only applied to imported works that were unauthorized at the initial point of sale. The world of commerce in resale and transfer of initially authorized copies has jumped geographical boundaries, however, and the majority held that attempting to put restrictions on the downstream travel of a copy was, quite simply, impractical. As a result, the majority concluded that "considerations of simplicity and coherence tip the purely linguistic balance in [a] nongeographical favor."

The impact of this ruling is not limited to the publishing industry. Many U.S. companies manufacture and sell their goods outside the U.S., and these goods contain copyrightable elements in labeling, packaging, software, and

other components. These companies will no longer be able to block the importation of their second-hand goods into the U.S. (assuming those goods were originally subject to a legitimate sale), at least not on the basis of copyright infringement. The majority acknowledged that the days of a copyright owner being able to possibly divide up the world market geographically are over from a first sale standpoint, and that may very well mean a change in the way these companies price their goods, as they attempt to combat the influx of lower-priced goods into the domestic market.

Of course, the trademark law related to grey market goods and the patent law's first sale doctrine may still provide avenues for protecting a producer's market segregation, although both are limited in scope.

Interestingly, neither the majority nor the dissent ever mentioned the Patent Law's "first sale" doctrine. A patent right is plainly considered to be geographic in scope, and the first sale doctrine has not been extended to goods made abroad even with the patent owner's authorization.

Patent rights can vary considerably country to country or region to region; copyright is far more universal throughout the world. Yet in its harkening back to the common law roots of the doctrine, one can quite easily transpose the word "patent" for "copyright" in almost every instance where the Kirtsaeng majority drew upon historical support.

Following the Kirtsaeng decision, the Supreme Court tossed this patent "first sale" question directly to the Federal Circuit to chew upon first. Pending before the Court was a petitioner to take up a patent appeal by Ninestar Technology Co. Ltd. dealing with what sales can trigger patent exhaustion. The Supreme Court denied review one week after deciding Kirtsaeng.

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## Considerations when using the Hague System to Initiate Design Protection in the United States

By Gregory J. Chinlund - Marshal. Gerstein & Borun LLP

Accession to the Hague design treaty provides companies from signatory countries with a new way to initiate the process of protecting the ornamental designs of products in the US. However, applicants should be careful about how they title their applications, and a recent US court decision, *Pacific Coast Maritime Windshields Ltd. v. Malibu Boats, LLC*, no. 2013-1199, teaches that care should also be exercised before including multiple designs in the application.

The title chosen for an application is important because US design law differs from the design law of other countries in several respects, and titling the application carefully is important to achieving the broadest possible US protection.

In the US, it is not only possible to protect the overall appearance of a product, but also to separately protect a particular ornamental feature of that product. This is true regardless of whether the ornamental feature is a separate, removable component of the product. For example, in the US it is not only possible to protect the ornamental design for a fender of an automobile, but also to protect a distinctive curve on that fender, even if the curve itself is not a separate structural component of the fender or of the automobile.

The ability to protect particular ornamental features means that an automobile maker that puts a distinctive curve on the fenders of its cars can obtain not only a right to stop US sale of replacement fenders that bear that curve, but can also obtain a right to stop competitors from using that same curve on the fenders of their automobiles, even if the overall appearance of those fenders, and of the automobiles themselves, are significantly different than those of the patent owner.

To best achieve this, the title of a US design patent should be chosen with care. The infringement analysis that a court will use to evaluate infringement of a US design patent for an “automobile fender” is significantly different than the analysis that the court will

use if the exact same design is claimed in a patent titled “automobile”. In one US case, *Araminik v Saint-Gobain Calmar, Inc.*, 501 F.3d 1314 (Fed. Cir. 2007), a patent owner lost an infringement case against a direct competitor because the title of its patent was “sprayer shroud,” instead of simply “sprayer.”

Recent policy changes in the USPTO and the Pacific Coast decision also make the selection of the drawings used in an application more important than ever.

In the past, the US patent office would allow applicants to change the scope of a US design patent with little objection. An application directed to the overall appearance of an automobile could be relatively easily amended to an application directed to a particular design on a fender of the automobile, or to a distinctive curve on that fender. Late last year, however, the USPTO announced that it will no longer permit such changes in scope as a matter of course. Unless the intent to direct a claim to a particular ornamental feature of the product is made known when the application is filed, it may be difficult or impossible for an applicant to change the focus of an application from the overall appearance of the product to a particular ornamental feature on that product.

European applicants are accustomed to including multiple embodiments in their design applications, and may be tempted to include separate sets of drawings in their US applications, one of those sets of drawings being directed to a particular ornamental feature of interest. However, US law permits only one patentable design per application, and US applications that include multiple sets of drawings will often draw an objection from the USPTO asking that the application be narrowed to a single embodiment. Procedurally, responding to such an objection is a simple and inexpensive task. But in January’s Pacific Coast decision, the US court that hears patent infringement appeals held that cancelling a set of drawings in response to such an objection may have a more substantial impact on the resulting patent than previously thought.

Specifically, cancelling a set of drawings in response to such an objection may now be used by an accused infringer as evidence of “prosecution history estoppel.”

In the Pacific Coast decision, the patent owner had included three separate sets of drawings in a patent application directed to a windshield for a boat. Posts separated individual sheets of glass in the windshield. One set of drawings showed no holes on the posts. Another set of drawings showed two holes on the posts. The third set showed four holes on the posts. The USPTO required the applicant to limit the application to one set of drawings, and the resulting patent included only the set of drawings showing a four-hole arrangement.

When a competitor later began selling a similar windshield with a three-hole arrangement on the posts, the trial court concluded that the patent was not infringed. Relying upon prosecution history estoppel, it concluded that a three-hole arrangement was “within the territory between the original claim and the amended claim” and thus could not infringe the patent.

The appellate court found that this particular range analysis was wrong, but held that cancelling a set of drawings in response to a restriction requirement can indeed trigger a prosecution history estoppel that may preclude the patent owner from claiming that the issued patent covers a design shown in the cancelled set of drawings. And cancelling a set of the drawings might do even more. The court left open the question of whether cancelling a set of drawings might also free competitors to sell “colorable” variations of the design shown in the cancelled drawings.

Accordingly, all applicants for US design protection, and particularly those considering using the Hague system to initiate a US design patent application, should carefully consider how the application is titled (is it a design for a component of a product, or for the product itself?), and whether to include multiple set of drawings in the application (creating the possibility that prosecution history estoppel might be raised when the patent is later enforced.)

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## BRAZIL

### GENERAL

#### Intellectual Property in World Cup Law-Law N<sup>o</sup>.12.633/2012

*By Osdimar Okanor Goncalves - Abreu, Merkl E Advogados Associados*

Brazilian Law No. 12.663/2012, known as “World Cup Law” has established measures for the 2014 FIFA World Cup Brazil™, giving special guarantees to FIFA (Fédération Internationale de Football Association) for protecting and exploitation of commercial rights relating to the event.

Among the measures, within the scope of intellectual property, the Law gives special protection to industrial property rights, particularly granting status of famous to trademarks consisting of official symbols such as the FIFA emblem, 2014 FIFA World Cup emblem, the official mascot, and other official symbols appointed by the entity, according to a list provided and updated, at any time, by FIFA. For example, among the registered trademarks currently listed, it can be found: “2014 World

Cup”, “World Cup”, “Brazil 2014”, “Rio de Janeiro 2014”, among others in the full list.

In addition, the Brazilian Patent and Trademark Office (INPI) should promote entry in its records of well-known marks held by FIFA, also arising from a list provided and updated by the entity.

Further, the Law allows the creation of commercial restriction areas (CRA) in the tournament venues, in its surroundings and main access roads. The commercial restriction areas (CRA) shall have the range of up to 2km (two kilometers) around the said tournament venues, without prejudice of the activities of local business regularly operating already, since without any form of association with the event, if not duly authorized.



The commercial restriction refers to the exclusivity in disclose trademarks held by FIFA, as well as in distribution, sales, advertising and marketing of products and services, and other promotional or street trading activities in the vicinity of the event. So, in applying of the "business as usual" principle, that means, it does not prevent the continuation of the existing commercial activities and regularly installed in such areas, provided that such activities do not seek to promote ambush marketing.

Moreover, Law No. 12.633/2012 defines two types of ambush marketing. The first is ambush marketing of association, which refers to the disclosure of trademarks, products and services, in order to achieve economic benefit or advertising, through direct or indirect association with the event or official symbols, without permission of FIFA or designated persons. The second type refers to Ambush Marketing by intrusion, defined as the exposure of trademarks, businesses, goodwill, products, services or promotions that are not authorized

by FIFA or person designated by it, seeking to attract public attention at the tournament venues. Both were typified as crimes until December 31, 2014, under the Law No. 12.633/2012. The practice can also be considered unfair competition and be characterized as enrichment without cause.

Prior to Law No.12.633/2012, the practice of ambush marketing was provided already, however at the regulatory level only, specifically in the art. 31 of the Brazilian Advertising Self-Regulation Code regulated by CONAR (Brazilian Advertising Self-Regulation Congress) condemning undue and unlawful advertising advantages obtained by "free ride" and/or "ambush" such as the invasion of commercial space of communication media.

Finally, the Law No. 12.633/2012 still has provisions about broadcasting rights, tickets and other matters, in the commercial context during the 2014 FIFA World Cup Brazil™.

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## GERMANY

### Recent Decisions of the European Court of Justice regarding Supplementary Protection Certificates

*By Dr. Christopher Bruckner - Stolmar & Partners*

For the past 20 years owner of patents in the field of pharmaceuticals and plant protection products in Europe have, under well-defined preconditions, had the possibility to file a supplementary protection certificate (SPC), which can extend the duration of a patent by up to five years. The duration of a SPC depends on the time interval between application of the basic patent and the grant of the marketing authorization (MA) for the product. If this time interval is 10 years, a SPC with duration of five years can be granted, if this interval is shorter, the duration of the SPC will be correspondingly shorter. A precondition for granting a SPC is the ownership of a basic patent which is valid at the day of application. A second precondition is the filing of a MA for the subject matter of the SPC. However, it is possible to use the MA of another company for an SPC application.

The last decision of the European Court of Justice (ECJ) mainly referred to the relationship between the basic patent and the SPC, especially the question under which circumstances a SPC for a combination product can be granted.

In the case *Medeva BV vs. Comptroller General of Patents (C-322/10)*, it was decided that a SPC for a combination product can only be granted if the respective combination is specified in the claims. In the decision *Yeda and Aventis vs. Comptroller General of Patents (C-518/10)*, it was decided that a SPC for a single compound cannot be granted, if the single compound is claimed together with another compound.

In the case *Actavis Group PTC EHF and Actavis UK Ltd vs. Sanofi (C-443/12)*, the ECJ

decided that the same applicant who has been granted a SPC for a single compound cannot be granted another SPC for the same compound together with another compound, if the duration of the second SPC would be longer than the duration of the first SPC. This decision only refers to cases in which the single compound and the combination with another compound are claimed in the same basic patent. If the single compound and the combination of the compound with another compound are claimed in two separate patents, both SPCs can be granted.

For applicants, this decision has the consequence that a single compound and combinations of this single compound with other compounds should be claimed in separate patents, if the applicant plans to request a SPC for both.

However, in the case *Georgetown University vs. Octrooicentrum Nederland (C-484/12)*, the ECJ decided that an applicant who has been granted a SPC for a combination of compounds can also be granted a SPC for one of the compounds of the combination, given that the combination and the single compound are specified in the claims of the basic patent.

Regarding the MA, the ECJ decided in *Medeva BV vs. Comptroller General of Patents (C-322/10)* that a SPC can be granted for a compound, even if the MA filed together with the application is directed to a combination of the compound with another compound.

In the case *Eli Lilly and Company Ltd vs. Human Genome Sciences Inc. (C-493/12)*, the ECJ decided that, when applying for a SPC, it is not necessary that the compound or the compounds claimed in the basic patent are specified literally. For example, it is sufficient if the compound, which is subject matter of the SPC application, is comprised by a Markush-

formula. On the other hand, in some cases it can be sufficient if the compound is specified by its functional properties. However, this depends on the specific situation and the relevant national Patent Law regarding infringement of patents.

In the decision *Neurim Pharmaceuticals vs. Comptroller General of Patents (C-130/11)*, the ECJ decided that an earlier MA for the same compound can be considered as irrelevant for an application of a SPC, if the compound but not the medicinal indication of the earlier MA is comprised by the basic patent. The background of this decision is the requirement of the SPC-regulation that the MA for an SPC application has to be the first MA for the compound in the member state of application. If an earlier MA has been granted for the same product, and this earlier MA is no longer valid, a SPC cannot be filed for this product. After the *Neurim* decision, applicants now have the possibility to restrict the basic patent, until the subject matter of the earlier MA is no longer comprised by the basic patent. An application for a SPC based on the later MA can then be filed.

Finally, in *Glaxosmithkline Biologicals SA KG vs. Comptroller-General of Patents (C-210/13)*, the ECJ decided that a combination of two substances, namely an active ingredient having therapeutic effects on its own and an adjuvant, is not to be regarded as a combination of active ingredients within the meaning of the SPC system.

The recent decisions of the ECJ show that a lot of questions regarding the application requirements for SPCs have to be answered. Moreover, these decisions emphasize that careful claim drafting and planning of the patent filing strategy is indispensable for companies intending to file SPCs within Europe.

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## Network Agreements and Intellectual Property Rights in Italy

By Donato Nitti - Studio Ferrario

The network agreement (art. 3 Law Decree 5/2009 and following amendments, the last being enacted with Law 221/2012) is a contract through which two or more companies (including individual enterprises) can join to increase, individually and collectively, their ability to innovate and their competitiveness in the marketplace via one or more of the following activities: (a) cooperation in complex plans that the single company would not be able to execute individually; (b) exchange of information on industrial, technical or commercial performances; (c) engage jointly in the activities already performed by each enterprise.

Although the network agreement share some of the features of other agreements between businesses (consortium agreement, mandate agreement, company agreement, supply agreement, licence agreement, and so on), it is, in fact, a different kind from all the others. It is peculiar of the Italian experience, but it is also appreciated at the EU level.

According to law, the network agreement must set out the strategic targets of innovation and competitiveness increase and define its own program, which contains rights and duties of each participant. The agreement must, further, specify the agreed means for measuring the advancement toward the targets, the expiry term of the agreement, whether other companies are allowed to join and how, and the rules for passing resolutions on issues relating to the network.

From the moment that intellectual property law regulates innovation and competition law regulates competitiveness, network agreements are quite interesting for IP lawyers. While these two areas, intellectual property and competition, are in conflict, both bodies of law share the same basic goal, in EU as well as in USA, of promoting consumer welfare and an efficient allocation of resources.

There are two kinds of networks: the so called “subject-network”, with legal subjectivity and the “contract-network”, which has none. The former could be defined similar

to a company joint-venture, the latter to a contractual joint-venture.

Intellectual property issues that may arise in connection with networks are the right of ownership, the right of use and issues about circulation of intellectual property rights and have a different characterization in the subject-network than in the contract-network. Intellectual property rights may exist before the execution of the agreement, and so the owners are the single companies, or may arise after the execution, so parties need to agree if the owners are the companies, the network or a third party (e.g. a royalty company set up by the parties). Moreover, intellectual property rights may generate further rights (e.g. the conditioned invention, art. 2587 Civil Code, or c.c., and art. 68.2 Industrial Property Code or c.p.i.).

In this work we cannot debate all the interesting issues about intellectual property rights in network agreements, but at least two of them need to be described: the right of ownership and the right of use. The default legal rule is joint ownership (art. 6 c.p.i., art. 10 Law 633/1041 on the rights of authors), which is regulated in the Italian Civil Code (art. 1100 e ss. c.c.). According to art. 1101 c.c., if the parties do not agree otherwise, shares of ownership are presumed to be equal, but the “shares of ownership” can be different from the “shares of advantages and weights”, so the agreement can discipline such issues as the parties prefer. If the agreement is silent, the legal rules about joint ownership are completed by the rules about different rights. For instance, the right to a patent belongs to the authors of the invention (art. 63.2 c.p.i.) but joint ownership only arises when there is a “combination of inventive activity”, a “creative collaboration” and not a simple “executive collaboration”.

R&D activity in a network may be conducted in different ways: individually, through creative collaboration (which brings to joint ownership) or executive collaboration (which does not lead to joint ownership). In order to avoid clash among the parties, it is

advisable to regulate intellectual property rights issues and not to resort to default legal schemes (joint ownership). Another fundamental principle is that the joint owner cannot exploit the intellectual property right without the consent of other joint owners (Italian Supreme Court, decision no. 5281/2000). According to the Italian Supreme Court such decision must be taken by a two-thirds majority (art. 1108 c.c.).

The network agreement is a brand new kind of agreement that is especially interesting for foreign companies planning to invest in Italy or abroad with Italian companies. Its legal regime, however, is so closely connected to intellectual property competition law that its creation and drafting should be assisted by a skilled intellectual property lawyer who can evaluate all the opportunities and pitfalls in the IP field.

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## JAPAN

### Data Analysis of IP-related Court Cases in the Fields of Chemistry and Biotechnology

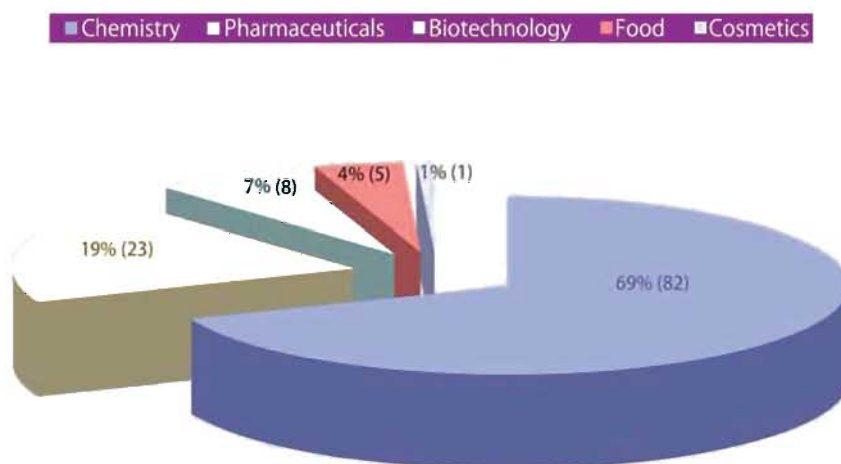
*By Koichi Hirota - Hirota, Nagare & Associates*

As a result of research, it is found that the year 2012 saw a total of “571” IP-related decisions. This article selects “119” decisions that are considered relating to the fields of chemistry and biotechnology. This number of decisions accounts for “about 21%” of the total number of IP-related decisions in 2012.

The following graphs and lists show that the classified data of the total “119” IP-related court cases in 2012 in the fields of chemistry and biotechnology give quite interesting results.

Fig. 1

Percent circle graph by technical fields



**FIG. 1, a percent circle graph by technical fields, shows “69% (82 cases)” for chemistry, “19% (23 cases)” for pharmaceuticals, “7% (8 cases)” for biotechnology, “4% (5 cases)” for food, and “1% (1 case)” for cosmetics. Although applications in the pharmaceutical field are not very many, litigious cases at court in this field are more than those in the other fields, clearly indicating a high likelihood of litigation.**

Fig. 2

Percent circle graph by type of cases

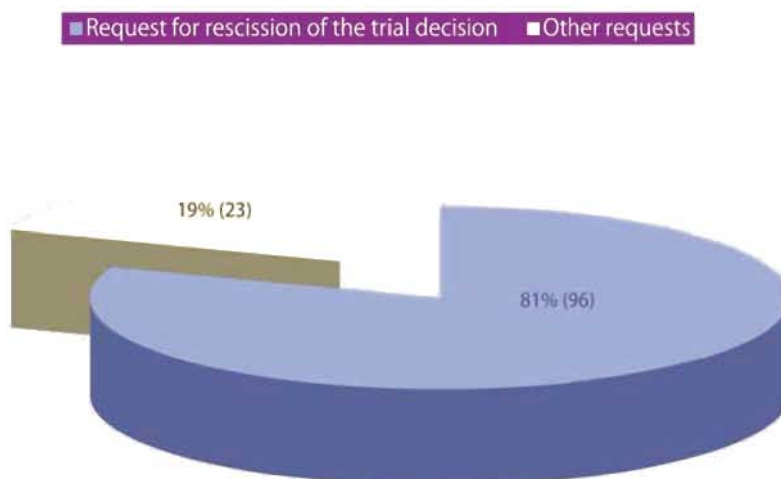


FIG. 2, a percent circle graph by type of cases, shows “81% (96 cases)” for request for rescission of the trial decision, and “19% (23 cases)” for the other requests. The litigation for request for rescission of the trial decision accounts for high percentage.

Fig. 3

Percent circle graph by courts

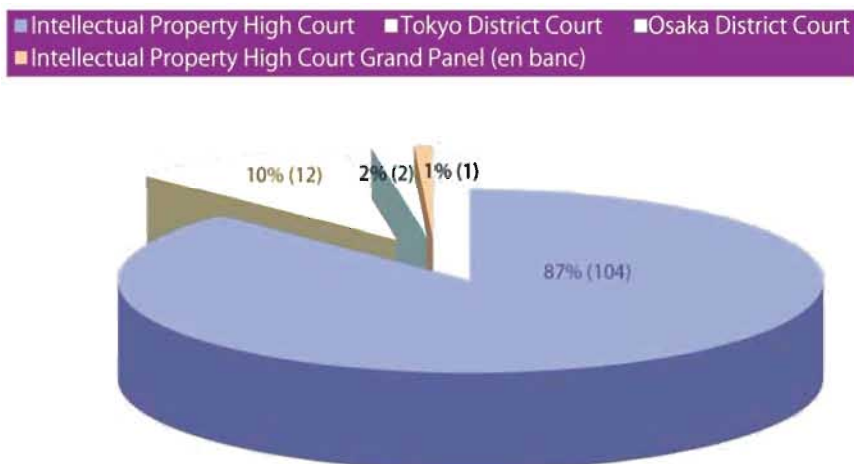


FIG. 3, a percent circle graph by courts, shows “87% (104 cases)” for Intellectual Property High Court, “1% (1 case)” for Intellectual Property High Court Grand Panel (en banc), “10% (12 cases)” for Tokyo District Court, and “2% (2 cases)” for Osaka District Court. The shown data reflect the fact that there are many cases of the litigation for request for rescission of the trial decision.

Fig. 4

Percent circle graph by conclusions of requests

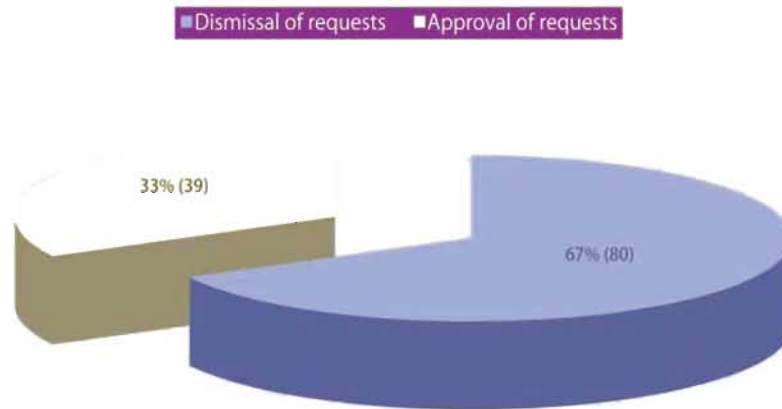


FIG. 4, a percent circle graph by conclusions of requests, shows that the percentage of cases that dismissed the requests is “67% (80 cases)” and the percentage of cases that approved the requests is “33% (39 cases)”. The shown data indicate that the dismissed cases are about twice as many as the approved cases.

Fig. 5

Percent circle graph by conclusions of requests for rescission of the trial decision



FIG. 5, a percent circle graph by conclusions of requests for rescission of the trial decision, shows that the percentage of cases that dismissed the requests is “65% (62 cases)” and the percentage of cases that approved the requests is “35% (34 cases)”. The shown data indicate that the dismissed cases are almost twice as many as the approved cases.

Fig. 6

Percent circle graph by conclusions of other requests

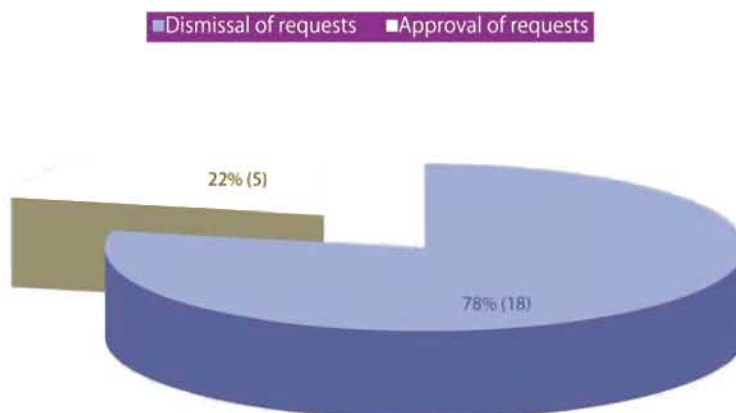


FIG. 6, a percent circle graph by conclusions of the other requests, shows that the percentage of cases that dismissed the requests is “78% (18 cases)” and the percentage of cases that approved the requests is “22% (5 cases)”. The shown data indicate that the dismissed cases are more than three times as many as the approved cases.

Fig. 7

Percent circle graph by conclusions of judgment of novelty

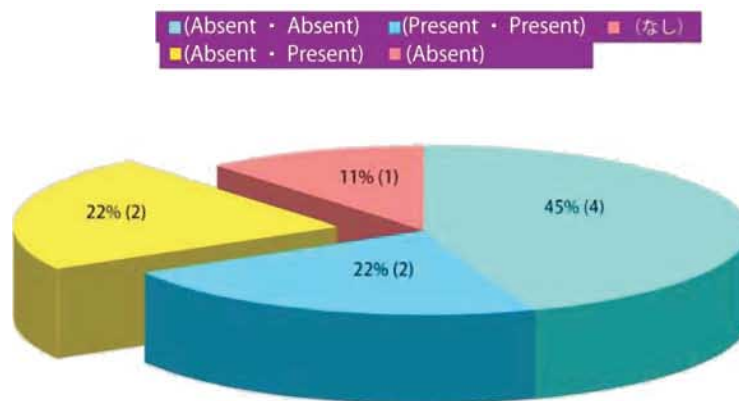


FIG. 7, a percent circle graph by conclusions of judgment of novelty, shows, though the total number of cases is not many, that the percentage of cases that affirmed the trial decision or the judgment by the lower court is “67% (6 cases)”, the percentage of cases that overruled the trial decision or the judgment by the lower court is “22% (2 cases)”, and the percentage of cases directly judged at court is “11% (1 case)”. The cases that affirmed the trial decision or the judgment by the lower court consist of “45% (4 cases)” where the judgment that novelty had been absent was affirmed and “22% (2 cases)” where the judgment that novelty had been present was affirmed. The shown data indicate that more cases affirmed the trial decision or the judgment by the lower court.

Fig. 8

Percent circle graph by conclusions of judgment of inventive step

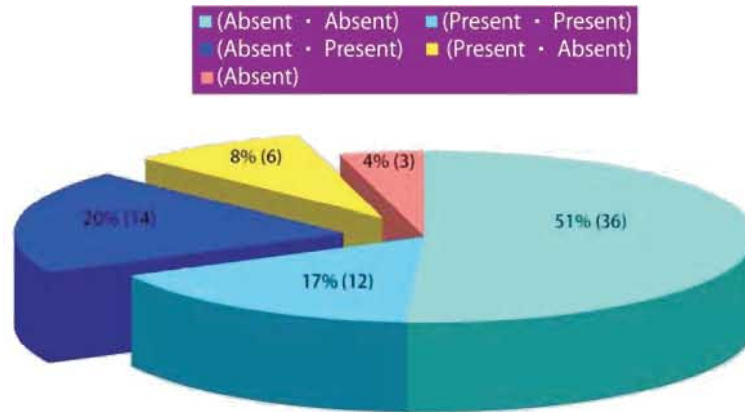


FIG. 8, a percent circle graph by conclusions of judgment of inventive step, shows that the percentage of cases that affirmed the trial decision or the judgment by the lower court is “68% (48 cases)”, the percentage of cases that overruled the trial decision or the judgment by the lower court is “28% (20 cases)”, and the percentage of cases directly judged at court is “4% (3 cases)”. The cases that affirmed the trial decision or the judgment by the lower court consist of “51% (36 cases)” where the judgment that inventive step had been absent was affirmed and “17% (12 cases)” where the judgment that inventive step had been present was affirmed. The cases that overruled the trial decision or the judgment by the lower court consist of “8% (6 cases)” where the judgment that inventive step had been present was overruled and “20% (14 cases)” where the judgment that inventive step had been absent was overruled. The shown data indicate that the cases that affirmed the trial decision or the judgment by the lower court were more than twice as many as those that overruled the trial decision or the judgment by the lower court.

Fig. 9

Percent circle graph by conclusions of judgment of support requirements

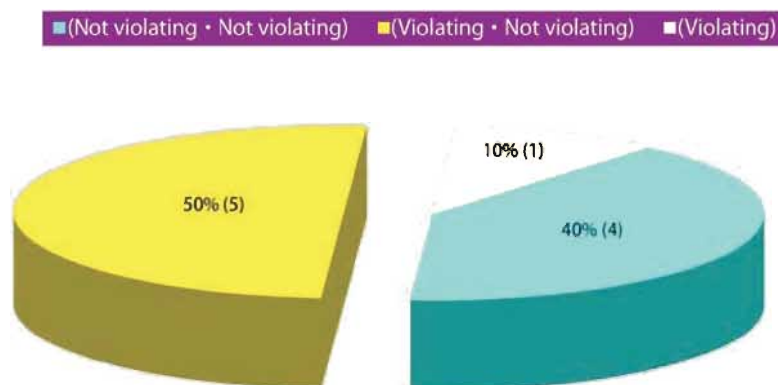




FIG. 9, a percent circle graph by conclusions of judgment of support requirements, shows, though the total number of cases is not many, that the percentage of cases that affirmed the trial decision or the judgment by the lower court is “40% (4 cases)”, the percentage of case that overruled the trial decision or the judgment by the lower court is “50% (5 cases)”, and the percentage of cases directly judged at court is “10% (1 case)”. One characteristic seen from the data of FIG. 15 is that the cases judged as not violating support requirements account for “90% (9 cases)” in a total of 10 cases and account for “100% (9 cases)” in the cases that affirmed or overruled the trial decision or the judgment by the lower court, meaning that there are quite many cases that were judged as not violating support requirements.

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## MEXICO

### Recent Amendments in the Mexican Law and Practice

*By Mr. Gerardo Parra - Uthoff Gomez Vega & Uthoff, S. C.*

Relevant amendments to the Mexican Industrial Property Law (IPL) have been taking place in Mexico during recent years. One of them made it possible to obtain a declaration of Fame or Notoriety for marks through a special mechanism established in the IPL.

The IPL was amended to differentiate between fame and notoriety. While fame implies that a mark is known by the population in general, regardless the field in which the mark is used, notoriety narrows said awareness to the field in which the mark is used.

This amendment brought the owners of registrations the possibility to avoid subjective criteria when considering notoriety, hence making easier to claim fame or notoriety in infringement and cancellation proceedings, including those in which a registration obtained by a third party may blur or tarnish the distinctiveness of a notorious or famous mark.

Notwithstanding the above, it is important to consider that said declaration can only be obtained for marks already registered in Mexico. Consequently, the declaration does not apply to marks in use but not registered in Mexico.

In addition to the above mentioned amendment, the more recent and perhaps even more relevant took place in February 2013 when Mexico adopted the Madrid Protocol, bringing a new era in the trademark arena.

Fortunately, Mexico adopted the Madrid Protocol which is far more flexible in comparison to the Madrid Agreement, in which the official language is French, versus the Protocol, in which three languages are admitted, being one of them Spanish.

Regardless the advantages of the Protocol, it is important to consider that it may not be the alternative for everybody. Depending on each scenario filing an application directly in Mexico may be a better decision.

For those marks already in use in Mexico, filing an application directly before the Mexican Institute of Industrial Property that is outside the Protocol may represent an advantage in time of prosecution. Additionally, by filing the application directly in Mexico, it is possible to claim a date of first use.

It is too soon to discuss other benefits derived from filing directly in Mexico or through the Madrid Protocol. Each case is different, consequently, before filing in Mexico or its designation, discussing the strategy with local counsel should be considered.

Although the Madrid System does not require the adoption of Opposition Proceedings, we consider the inclusion of same should be the following main amendment to the IPL.

To date, no opposition proceedings are admitted. The available alternative is to file a

brief alerting the Examiner in charge of the “opposed” application of the reasons why the subject application should not mature into registration. Unfortunately, by law the examiner is not obliged to consider the arguments contained in said brief, consequently, if no impediment is found the application will mature into registration.

In Mexico, the IPL establishes that the exclusive right to use a mark derives from its registration and not its priority of use and adoption. However, Article 151 of the IPL establishes the below mentioned scenarios in which the cancellation of a registration could be asserted:

**Section I.** When granted in violation of the provisions of the IPL or the one in force at the time of registration.

**Section II.** When the mark is identical or confusingly similar to another used in the country or abroad prior for the same or similar goods or services.

**Section III.** The registration was granted based on false information contained in the application;

**Section IV.** The registration was granted in error, mistake, or difference of judgment, being another registration in force covering the same or related goods or services;

**Section V.** When the mark is registered in bad faith by the agent, representative, licensee or distributor of the owner of a mark registered abroad.

Cancellation proceedings under the before mentioned article may be asserted within a period of five years from the date on which the publication of the registration in the Gazette becomes effective, with the exception of actions under section I and V, which may be initiated at any time, and under Section II, which may be exercised within a period of three years.

It is important to keep as basis for opposition sections II, IV and V, considering that sections I and III require the registration to be already granted to assert its cancellation.

In spite a registration can be cancelled, the right to use the mark is considered “alive”, even if a cancellation action is pending. Considering that obtaining a final and conclusive decision addressing the cancellation of a registration usually takes five years, during litigation the owner of the registration matter of the cancellation action may continue using the mark, causing irreversible damages to reputation of the involved mark.

The answer to this scenario could be the adoption of an opposition proceeding before the registration is granted and the right to the exclusive right to use a mark is born.

The IPL has to be amended to include expedite proceedings and also remedies to prevent abusive opposition filings, to avoid uncertainty and unnecessary delays in commerce activities, in which time is a key factor.

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## THE NETHERLANDS

### The Netherlands: Gateway to Europe for Protection of IP

*By Ewoud Caspers, Rutmer Brekhoff, Robin Melchoir - Octrooibureau Vriesendorp & Gaade B.V*

Geographically, The Netherlands is located in the heart of Europe. Despite its relatively small geographical area, it ranks among the top European economies. Its high quality infrastructure connects The Netherlands to the other major economies in Europe, such as the UK, Germany and France. Annually, the

Port of Rotterdam in The Netherlands processes over 25% of all goods entering Europe via the ports, thereby rendering the Port of Rotterdam by far the largest port in Europe. All of this makes The Netherlands an excellent gateway to Europe for international business. Geographically, The Netherlands is

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However, in the field of protecting and enforcing Intellectual Property (IP), international businesses traditionally turn to German agencies for their strategic location with respect to the European patent office (EPO) or English agencies for their native English language. It is often overseen that Dutch agencies are particularly qualified to handle your European IP matters.

The strategic location in the heart of Europe in combination with the Port of Rotterdam provides your clients with a strategic advantage when acting on infringement. The renowned high quality Dutch education and training of IP agents ensures that your clients are represented in the best way possible. Many Dutch representatives are multi-linguistic and have mastered at least one and often two or more of the major European languages, including but not limited to English, German and French.

Additionally, many official IP organizations have found their way to The Netherlands. In particular in the area of The Hague, you will find the Dutch Patent Office (NL Octrooi Centrum), The Benelux Office on Intellectual Property (BOIP), the Dutch patent courts and a branch of the EPO.

In this contribution, Vriesendorp & Gaade, founded in The Netherlands in 1833 and the oldest patent agency in the world, shortly highlights the most important aspects of obtaining patents and trademarks in or via The Netherlands.

#### European patent vs. national patents

European patent rights can be obtained both regionally, via a European patent

application, and nationally, by filing one or more direct national applications in individual European countries.

The European route involves a thorough yet lengthy examination on the requirements of patentability. After grant, the European patent may be validated in one or more countries. During a period of 9 months, the granted European patent may be opposed centrally. After expiration of the opposition period, the European patent application may only be invalidated nationally.

In the course of time, a Unitary Patent system will be introduced which offers the patentee the opportunity to indicate that a European patent application, after grant, should have a unitary effect. The granted Unitary patent may be invalidated centrally by a Unified Patent Court even after expiration of the opposition period.

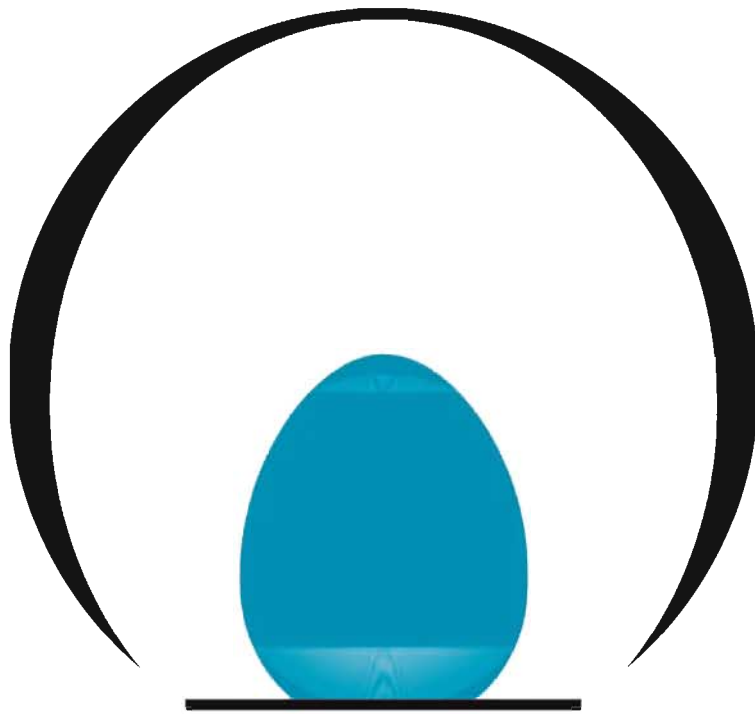
If a patentee wishes to avoid the lengthy examination and the risk of central opposition and/or invalidation under the European patent system, he may instead file national applications directly. This is particularly lucrative when the list of countries where protection is desired is relatively small and/or when the outcome of an earlier examination has proven favourable as to the patentability of the invention, such that an easy national grant may be expected. Because of the absence of a central opposition procedure, the validity of the (group of) national patents can be challenged only via national nullification proceedings.

#### Easily obtaining patent rights in The Netherlands

In the Netherlands, patent rights can be very easily obtained by filing a direct national patent application at the end of the priority year. Dutch patent applications can be filed in any language, which allows for filing at the very last moment. A translation should be furnished within a few months from filing. The description may be translated in either English or Dutch, whereas the claims must be translated into Dutch. Finally a search has to be requested, the outcome of which is however of no influence on the grant of the Dutch patent.

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PATENTS - TRADEMARKS - DESIGNS

The Dutch patent application will be automatically granted as a so-called registration patent after registration in the patent register. Early registration may be requested directly after the search report has been established.

Please note that a direct Dutch national patent application must be filed at the end of the priority year. It is currently not possible to enter the national phase of The Netherlands directly from PCT. A PCT application must first be converted into a European patent application which, after grant, may be validated in The Netherlands

### Community trademark vs. Benelux trademark

Similar to patents, trademarks can be obtained both regionally, via a Community trademark, and nationally. Community trademarks, filed at the Office for Harmonization of the Internal Market (OHIM), are enforceable in all countries of the European Union. A trademark in the Netherlands can be obtained via a regional trademark registration in the Benelux, which is valid in Belgium, The Netherlands and Luxembourg simultaneously. Benelux trademarks are filed at the Benelux Office on Intellectual Property (BOIP).

The owner of a registered Benelux or Community trademark may prevent any third

party from using a sign that is identical or similar to the trademark. Further, under the Benelux Convention on Intellectual Property, enforcement of a trademark is possible against the use of identical or similar signs other than for the purpose of distinguishing goods (e.g., trade names), provided that the use of the sign is without due cause and takes unfair advantage of, or is detrimental to the distinctive character or the repute of the trademark. The European Trademark Regulation does not provide for a similar provision.

In order to maintain a valid trademark it must be used within five years as from the registration date. This use may also not be interrupted for a period of five consecutive years. A proprietor of a prior registration may invoke the nullity of a registration of a younger identical or similar trademark.

### Conclusion

When considering an IP strategy, it is important to consider the advantages and disadvantages of both European and national law. Upon request, our national agents will be happy to provide you with advice specific to the situation of your clients. Vriesendorp & Gaade in particular would be honoured to be your Gateway to Europe with regard to all your IP matters.

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## TAIWAN

### “Formosa Style, Facing a New Era in IP Protection in Taiwan, R.O.C.”

*By Jack Liang-fu Wang - Direction International Patent Trademark*

#### An introduction to the new amendment of Patent Act and Trade Secret Act

#### Introduction

As Taiwan continues to march into an era of a new generation of modern advancement in manufacturing technology, the protection of law and maintenance of order has also advanced at the same time. Thriving to

become one of the most eye-appealing global forum of international dispute resolutions, it has always been the deep-rooted belief that the commerce and law always go hand in hand, and under this same principle we have been seeing more and more laws and regulations being passed by the legislature of Taiwan, which is commonly referred to as the “Legislative Yuan.”

Although the laws in Taiwan are catching up to speed and scale of the international standards,

businesses are still encountering difficulties in expanding their practices without being bothered by actual and potential infringements. Due to the fact that international trading continues to heighten and has risen to a new level, the imminent need for higher protection of intellectual property is not just needed by the businesses but also required to bring more businesses around the world to Taiwan. Therefore, amongst all the new rules and orders, the most significant ones that are introduced to the world lies within the new move towards a better protection in intellectual property rights.

Throughout this article, we will be introducing to the readers two of the most important amendments that were passed by the Legislative Yuan recently, respectively incorporated into the Patent Act and the Trade Secret Act.

### 1. New border protection regulation under the Patent Act

In the newly passed Patent Act amendment in January 3rd of 2014, the Legislative Yuan added Article 97-1 to Article 97-4 into the Patent Act<sup>1</sup>. Since there has yet been an official English translation of the exact wordings, in this article it will be referred to as the Border Protection Clause.

In this amendment, certain protective measures are incorporated into the protection of Patent rights, which includes seizing and detaining infringing goods at the Taiwanese customs, the mechanism to counter the seizure with the right to revocation by the alleged infringer, and the compensatory for damages accompanying the above. Under the Border Protection Clause, the patent holder may file a written application along with supporting and corroborating materials to the custom to request to seize and detain the infringing goods, and the custom will examine the matter, check the goods, and then determine whether there is sufficient ground to make such seizure. In terms of the request for seizure, the patent holder may choose to post bond or give equivalent guarantee to the custom in order to show that there is a likelihood of infringement, and to make sure there is fair play for both sides, the alleged infringer may also post bond to counter

with the seizure by revocation. The seizure will be revoked if the patent holder fails to move forward by filing a lawsuit within twelve (12) days after the detention is approved, and the alleged infringer whose goods were being seized may request for revocation by posting a bond as condition.

The newly incorporated Border Protection Clause are meant to match up with the performance of the duties of the Taiwan customs, which will make patent protection not merely monetary but also fundamental by stopping the infringing goods to enter into the stream of commerce, as well as severing the ties and cutting loose the infringement from its source, which is similar to the process and effect of what the United States International Trade Commission does, and likely to achieve more effectiveness and efficiency in future infringement stopping.

### 2. Criminal liability in Trade Secret Act

When Trade Secret Act was promulgated in 1996, there were no provisions within it that mention about criminal liability. For decades, all trade secret violations that are accountable for criminal liability must go through the process of filing under Criminal Code of the Republic of China (2013. 06. 11 Amended), for example Article 317 disclose of commercial or industrial secrets; and the Fair Trade Act (2011.11.23 Amended), for example Article 19 lessen or to impede fair competition. However, the Executive Yuan made a final decision to take into consideration of the law of The Economic Espionage Act of 1996 of the United States of American, and add the criminal liability into the Trade Secret Act.

Under the newly amended Trade Secret Act, any person committing trade secret violation may be sentenced to imprisonment for up to 5 years, and an additional fine between NT\$1 million and NT\$10 million may be imposed, unless the gain obtained by the offender exceeds the said fine then an increase up to 3 times of the gain may be applied. Attempt to commit such crime specified is also punishable, also, a more severe punishment will be applied if the trade secret is used in foreign jurisdictions (including mainland China, Hong Kong, or Macau) with an imprisonment between

1 year and 10 years, in addition thereto, a fine between NT\$3 million and NT\$50 million may be imposed.

Although complaints have been raised against the cruelty of attaching criminal liabilities to this aspect, it is said that imprisonment is more intimidating compared to civil liability and trade secret traffickers will be more reluctant to make any further violations before thinking twice. Nonetheless the said above, the enactment of criminal liability into the Trade Secret Act does constitute an achievement made by the efforts of high tech community and the government. It is said and believed that, this enactment would not just strengthen the protection of industrial intangible assets, but it may also serve as an incentive for foreign companies to introduce their business and conduct technology transfer into this Taiwan.

### Conclusion

As the Intellectual Property Court was established in 2007 under the full compliance of the Intellectual Property Organization Act, all intellectual property cases in Taiwan are tried at the Intellectual Property Court for the first and second instance since then, which demonstrates the turn-page of a new era in the protection of intellectual property rights and the strong will of the legal community of Taiwan to maintain law and order in order to achieve the ultimate goal to align with the international community.

In the past, remedies for intellectual property infringement used to cover damages and injunction against infringement and injunction against threatened infringement, which being said that such remedies are mainly

focused on the post damage recovery and lack of pre-damage restraints. Also, for entities or individuals with no concern of financial backup, civil liabilities no longer serves as a halt sufficient enough to shock the conscience of the infringer. Therefore, the criminal liability amended into the Trade Secret Act, as well as the Border Protection Clause under the Patent Act, will serve not only just as an additional method but also more effective and efficient protection towards patent holders and other parties that are beneficiary to the respective rights.

As intellectual property competition continues to evolve, it is strongly advised to bear full precaution of the change of law and advancement of business and technology before exploring new territories. Once harm is imminent, taking immediate and proper legal action will not only preserve your business and expedite the settlement process, but will also reduce your overall litigation costs and increase the likelihood of reaching a negotiated settlement, which also makes it important to make a wise selection of the best experts to handle this matter. At Direction, we have a legal team with the combination of patent, trademark, and law expertises, which is capable of handling our client's cases in a timely fashion, cost effective, and in the most professional manners that covers both in-width and in-depth. Direction's professionals inform and explain to clients the legal procedures step-by-step and everything that is going on in their cases. At Direction, our legal team is always here to solve any law issues you may encounter.

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## New European Counterfeit Goods Regulation Comes into Force

*By Martin Delafaille, Amanda Mallon - Kempner & Partners LLC*

The sale of counterfeit goods across the European Union ("EU") continues to rise. Fuelled in the large part by the increased popularity of online shopping, statistics published on 5 August 2013 by the European Commission show the continuation of a high number of shipments suspected of violating intellectual property rights. In the previous year, EU Customs authorities made almost 90,000 detentions comprising mostly of small parcels stemming from online shopping. According to the European Commission report, as far as the almost 40 million detained articles are concerned, the value of the equivalent genuine products is estimated to be just below 1 billion Euro.

The most counterfeited goods in the EU were cigarettes which constituted nearly a third of the detained articles. Products for daily use such as body care items, medicines, toys and electrical household goods account for just over 12% of items. With regard to the main source country from which counterfeit products emanated, China topped the list.

It is estimated that counterfeit goods now make up 5-7% of world trade costing legitimate businesses some £400 billion.

In an effort to assist the battle against fake goods, from 1 January 2014, a new Counterfeit Goods Regulation (608/2013/EC) came into effect in the EU. The aim of the new Regulation is to bring into force measures to deal with the unlawful marketing of goods which infringe intellectual property rights. It is widely recognised that the marketing of counterfeit goods causes considerable and widespread damage to numerous classes of society, from rights-holders, groups of producers, law-abiding manufacturers and traders, to consumers (from a health and safety perspective) and governments (who lose tax revenues). The key aim of the new Regulation is to introduce improvements to the current legal framework in Europe in order to strengthen the enforcement of intellectual property rights by EU Customs Authorities.

The most significant changes which have now been brought into force are summarised below:

- **Enhanced protection for rights holders** - the list of IP rights which may be subject to Customs intervention has been extended to include trade names, chips, utility models, and devices designed to circumvent technological measures. Only copyright, trade marks, design rights, patents, Supplementary Protection Certificates, Protected Designations of Origin or Protected Geographical Indications were covered by the previous Regulation governing Customs action.
- **EU wide enforcement** - owners of IP rights which apply across the EU may seek EU-wide enforcement through the Customs authorities of a single member state. This enables action to be taken in both the member state of the right-holder and any other member state in the EU.
- **A streamlined destruction procedure** - all member states of the EU are now obliged to offer a procedure allowing for the destruction of goods without any obligation on the rights holder to start court proceedings to establish whether or not an IP right has been infringed. Furthermore, if the importer does not explicitly oppose destruction within a specific period then the Customs Authorities may deem that they have agreed to destruction.
- **A new procedure for small consignments** - where a general request for destruction is in place and no timely objections are made by the importer of the goods, consignments of counterfeit or pirate goods up to 2kg may be destroyed without the need for the explicit agreement of the rights owner in each case.
- **Grey goods (parallel imports) are not covered** - the new Regulation does not extend to parallel imports, despite forming part of the European Commission's original proposal. Parallel imports are goods which are not counterfeit having been manufactured with the rights holder's consent but marketed for the





first time in the European Economic Area, without their consent. At least for now, the Regulation appears not to extend to goods in transit within the EU or between non-EU countries.

#### What Action Should be Taken by Right Holders?

To assist in stopping fake goods from entering the EU, rights holders should take proactive steps by providing Customs Authorities with specific information about their IP rights, asking for suspected infringing goods to be detained and in return obtaining information which can be used in relevant court proceedings.

Rights holders can also register specific information about their products, channels of distribution and sales in a secure and

confidential enforcement database, set to be launched in April 2014, to which select EU Customs will have access. This will also provide guidance on filing applications for action, connect to several databases, provide modules to send alerts on possible counterfeit consignments and facilitate the exchange of information between the European Commission and Customs Authorities.

Combined, the steps brought into force in the EU by the new Counterfeit Goods Regulation should make the fight against counterfeits more straightforward and more accessible for a broader range of rights holders. We anticipate the cost, time and effort to protect rights and tackle counterfeit goods will be reduced and we are optimistic that more sustained action will be taken by right holders and Customs officials to thwart the rise of counterfeit goods in the EU.

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## UK Intellectual Property Law Update

*By Richard Jones - ip21 Limited*

The UK has recently introduced a number of changes that have drastically altered the way in which UK companies view IP protection. Firstly, The Patent Box tax regime has now come into effect that allows companies that own patents to pay a significantly reduced rate of Corporation Tax. Secondly, a new UK Intellectual Property Bill has been passed designed to make it easier for businesses to understand IP Rights and reduce the need for litigation. Thirdly, UK companies will be affected by the new European Unitary Patent that will come into force in the near future. The combination of these three developments has made it much more attractive for UK companies to invest in IP protection.

#### The Patent Box

In April 2013 the Patent Box tax system came into effect in the UK which allows companies to claim a reduction in Corporation Tax for worldwide profits relating to patented technology. The objective of the Patent Box is to

encourage businesses to invest in the UK and increase the development, manufacture and exploitation of patents. This new tax system progressively reduces Corporation Tax to an effective rate of 10% for qualifying profits (as opposed to the usual rates of 20% - 23%).

Qualifying profits that can be taxed at the lower rate include profits derived from the sales of a patented product (even if only a part of the product is patented), royalties generated from the licensing or sale of a patent, as well as damages awarded in patent infringement cases.

The system is being phased in so that last year 60% of the relief was available, during the 2014/2015 tax year 70% of the relief will be available, 80% the following year, and so on until the full relief will be available from 1st April 2017.

This means that companies who were previously put off by the cost of applying for a patent can now measure that cost against the money that they will save in Corporation Tax by commercialising their technology. Therefore companies are now able to protect their new

products with patents while at the same time saving money.

The Patent Box also ties in closely with the R&D Tax credit scheme that allows companies investing in Research and Development activities to get relief on their expenditure. Therefore, innovative companies are now starting to benefit considerably from the government's objective of ensuring that the UK stays at the forefront of technology.

### The UK Intellectual Property Bill 2013

The UK Intellectual Property Bill has changed the law surrounding patents, designs and copyright, and a brief overview of some of these changes is listed below:

Firstly, a patent owner has the option of marking their patented products with a web address which links to the details of the relevant patent number(s) of the product rather than having to put individual patent numbers directly on the product. This will make it easier for patent owners to mark their patented products whilst providing the public with easy access to up-to-date patent information.

The Bill also extends the obligations of the UK Intellectual Property Office (UK IPO) to share information on unpublished patent applications with the European Patent Office (EPO) in order to better coordinate the overall processing of patent applications.

More power will also be granted to the UK IPO Opinions Service by allowing it to revoke a patent that in its opinion is invalid (in clear cut cases). It will also be able to provide opinions on whether a UK registered design is valid or infringed.

Also proposed in the Bill is the criminalisation of deliberate copying, in the course of business, of a registered design when the design is registered before the copying takes place. It also introduces a defence for a person who, in good faith, uses a design which is subsequently registered by another person.

The definition of a design will no longer include 'any aspect' of part of an article in order to reduce the scope of current UK law. To qualify for unregistered design protection, a design must not be "commonplace" in the relevant field. Furthermore, the Bill removes any confusion over the term "commonplace" by specifying that it includes any country which is part of the EU.

In summary, the Intellectual Property Bill proposes a number of improvements that are aimed to help businesses better understand what is protected under Intellectual Property Law and reduce the need for litigation.

### The European Unitary Patent

The European Unitary Patent will also offer a significant cost saving for companies wishing to apply for patent protection throughout Europe. The Unitary Patent will provide a European patent which covers a block of 25 European Union countries, excluding only Italy and Spain who may join subsequently. The earliest estimated start date for the Unitary Patent is January 2015, subject to the ratification of the agreement on a Unified Patent Court.

During grant stage formalities considerable cost savings are expected to bring the overall European Union cost level in line with the US cost level which may substantially increase the popularity of the European patent system.

There will also be no need for individual country validations and only a single yearly renewal payment. The Unitary Patent will be enforceable in a single infringement action across all member states of the European Union except for, as it stands, Italy and Spain. It will also be revocable in a single revocation action across all member states of the European Union (again excluding Italy and Spain). A new Patent Central Court in Paris will be established with divisions in London and Munich, and a Court of Appeal will be based in Luxembourg.

This new system will drastically reduce the cost of applying for and renewing patent protection throughout Europe.

### Summary

The recent changes to the IP system in the UK has already had a noticeable effect, with an increase in pan-European companies deciding to invest in the UK, and also an increase in new patent filings at the UK IPO from UK companies keen to exploit the new tax opportunities. The UK government is continuing with its aim of instigating a highly competitive Corporation Tax system, and providing further relief and support to companies who invest in their IP Rights.

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## What Information Does U.S. Customs and Border Protection Share with Intellectual Property Rights Owners when Imported Merchandise Is Detained and Seized?

*By Sean S. Swidler - IPHORGAN LTD*

Using U.S. Customs and Border Protection (CBP) as a first line of defense against importation of goods infringing on registered trademarks and copyrights is an effective component to any IP monitoring and protection strategy. CBP regulations provide for disclosure of certain information to trademark and copyright owners when merchandise is detained or seized for suspected violations of trademark and copyright laws. The amount of information disclosed depends on what stage CBP is in the examination, detention and seizure process and can be important to trademark and copyright owners for keeping current on the status of CBP activities and preparing to seek civil remedies for trademark and copyright infringement. Information obtained from CBP during this process can also be invaluable in shaping intellectual property monitoring and protection strategies to focus on foreign countries, manufacturers, importers and exporters who may pose the greatest threat to the value of intellectual property rights. This article focuses on trademark-related detentions and seizures and the information CBP discloses to the importer and trademark owner throughout the process.

### Counterfeit Trademarks

For purposes of CBP operations, Federal Regulations define a "counterfeit mark" as a "spurious mark that is identical with, or substantially indistinguishable from a mark registered on the Principal Register of the U.S. Patent and Trademark Office." From the time merchandise suspected of bearing a counterfeit mark is presented for examination until the issuance of a detention notice CBP may disclose information to the trademark owner that may enable the CBP to determine if the suspected mark is, in fact, counterfeit. This information may include, to the extent that it is available, the following: (1) date of importation; (2) port of entry; (3) description of the merchandise; (4) quantity of the detained merchandise; and (5) country of origin of the merchandise. During the examination phase, CBP may also make available to the trademark owner images of the

trademark at issue or samples of the merchandise under examination or its retail packaging provided that information identifying the manufacturer, importer or exporter is removed, obliterated, or otherwise obscured from view. The trademark owner is also required to post a bond covering damage or destruction of the sample or a lost sample. If CBP issues a detention notice, this information will be disclosed to the trademark owner. Prior to making these disclosures CBP will notify the importer and provide the importer with the opportunity to submit information establishing to CBP's satisfaction that the suspected merchandise does not bear a counterfeit mark.

When merchandise is seized on grounds that it bears a counterfeit mark, CBP shall provide the trademark owner with the information disclosed in connection with the detention notice and, in addition, the name and address of the manufacturer, exporter, and importer. The trademark owner may obtain a sample of the seized merchandise for examination, testing, or other use in pursuit of a related private civil remedy by posting the required bond. If the importer is unable to secure the trademark owner's written consent for importation of the merchandise the merchandise will be forfeited and destroyed by CBP.

### Copying or Simulating Marks

CBP addresses the detention and seizure of imported merchandise bearing "copying or simulating trademarks" in a similar manner to the merchandise bearing "counterfeit marks". For purposes of CBP operations, Federal Regulations define a "copying or simulating trademark" as a trademark or trade name "which may so resemble a recorded mark or name as to be likely to cause the public to associate the copying or simulated mark or name with the recorded mark or name."

When merchandise is under examination for bearing a mark suspected of being confusingly similar to a recorded trademark CBP may disclose to the mark owner information

about the suspected merchandise that may enable the trademark owner to assist in the CBP's examination. This information includes the same information that may be disclosed during the "examination" phase in the context of merchandise suspected of bearing counterfeit marks. Once a detention notice issues, Federal Regulations provide that CBP shall provide this information to the trademark owner. A sample of the merchandise suspected of bearing the confusingly similar trademark may also be made available to the trademark owner upon the trademark owner satisfying bond requirements. At this stage CBP will remove, obliterate, or otherwise obscure any information from the sample that may be used to identify the manufacturer, importer or exporter. Once a detention notice issues on merchandise suspected of bearing a confusingly similar mark the importer will have to obtain a release from the trademark owner to avoid seizure of the merchandise and institution of a forfeiture proceeding.

**Parallel Imports and Gray Market Goods**  
 "Gray market goods" or "parallel imports" are defined as "foreign manufactured goods bearing a genuine trademark or trade name identical with, or substantially indistinguishable" from a mark owned by the U.S. citizen or corporation where the goods "are imported into the U.S. without the authorization of the trademark owner." Gray market goods are genuine merchandise bearing a trademark or trade name with the authorization of the trademark/trade name owner, but for use outside of the U.S. When a trademark or trade name is afforded gray market protection status, foreign-made merchandise bearing the protected trademark or trade name that imported into the U.S. will be detained and subject to potential seizure and forfeiture. Information disclosed to the trademark owner and the timing of these disclosures in the context of gray market cases is the same as in the context of confusing similar marks described above.

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## Security Interests in Intellectual Property

*By Mathew J. Curram, Esq., Andrew P. Cernota, Esq. - Maine Cernota Rardin*

In the United States, statutory regimes provide for the recordation of ownership interests in the various forms of intellectual property. The recordation regimes and the effect of recordation on those interests differ depending on the type of property and the type of interest.

### Security Interests in Patents

Assignments, grants and conveyances in US patent rights must be recorded. Typically, this is done through recordation with the United States Patent and Trademark Office (USPTO) assignment division and provides notice to the world, securing the filer priority against "subsequent purchaser[s] or mortgagee[s]." Recordation of security interests with the USPTO is never explicitly addressed, but is permitted. Whether such a filing is sufficient to perfect a security interest then relies on judicial interpretation.

This issue has been resolved by a line of cases stretching from the 1970's to the 1990's. The first court to address this issue interpreted the statute literally, finding that a security interest was not equivalent to an assignment, grant, or conveyance, and holding that preemption did not apply, making recordation with the state under the Uniform Commercial Code (UCC) as security interests in general intangibles a legitimate mechanism for perfection of the interest. Later courts clarified that a UCC recordation alone would be effective if the subsequent interest holder was a lien holder, but not where the subsequent interest holder was a purchaser or mortgagee, as these later types of interests were specifically addressed in 35 USC § 261 and the UCC, as state law, was thus preempted by the Federal statute. Other courts have found that recordation of liens under the UCC is critical to the perfection of those interests, as distinguished from those interests that are specifically named in the statute.

It is, therefore, prudent to record security interests with both the USPTO Assignment division and the appropriate state authority to comply with the mandate of the UCC.

### Security Interests in Trademarks

As with patents, statutory and regulatory provision is made for the recordation of transfers in ownership in trademarks. Specifically, "[a]n assignment shall be void against any assignment for valuable consideration without notice, unless the prescribed information reporting the assignment is recorded in the Patent and Trademark Office within 3 months after the date of the subsequent purchase or prior to the subsequent purchase."

As with security interest in patents, the applicable trademark statutes do not explicitly address security agreements, but recordation with the USPTO is permitted. The USPTO has indicated this is to "give third parties notification of equitable interests or other matters relevant to the ownership of the mark."<sup>3</sup> Again, it is left up to judicial determination whether filing with the USPTO or under the UCC is proper.

Courts have consistently found that, to perfect a security interest in a trademark, the interest need only be recorded under the UCC as intangible property. The Lanham Act's silence is interpreted to mean that the UCC is not preempted as a legitimate means for providing notice. Since notice would defeat the subsequently obtained rights of a bona fide purchaser for value, recordation of a security interest with the USPTO, while not required, is still prudent as a supplement to UCC

registration, providing a national notice forum that is among the first checked by potential purchasers.

### Security Interests in Copyrights

Similarly to patents and trademarks, statutory and regulatory provision is made for the recordation of transfers in ownership in copyrights. The Copyright Act defines "transfer" broadly as the "assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright." This statute has been judicially interpreted to cover security agreements, preempting the UCC. Later judicial interpretation expanded the requirements for perfection by adding that the copyright subject to the security interest must also be registered. This led later courts to the conclusion that filing under the UCC is appropriate for unregistered copyrights.

### Summary

As the foregoing discussion illustrates, it is a matter of judicial interpretation whether federal law or the UCC governs perfection of security interests in trademarks, copyrights, and patents. Although the courts have largely cleared up any ambiguities, the prudent lender would be well advised to perfect its security interest by filing under both systems, and, when necessary, to search both systems for prior encumbrances of the pledged collateral. Even though filing under only one system is appropriate, filing under both will enhance the interest holder's ability to put subsequent creditors on inquiry and constructive notice as well as insuring that the security interest was properly filed in all cases.

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# Anatip

AN OVERVIEW OF TRADEMARK PROVISIONS IN ASIA  
By Anatip Pte. Ltd., Singapore

COUNTRY	MULTI-CLASS APPLICATION	PRIORITY CLAIM	CLASSIFICATION	POWER OF AUTHORITY
AFGHANISTAN	POSSIBLE	POSSIBLE	International Classes 1 to 45	Legalised
BANGLADESH	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
BHUTAN	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
BRUNEI	POSSIBLE	POSSIBLE	International Classes 1 to 42	Not required
CAMBODIA	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Notarised
CHINA	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
HONG KONG	POSSIBLE	POSSIBLE	International Classes 1 to 45	Not Required
INDIA	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
INDONESIA	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
JAPAN	POSSIBLE	POSSIBLE	International Classes 1 to 45	Not required
LAOS	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Notarised
MACAU	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Notarised
MALAYSIA	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Not required
MAURITIUS	POSSIBLE	POSSIBLE	International Classes 1 to 45	Legalised
MYANMAR	POSSIBLE	NOT POSSIBLE	International Classes 1 to 45	Legalised
PAKISTAN	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Notarised
PHILIPPINES	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
SINGAPORE	POSSIBLE	POSSIBLE	International Classes 1 to 45	Not required
SOUTH KOREA	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
SRI LANKA	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
TAIWAN	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature
THAILAND	NOT POSSIBLE	POSSIBLE	International Classes 1 to 45	Notarised
VIETNAM	POSSIBLE	POSSIBLE	International Classes 1 to 45	Simple Signature

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# INTELLECTUAL PROPERTY SERVICES IN ASIA

AFGHANISTAN

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BHUTAN

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CAMBODIA

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INDIA

INDONESIA

JAPAN

LAOS

MACAU

MALAYSIA

MAURITIUS

MYANMAR

NEPAL

PAKISTAN

PHILIPPINES

SOUTH KOREA

SRILANKA

TAIWAN

THAILAND

VIETNAM



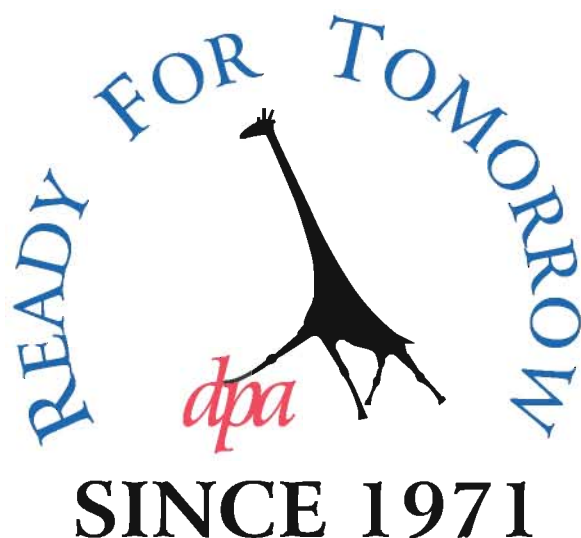
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We are a professionally managed Intellectual Property Services Firm established in 1971. We today represent over 2700 clients based in 50 countries. Our firm provides professional services for the acquisition, maintenance and enforcement of Intellectual Property Rights in India and 110 countries and assists clients in the areas of Patents, Trademarks, Designs, Copyrights and Geographical Indications. We also conduct Infringement Analysis, Invention Evaluation, Patent Searches and provide Opinions on all aspects of Intellectual Property, including Licensing, Contract Research and Franchising. We have an active litigation department handling matters related to Infringement, Counterfeiting, Trade Mark, UDRP and INDRP proceedings concerning Domain Names and Corporate Name Disputes, Dilution Unfair Trade Practices and Infringement Investigations, in India and other countries.

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