

Conference focuses on strategies for the new EU

The **MARQUES** conference in Prague was the first to be held in one of the new member states since EU enlargement. Strategies for protection and enforcement in an expanded Europe were at the forefront of discussions, as James Nurton reports.

The fight against counterfeiting, and the latest issues in protecting trade marks in Europe, were the main themes at the **MARQUES** Annual Conference, held in Prague from 13th to 16th September. The conference focused on challenges for brand owners in an expanded Europe, and included a number of speakers who addressed protection and enforcement in the Czech Republic.

One of the speakers from the Czech Republic was Karel Čada, President of the Industrial Property Office, who welcomed delegates to Prague. He provided an update on developments within his Office, including the recruitment and training of some 600 specialists over two years, and explained recent developments in Czech trade mark law and practice.

Prominent Czech businesses were also represented among the speakers. Martin Bali-Jencik of Skoda Auto explained how his company has changed in the 100 years since it started and described how the logos used by Skoda have evolved since the first trade mark was registered in 1923. The company now has 3,500 trade mark applications

and registrations worldwide, as well as some 260 designs.

Battle against counterfeits

A number of speakers from industry also addressed the latest trends in counterfeiting, providing striking illustrations of the manufacture and distribution of counterfeit goods. Sander Bakker of Sara Lee illustrated the problems his company faces with counterfeit goods. In particular, he showed how counterfeits produced in sweatshop conditions in China can easily be distributed to markets in Europe, Africa and elsewhere in Asia, either by land or by sea container via free trade ports such as Dubai.

Bakker also stressed that it is not just luxury goods that are counterfeited: one of his company's most-copied brands is Kiwi shoe polish, with 90% of counterfeits originating in China. "We have decided to take a strong stance against people who hijack or steal our brand," said Bakker.

Tony Swaffield of Imperial Tobacco provided further insights into counterfeiting, including some revealing



Karel Čada officially opens the conference.

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Entertainment at the Municipal Hall

pictures of conditions in underground cigarette factories in China, and details of how cigarettes are disguised by counterfeiters by hiding them in packets of tea. Malcolm Heasman of the International Federation of Spirits Producers, which represents companies such as Diageo, Pernod-Ricard and Bacardi-Martini, explained how the drinks industry deals with counterfeit products that can include substances as dangerous as wood stain, industrial spirit, paint stripper and windscreen washer fluid. Counterfeiters have also found ways to copy bottle moulds and adulterate or reuse prevention tools such as tax strips and documentation.

Two speakers explained what the European authorities are doing to tackle counterfeiting. Klaus Hofmeister of German Customs and Harrie Temmink of the European Commission summarised recent EU initiatives such as the

Enforcement Directive and the Customs Regulation. They also outlined further proposals to increase criminal penalties for those convicted of infringement.

Dealing with parallel imports

The regulation of parallel imports was another topic addressed by the speakers. Simon Reeves of AstraZeneca described how the pharmaceutical industry is dealing with what is known as "product diversion", which it is estimated costs the industry between €3 billion and €4 billion in lost sales each year in the EEA alone. The problem is particularly acute for the pharma companies because of the threat to patient safety.

Reeves cited examples of drugs that had been discovered without any active ingredient, and vials that had been relabelled and diluted with non-sterile tap water, as well as packs disguised as parallel imports. "This is a sophisticated

operation with organised criminal gangs," said Reeves. "Doing nothing is not an option."

Sandrine Besnard-Corblet of Levi-Strauss provided an insight into her company's battles against parallel imports, and explained why controlling distribution is integral to the identity of the brand. She also stressed that Levi-Strauss sees parallel imports as "a commercial not a legal issue" which requires a business solution.

Besnard-Corblet was joined in the session on parallel imports by Paul Harris of Hammonds, who reviewed European case law on parallel imports, and Thomas Lubbig of Freshfields, who analysed antitrust developments on the issue in different European countries.



Wubbo de Boer presents the Lewis Gaze Memorial Award to Blanka Tyrova.

Maximising protection

The conference also covered some of the more technical aspects of trade mark protection and enforcement in Europe. In a panel chaired by Claire Mounteney of Marks & Clerk, three speakers – Siân Croxon of DLA Piper Rudnick, Nicholas Foot of Diageo and Hanne Weywardt of MAQS – provided tips on strategies for maximising brand protection using different routes to find the best protection bearing in mind budgets, legal restrictions and clearance searches.

Another panel, chaired by Daniele Le Carval, looked at some specific issues which pose challenges to applicants in Europe, namely acquired distinctiveness

Lewis Gaze Memorial Scholarship

Awards were presented to the following three students at the Conference for their papers:

First – Blanka Tyrova

Marks of public interest and trade marks

Second – Jana Remisova

Development and harmonisation of legal regulations in the sphere of trade marks

Third – Helena Tarova

Domain names and trade marks

Guests at the conference enjoyed a warm welcome on Wednesday evening at the art nouveau Municipal House, which is decorated with artwork by leading Czech artists. The Gala Dinner on Thursday night was held at the beautiful Spanish Hall of Prague Castle, which is rarely open to the public. It was followed by dancing in the Hilton ballroom.

and genuine use, in the old as well as the new EU member states. Although there are few precedents already set in any member state, these issues will be central to the future development of protection across the EU.

In one of his final acts as OHIM Vice-President, Alexander von Mühlendahl provided his annual comprehensive update of European case-law, focusing in particular on cases of registrability and distinctiveness. He was also able to explain the significance of two decisions handed down during the conference – the ECJ's ruling in BIO.ID and the CFI's judgment in Citibank's application for LIVE RICHLI. Mr von Mühlendahl also answered questions about OHIM practice on colour mark applications, evidence of acquired distinctiveness and retail services. He has provided clear, thorough and incisive surveys of developments in European case law at every **MARQUES** conference for the past 10 years, and his popular presentations on the Friday morning will be missed by many delegates.



Nick Foot of Diageo addresses the conference.



The Gala Dinner in the splendid Spanish Hall.

OHIM President Wubbo de Boer also spoke at the conference, and explained how OHIM has improved efficiency in trade mark examination through reforms. He outlined the 30% reduction in trade mark fees which had been proposed by the Commission, and has since been adopted. Mr de Boer also discussed some of the future trends that would shape trade mark protection and practice, which he identified as harmonisation, IP cooperation and the development of common platforms, and he urged CTM applicants – especially the larger filing firms in Europe – to take advantage of the discounts for electronic filing.

Providing an update from WIPO, Ernesto Rubio gave statistics on Madrid Protocol applications and registrations, highlighting the growth especially in China and the US, and said that the delay in registration should be reduced to just three weeks in early 2006. He also provided information on the Trademark Law Treaty reform process, and other WIPO initiatives affecting brand owners.

*James Nurton is editor of the **MARQUES** Newsletter and managing editor of *Managing Intellectual Property* magazine*



Conference chair Willem Leppink thanks Alexander von Mühlendahl.



There were many questions and comments from the audience.

MARQUES takes part in Madrid discussions

MARQUES is playing an active role in the negotiations at WIPO in Geneva to review the operation of the Madrid system, notably the review of the refusal procedure and the safeguard clause of the Madrid Protocol and possible amendments to the Common Regulations. In particular, **MARQUES** has proposed that there should be model provisions on transformation and replacement.

In a letter regarding the Ad Hoc Working Group at the end of June, **MARQUES** submitted comments on the refusal period, official fees and the language regime as well as highlighting the need for model provisions for transformation and replacement. **MARQUES** is generally

supportive of proposals made by the International Bureau, with some specific reservations. **MARQUES** also stressed that "when we as owners pay individual fees in the Protocol that are identical or close to the national fee in question, we feel that we should

expect to have the same level of service from the national office". In particular, the letter urged that, if member states charge individual fees, then the level of communication between the national office and the applicant/registrant should be the same as for a national mark.

Cyberalert: How to deal with pirates changing WHOIS information

A recent pirate trick we have noticed is that when you send a demand letter or file a WIPO complaint, the pirate does not respond to you, but he changes the contact information in WHOIS to make it look as though your company is the owner. You will think that means that the pirate is agreeing to give you the name or has even given you the name, but that is not always the case.

The pirate will retain the name on his servers, and will continue to control the e-mail address of the admin contact. As such you still do not have control over the domain name or the website.

For example, a pirate registers ACMEFOODS.COM. The WHOIS information has Mr Pirate, xyz street, Hong Kong. The website is dangerous and you want to get rid of it. After Acme Foods, of London, sends the letter, the pirate will change the WHOIS so that the registrant is ACME Foods, Acme Street, London, but the admin contact e-mail will be domains@acmefoods.com and the website will still be on the pirate's servers.

Any changes Acme Foods requests will have to be approved by an e-mail to and from domains@acmefoods.com, which you do not control. But, since the registered owner is now Acme Foods, the registrar and WIPO will have trouble at first seeing what the problem is, which is exasperating.

Sometimes you have to get the registrar to try to give you access anyway; if the case is with WIPO, WIPO will try to get the registrar to change the WHOIS info back to what it was before, but if not, you may have to amend the complaint to make your company the respondent, as in ACME FOODS v Pirate d/b/a/ Acme Foods.

Janet Satterthwaite, Venable LLP and member of the **MARQUES** cyberspace team.

Romania implements enforcement directive

On 14th July 2004, the Romanian government implemented Directive 2004/48/CE regarding the enforcement of intellectual property rights. The decree on implementation entered into force on 20th July.

What's new?

- The decree introduces the "right to information", a new concept in Romanian legislation, by which counterfeiters or other persons that have handled or dealt with counterfeit goods are bound to disclose the origin of goods with full contact details.
- The counterfeiter may be compelled to advertise the court decision, even on a large scale, at its own expense.
- Punitive damages should be proportional to the damages caused by the counterfeited goods.
- The process of obtaining a court decision against counterfeiters is sped up.
- The court of law may adopt provisional measures in order to prevent further damages. These can be adopted by a Presidential Decree, within one week, without notifying the infringer.
- Additional measures can also be adopted, such as: temporary withdrawal of the counterfeited goods from commercial channels, permanent withdrawal of the counterfeited goods from commercial channels and destruction of the counterfeited goods.
- The law also provides protective alternatives for the counterfeiters if they have been unaware of the rights they infringed and acted without intention or by imprudence. However, they will have to pay damages.

This Decree is regarded as unifying all Romanian legal provisions regarding the enforcement of IP rights and it paves the way for complete legal harmonisation between Romanian and European laws.

Andrew Ratza, Ratza & Ratza and a MARQUES correspondent.

Why securing of evidence is an effective weapon

Hanne Weywardt and Hea Vinskov of MAQS Law Firm in Copenhagen explain that a new chapter in the law on securing evidence in Denmark is a welcome addition to the arsenal of weapons available to rights owners tackling counterfeits in the country.

Denmark has added a new chapter to the Administration of Justice Act concerning securing of evidence. The chapter was added in order to ensure that Denmark fulfils its obligations according to TRIPs article 50, (1) (b). Taking a practical approach the rules give right owners the ability to effectively enforce their IP rights and stop illegal sale of counterfeits within a few weeks.

This experience is the more relevant now that similar rules are to be implemented in all EU Member States.

The chapter contains rules of law that allow a right holder to search the premises, computer etc of an alleged infringer in order to secure evidence of infringement, without notifying the alleged infringer prior to initiating the search. The search is carried out with the assistance of a bailiff who has the power to seize all evidence which might be of relevance.

If a right holder desires to apply the measures for seizing of evidence, the right holder must be able to show that it is probable that an infringement is taking place and that there is probable cause to assume that evidence of the infringement can be found at the designated premises. It is worth noting that the search can be carried out in offices as well as in private homes.

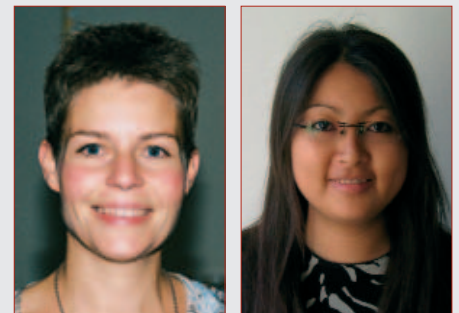
The rules regarding securing of evidence are a provisional legal remedy. The bailiff can order collateral to be put up by the right

holder, but in cases of clear violation the bailiff has not utilised this instrument so far. The securing of evidence must be followed up by a confirmatory action where the issue of the seizure is tried, unless the alleged infringer relinquishes the right to such a trial. In most cases a settlement is reached with the infringer so that further court proceedings are avoided.

We have assisted several right holders in their efforts to enforce their IP rights, applying the rules regarding securing of evidence. One of the largest cases in Danish case history involving marketing and sale of counterfeits began as a securing-of-evidence-case and resulted in a verdict awarding the involved trade mark owners in the range of €170,000 in damages and compensation.

The case concerned illegal marketing and sale of a vast amount of counterfeits from a Danish internet site. In order to secure physical evidence of an infringement a civil seizure was carried out according to the rules regarding securing of evidence. During the search of the infringer's premises the bailiff seized physical documents, documents found on the infringer's computer and counterfeits found scattered around the private home of the infringer. The seized evidence formed the necessary basis for the trade mark owners to stop the illegal sale and obtain damages and compensation.

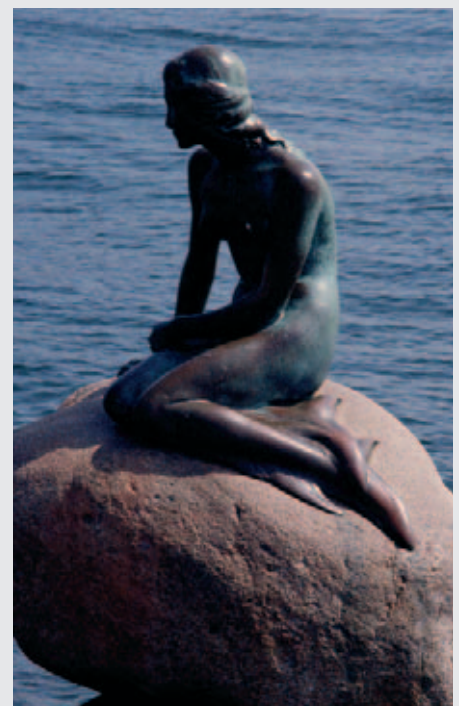
The case illustrates how effective the rules are. With these rules right holders have been given a tool that enables them to enforce their rights promptly and effectively. Another benefit from the trade mark owner's point of view is that the rules in general offer a less expensive enforcement procedure which we believe in the future



will be utilised as a primary weapon in the war against counterfeits as well as illegal parallel importation.

From an international perspective the Danish rules are of interest because they are in accordance with the European Union's directive on enforcement of intellectual property rights that has to be implemented in the European member states by April 2006.

*Hanne Weywardt chairs the **MARQUES** Publications and Website team.*



“With these rules right holders have been given a tool that enables them to enforce their rights promptly and effectively.”

How to prove transborder reputation in India

Non-use is a common basis on which to seek rectification of a trade mark in India. Manisha Singh of Lex Orbis explains how Pepsico succeeded in proving transborder reputation in a recent case.



When infringement proceedings are instituted in India, it is common for the defendant to seek rectification of the impugned mark. The most common ground on which rectification is sought is non-use of the mark in India. In rectification proceedings, the registered owner of the impugned mark can invoke the defence of transborder reputation of his mark.

Though the concept of the well-known trade mark is explicitly incorporated in the Trade Mark Act, the treatment that should be accorded to marks that have not been used in India for a long time, even after registration, is unclear. The question that arises is: to what extent would the appellate boards in India recognise the doctrine of transborder reputation and refuse the rectification of the mark on the ground that the mark has acquired a distinct reputation at an international level? An illustrative case on the point is *Syed Ghaziuddin v Pepsico INC 2005 (30) PTC 448 (IPBA)* also known as the MOUNTAIN DEW case.

Facts of the case

Pepsico, the respondents, registered the mark MOUNTAIN DEW in India in 1985 for the class of goods comprising beers, mineral water and aerated waters, and other non-alcoholic drinks, fruit drinks and fruit juices; syrups and other preparations for making beverages. MOUNTAIN DEW was put to use in India only in 2003. Though the mark was used in India only in 2003, the respondents had been extensively using it since 1940 on a carbonated citrus flavoured beverage in many countries across the world. Syed Ghaziuddin, the petitioner, was using the mark MOUNTAIN DEW for marketing packaged water for a long time during the subsistence of the registration of the respondent's mark.

Pepsico filed a suit for infringement against Ghaziuddin and the latter in retaliation filed an application for removal of the mark MOUNTAIN DEW from the register. The main ground raised by the petitioner was that the mark was registered without any bona fide intention of using it in India and it was not used in India for more than five years from the date of registration.

The respondents on the other hand contended that the mark has been widely and continuously used since 1940 in more than 100 countries and has garnered tremendous goodwill all over the world including in India. The respondents also produced sales and marketing figures bearing out their contention. The respondents argued that the petitioner's application for removal of the mark was just a counterblast in retaliation against the infringement proceedings.

The board found that long and continuous use of the mark in countries across the world has given it a distinctive identity and clear association with Pepsico. The sales and advertisement figures, which run into millions of dollars, also demonstrated the popularity of the mark at the international level. This case unambiguously demonstrates that the transborder reputation of the mark has a considerable impact on the Appellate Board at the time of adjudicating on the question of non-use of the mark.

Judicial precedents

The Indian courts have recognised the concept of transborder reputation in a number of cases. In *NR Dongre and Others v Whirlpool Corporation 1996(5) SCC 714* the Apex Court held that the knowledge and awareness of a trade mark in respect of the goods of a trader are not necessarily restricted to the people of the country where such goods are freely available but also reach even the shores of those countries where the goods have not been marketed.

“The Indian courts have recognised the concept of transborder reputation in a number of cases.”

In V and S Vin Spirit AB v Kullu Valley Mineral Water Co 2005(30) PTC 47 (Del) relying upon the decision given in Whirlpool case, the Delhi High Court held that the courts do not approve of any attempt by one trader to appropriate the mark of another trader, even though that trader may be a foreign trader and mostly uses his mark in respect of the goods available abroad – that is, outside the country where the appropriation of the mark has taken place.

The importance of evidence

A perusal of similar cases decided by the appellate boards reveals that the boards require the owner defending the mark on the ground of transborder reputation to adduce evidence as to the familiarity of the mark in India. This evidence of familiarity would include circulation in India of any foreign journal where the mark is advertised. In many cases, the Board has rejected the plea of transborder reputation due to failure to produce the above-mentioned evidence. A recent case where this happened is *Hotel Hilton international v Hotel Hilltone private limited (2005)*.

Though the transborder reputation of the mark was not the only consideration that affected the decision of the Board in refusing the removal of the mark MOUNTAIN DEW from the register, it undoubtedly played an important role in bolstering Pepsico's claim over its mark. As far as the flow of information is concerned, due to the advent of satellites and the internet, the boundaries between countries have become redundant. Consumers in one country are aware of brand names in other countries. Therefore, it would be inimical to the interests of both the trader and consumer if well-known marks were not recognised merely on the ground that they have not been put in use in India for a long time.

Manisha Singh is a member of the Lex Orbis intellectual property firm in New Delhi, and India correspondent for the MARQUES Newsletter

The role of expert reports in Turkey

Özge Ay of Yamaner & Yamaner Law Office in Istanbul provides an update on the use of experts in IP trials in Turkey.



Expert reports play an extremely important role in Turkish IP law to consider cases through the eyes of an expert. Therefore particularly in patent and design cases, the court appoints a group of university professors, accountants or engineers. These people examine the case file in detail, especially the technical elements of the patent or design and – if necessary – the trade mark.

Appointing experts

The appointment of experts is the third phase in the trial process. The first stage covers submission of petition of claims and answer petitions. The second phase is gathering the evidence.

After all the evidence is gathered, that is, after the relevant files are obtained from the other courts and the parties produce their witnesses, the trial court appoints a group of people who are experienced in the technical area to which the patents, designs or trade marks belong. These people can be law professors to make comments about the infringement; mechanical, chemical or electronic engineers to simplify the patent or design making sure that the trial judge understands the main subject of the right; or accountants to calculate compensation.

Procedure

After all the evidence is gathered, usually at the request of one or both of the parties, the judge orders an expert examination to be made. The examination fees for the experts

should be remitted to the court's bank account to enable the court to select the experts.

The appointed experts get the original file from the court secretary's office and begin their examination of the file. Considering that the original file is with the experts and it is not possible to continue the hearings without the original court file and also that it is necessary to get the report before making a decision, the hearings have to be postponed to a later date. Sometimes it takes quite a long time to get the report and restart the hearings. This is the main reason why hearings are extended in Turkey.

“Nowadays, IP courts are trying to solve the legal problems by themselves if possible, especially in trade mark cases.”

Opposition

As soon as experts submit their signed reports, the court sends one copy of the report to the parties to give them the opportunity to examine it in detail and put forward their oppositions to the report within a given time. Usually the party receiving an unfavourable result opposes the report. If the court finds after the examination of the oppositions that the report is not impartial or contains mistakes, it appoints a new group of experts to make a second inspection of the file.

Importance of the reports

In Turkey IP judges do not have technical backgrounds. Therefore, it is not possible for trial judges to be experienced in every technical subject. Thus, expert reports play an important role in IP cases. However it is not ideal to appoint experts in every single patent case whether there is a need or not.

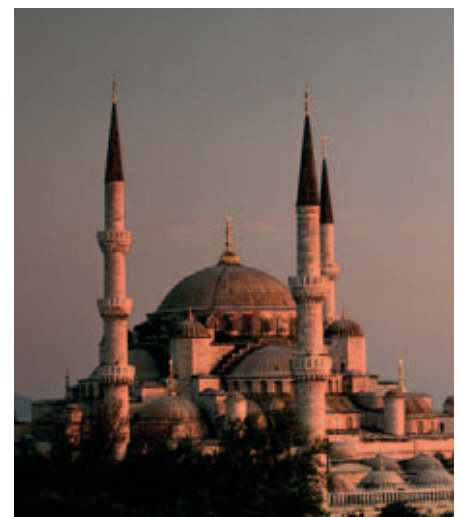


One of the main principles of the Turkish Civil Procedural Code and Turkish Constitution is that trial courts should solve legal problems as quickly and efficiently as possible. Since appointing experts, waiting to receive the report and examining it, trying to solve the parties' oppositions is a seriously time-consuming process, parties should try to avoid the use of expert witnesses. Nowadays, IP courts are trying to solve the legal problems by themselves if possible, especially in trade mark cases.

Looking to the future

The necessity of having expert reports in some cases has been discussed by legal practitioners for a long time. We are all aware of the importance of these reports but we are not on the same page about which cases require reports and whether it is unfair or not for the plaintiff to delay the case by obtaining one, two or even three expert reports. I strongly believe that the courts should be distinguished according to practice areas and every court should have a judge experienced not only in IP law but also in the area that a particular patent or design belongs to. I know it will take us some time but Turkey will reach that standard at a later date.

Özge Ay is a member of Yamaner & Yamaner Law Office in Istanbul, and Turkey correspondent for the MARQUES Newsletter



When ICANN is not enough, try a US cyberpiracy lawsuit

Janet Satterthwaite of Venable explains the options that are available to counter domain name piracy in the US in cases where the UDRP is not appropriate.



ICANN's Uniform Dispute Resolution Procedure (UDRP) is efficient (fast and inexpensive) for domain name cases where there is little doubt that your client will win. If there is any possibility that the registrant can raise some issues of fact, however, the UDRP panel is unlikely to take the domain name away without more information, which is not available to them since there is no discovery and no trial.

If you have a case that is not clear enough for a UDRP complaint, or you lose before a UDRP panel, you can in many cases take advantage of the US courts.

Benefits of the ACPA

The US Anticybersquatter Consumer Protection Act (ACPA) is available to parties with a dispute over any global top-level domain name, or any domain name if the registrar is located in the United States, regardless of where the parties are located. This is because the law gives a US federal court in rem jurisdiction over the domain name registration itself if the registry or

registrar is located in the court's jurisdiction.

For example, since Verisign – the global registry for *all* .com domain names – is located in Northern Virginia, the US District Court for the Eastern District of Virginia (EDVA) has jurisdiction over *any* .com domain name registration. At the moment this also applies for .net and .org names. The .biz registry is also located in Northern Virginia.

The EDVA is also one of the fastest US federal courts, so the case can be resolved relatively quickly.

There are several advantages to filing a .com lawsuit in the EDVA or other US federal court as applicable.

- First, there are procedural advantages. The registrant will have to defend the registration. If the registrant is a corporation, the registrant will be required to hire a local attorney. If the registrant's case is frivolous, it may wish to avoid the expense of appearing and the client is likely to win by default.
- Second, the discovery provisions of the US rules of civil procedure will allow development of evidence of bad faith, which may not be available to a UDRP panel.
- Third, the substantive provisions of the ACPA are more flexible than the ICANN policy. For example, the ACPA applies to the bad faith registration, use or trafficking of a registration, whereas the ICANN rules focus on registration. Another example is that the mark does not have to be confusingly similar, it might also be merely dilutive of the mark. Dilution includes tarnishment, so this might help get around the fact, for example, that no one believes that xxxsucks is confusingly similar to XXX, as has happened in some UDRP decisions (although free speech defences are still available where applicable).



“It is interesting to speculate whether the Gatwick Airport Authority, who lost an ICANN case over the registration of Gatwick.com, could bring an action under the ACPA.”

An *in rem* action will not get your client damages, but it will allow the court to order the transfer of the domain name to your client. If the registrant also happens to be in the United States, or through its activity has subjected itself to the personal jurisdiction of a US court, then an *in personam* action can be filed as well, which in most cases can subject the pirate to damages.

Trade mark rights needed

What trade mark rights does a non-US trade mark owner need to file an ACPA action?

This is unclear. A US trade mark registration is not required, but some common-law US rights may be necessary, particularly when filing an *in rem* action. Courts have been willing to stretch this point, however. For example, in *International Bancorp, LLC v Societe Des Baines De Mer Et Du Cercle Des Etrangers A Monaco*, 62 USPQ2d 1621, *1624, the Court found that the casino in Monaco, although it did not provide casino

“The EDVA is also one of the fastest US federal courts, so the case can be resolved relatively quickly.”

Budget and timing in the EDVA

The Eastern District of Virginia is relatively fast for a US court. It takes about eight months to get to trial, as opposed to more than one or even two years in other courts. In most cases, however, the case is resolved or won on motions long before it gets to trial. Therefore, to get a more accurate sense of timing and budget, it is best to consult with an attorney admitted to that court on the specific facts of your case.

services in the US, and has no federal registration, had advertised them and had a promotional office in New York; this was considered enough to establish protectable rights under Section 43(a) of the Lanham Act, which gives a cause of action for false designation of origin and is more flexible than say the UK passing-off law.

Thus, for example, looking at some recent examples of WIPO cases where the complaint was denied, it is interesting to speculate whether the Gatwick Airport Authority, who lost an ICANN case over the registration of Gatwick.com, could bring an action under the ACPA claiming that it has rights in the US in the mark GATWICK even

though the airport is not located in the US and there is no US trade mark registration on the basis that airport services of flights to Gatwick are probably offered to US customers and the mark is known there (*BAA plc v Bob Larkin*, WIPO Case No D2004-0555).

For the in personam action, the Act simply states that the plaintiff must be the owner of a mark protected under "this section" which courts have found to be ambiguous. The trial court of appeal in the famous Barcelona.com case found that a plaintiff could rely on Spanish trade mark rights. The Court of Appeal reversed that case on other grounds and vacated this portion of

the Court's opinion without specifically ruling on it (*Barcelona.com Incorporated v Excelentísimo Ayuntamiento de Barcelona*, Civ No 02-1396 (4th Cir, June 2 2003)).

Janet Satterthwaite is a partner in the Trademark, Copyright and Unfair Competition Group at Venable LLP. She is head of the firm's Domain Name and Cyberpiracy practice and is a member of the MARQUES Cyberspace Team. She has successfully litigated a number of ACPA cases before the US District Court for the Eastern District of Virginia and other courts, as well as numerous ICANN DRP cases.

Prague conference in pictures



1. Thursday afternoon was set aside for workshops.
2. A panel discuss trade mark strategies.
3. A question from the floor.
4. Entertainment at the Gala Dinner.

Trade mark misuse is a laughing matter

Owen Dean of Spoor and Fisher explains the background to, and impact of, the recent Constitutional Court decision in the *Laugh It Off* case in South Africa.

The law, and more specifically, trade mark law, should have a sense of humour in the view of Sachs, J, who gave a separate individual judgment in support of the main judgment of the Constitutional Court in the case of *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International*. In this case, the Constitutional Court disagreed with the judgments of both the Cape Provincial Division of the High Court and the Supreme Court of Appeal which had found in favour of the applicant on its claim of trade mark infringement through dilution. It is doubtful whether trade mark proprietors who value their intellectual property share the views of Sachs, J and his sense of humour.

The essence of the case

South African Breweries International (Finance) BV (SAB) is the owner of the registered trade marks numbers 1991/09236-7 CARLING BLACK LABEL BEER registered in respect of beer. The trade mark comprises the words CARLING BLACK LABEL BEER as well as the legends "Enjoyed by men

“A trade mark proprietor claiming dilution cannot establish that likelihood by argument or conjecture alone.”

around the world”, “America's lusty lively beer” and “Brewed in South Africa”. The CARLING BLACK LABEL product is the market leader in the beer trade in South Africa.

Laugh It Off Promotions CC (Laugh It Off) produces and sells t-shirts which prominently feature corruptions of well-known trade marks. These corruptions, while derived from the well-known trade marks, make social statements of one form or another and are in the nature of parodies of the well-known trade marks. Among the trade marks used in this manner by Laugh It Off was the CARLING BLACK LABEL BEER trade mark.



Laugh It Off mimicked the CARLING BLACK LABEL mark and substituted the original words with “BLACK LABOUR WHITE GUILT”, “AFRICA'S LUSTY LIVELY EXPLOITATION SINCE 1652” and “NO REGARD GIVEN WORLDWIDE”.

SAB claimed that by selling t-shirts bearing the contentious label, Laugh It Off infringed its CARLING BLACK LABEL registered trade marks, by dilution. More particularly, SAB claimed that the use of the contentious label would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the CARLING BLACK LABEL mark and so would devalue the mark. It was conceded by SAB that no confusion between the contentious label and the CARLING BLACK LABEL mark was likely and the infringement claim was thus confined to what is essentially a claim of trade mark dilution.

Laugh It Off defended the case on the basis that its use of the trade marks had not infringed Sabmark's registered trade marks in as much as the likelihood of detriment to the reputation of the marks had not been established and that, in any event, it was exercising freedom of expression, a right entrenched in the Bill of Rights in the Constitution.

In its judgment the Constitutional Court decided that, when SAB's trade mark rights, and more particularly their possible infringement, are weighed up against the right of freedom of expression of Laugh It Off, the latter must prevail, in the main

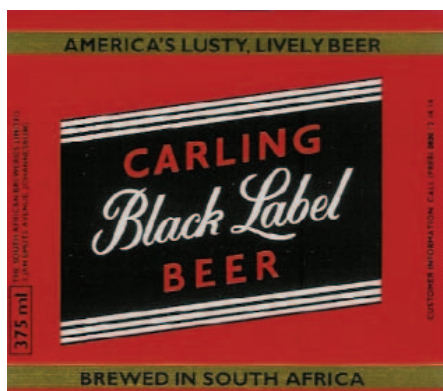


“The effect of the *Laugh It Off* judgment has in effect been to set up the Constitutional Court as a court of further appeal.”

because SAB adduced no evidence that it is likely to suffer commercial damages as a result of the sale of the contentious t-shirts by Laugh It Off.

Fun hitting the pocket of proprietors

In weighing up SAB's statutory trade mark right against Laugh It Off's constitutional right of freedom of speech, the Court took cognisance of the fact that Laugh It Off's corruption of SAB's trade mark was a form of parody, and would be seen as such by the general public, and this influenced the equilibrium of the scale in favour of Laugh It Off. Provided there is not shown to be any likelihood of economic damage to a plaintiff's mark occurring as a result of a third party poking fun at it, no infringement by dilution of the trade mark takes place. The Constitutional Court's message is loud and clear, namely that a trade mark proprietor claiming dilution cannot establish that likelihood by argument or conjecture alone; concrete evidence of the likelihood of economic damage is essential. In the *Laugh It Off* case the trade mark proprietor erred in not even addressing the issue of economic damage by way of evidence and was content to argue that once a well-known trade mark had been misused or abused it automatically followed that detriment to the distinctive character or repute of the mark would result.



Who has the last word/laugh?

Hitherto the Supreme Court of Appeal has been the court of final instance in trade mark infringement litigation. The effect of the *Laugh It Off* judgment has in effect been to set up the Constitutional Court as a court of further appeal beyond the Supreme Court of Appeal. The Constitutional Court proceeded from the standpoint that all legislation, including the Trade Marks Act, must be viewed through the prism of the Constitution. Given what has happened in the *Laugh It Off* case, it is possible that cases dealing with conventional trade mark infringement through causing confusion or deception will be taken on appeal to the Constitutional Court from the Supreme Court of Appeals. This raises the prospect of the Constitutional Court taking a fresh and different view through its prism of issues which have been considered to be trite by the civil courts in the past, including the Supreme Court of Appeal. One asks the question: will the Constitutional Court challenge and upset other principles of trade mark law which are considered to be trite or settled law in terms of past judgments? An example that springs to mind is the acceptance by the civil court that once confusion is shown to be likely between two trade marks, it follows that damage or prejudice will be incurred by a trade mark proprietor.

In the future, trade mark proprietors wishing to pursue trade mark infringement cases must pause to consider whether any assumptions can safely be made in putting together their cases. The cautious approach would be to advance evidence in support of each and every element of the delict of trade mark infringement and every logical step in the thought process culminating in a conclusion that infringement has taken place. The simple truth is that the Constitutional Court has shown a propensity to perhaps challenge the cornerstones of trade mark law as settled by the Supreme Court of Appeal and they face the possible prospect of being loosened which could in turn shake the foundations of trade mark law as known and practised in the past.

The world of trade mark infringement as we know it may have changed. Caveat trade mark proprietor!

IP rights in China

On 3rd November a lecture was organised by the Dutch members of **MARQUES** on IP rights in China. The lecture was given by John Slater, a partner in the Hong Kong office of Simmons & Simmons, and was held in the firm's Rotterdam office.

The lecture, which was attended by some 25 **MARQUES** members, provided an interesting overview of the exploitation and enforcement of IP rights (with a focus on trade marks) in the People's Republic of China.

The attendees included representatives of Sara Lee/Douwe Egberts, DSM, Unilever, the Erasmus University of Rotterdam and various trade mark agencies and law firms.

The event was a great success. The attendees were very enthusiastic about the contents of the lecture. Above all, it was a great opportunity for trade mark practitioners to meet and discuss current issues. We hope the lecture has set an example for future **MARQUES** events, in the Netherlands and elsewhere.

Winter Meeting 16-17 February 2006 Lisbon



The 3rd Winter Team Meetings will be held in Lisbon on the 16th & 17th February. Team members will automatically be sent further information in due course.

Canadian court examines famous marks

In the second part of her review of trade-mark developments in Canada, Andrea Rush of Heenan Blaikie considers recent cases on famous marks and proposals for changes to trade-mark protection in the country.



The Supreme Court of Canada has agreed to consider two cases in which the owners of well-known or famous marks have sought to extend protection for their marks outside the strict parameters of their registrations. The cases are consistent with the leading authority, *Pink Panther Beauty Corp v United Artists Corp* [1998] 3 FC 534, (1998) 80 CPR (3d) 247, a decision of the Federal Court of Appeal. That case held: "No matter how famous a mark is, it cannot be used to create a connection that does not exist."

The Mattel case

The first case, *Mattel Inc v 3894207 Canada Inc*, 2002 FCT 919, (2002) 21 CPR (4th) 83 (FCTD), arose by way of opposition proceedings. The registered owner of BARBIE in Canada unsuccessfully opposed an application for BARBIE'S & Design in association with "restaurant service, take-out restaurant services and banquet services" on the basis that the mark described in the application caused confusion with the BARBIE trade-marks registered by Mattel in association with dolls, doll accessories and related products.

A survey filed by Mattel indicated that for 57% of the participants, Barbie dolls "came to mind" when they saw the BARBIE'S restaurant mark. On appeal from the Registrar's decision, Mr Justice Rouleau of the Federal Court noted that Barbie's restaurants cater to an adult clientele, as could be seen by the significant square footage occupied by the bar. The restaurants were not suggestive of toys, dolls or childhood. By contrast, the applicant's BARBIE mark enjoys a very

extensive reputation in association with dolls and related accessories and obviously targets 11-year-old girls.

The nature of the respective wares, as well as the nature of the businesses, was different. In stark contrast to the survey results, the evidence showed that the marks had co-existed for a period of 10 years without actual confusion. (It can be seen that, while actual confusion is not required to establish likelihood of confusion, it certainly helps and negative inferences may be drawn.) This left the Court to conclude that "in fact, it is difficult to imagine that anyone would show up at one of the respondent's restaurants intending to buy dolls. Accordingly, the relevant question is not whether there is, in the abstract, a likelihood of confusion between the proposed mark and the existing mark, but whether there is a reasonable

“No matter how famous a mark is, it cannot be used to create a connection that does not exist.”

likelihood that the mark proposed by the applicant will prompt consumers to think that the wares in association with which the mark will be used come from the same source as those covered by the opponent's mark or that they are otherwise associated with the latter's wares" (paras 43–44; aff'd 2005 FCA 13). The Court declined to indulge in "speculation" as to diversification into entirely new ventures.

A second case on the issue of famous marks arose in the context of an action for infringement of registered trade-marks, unfair competition and the tort of passing-off. The case was heard in the autumn by the Supreme Court of Canada: *Veuve Clicquot Ponsardin, Maison Fondée en 1772 v Boutiques Cliquot Ltée*, 2004 FCA 164, (2004) 35 CPR

(4th) 1. Relying on the Pink Panther case, the trial and appeal divisions of the Federal Court of Canada in *Veuve Clicquot* did not accord special status to the plaintiff's mark as "famous", instead resorting to the traditional test and finding no likelihood of confusion between the respective marks.

Protecting consumers against confusion is a primary objective of Canadian trade-mark law. Regardless of how famous a mark may be, its owner is not in a position to prevent use or registration of its mark by others in Canada in respect of unrelated wares and services and in the absence of a likelihood of confusion. This balanced approach makes it easier for brand owners to search for and adopt new marks in Canada. A thorough preliminary registrability search is an excellent first step to assess, if not rule out, risks of confusion.

Miscellaneous points

- The validity of a registration should not be challenged during an opposition: *Ruest v Ruches Promiel Inc* [2003] TMOB No 112, (2005) 35 CPR (4th) 190 (TMOB), and *Havana Club Holding SA v Bacardi & Co* [2004] TMOB No 44, (2005) 35 CPR (4th) 541, 547 (2d) 551;
- Co-existence of two marks in the US is given little weight in arriving at the ultimate conclusion that the respective marks can co-exist in Canada without likelihood of confusion: *Alis Technologies Inc v Alice Corp Pty Ltd* (2005) 37 CPR (4th) 47 (TMOB);
- The test of confusion should be assessed by reference to the unilingual Francophone, the unilingual Anglophone, and the bilingual consumer: *Pierre Fabre Médicament v Smithkline Beecham Corp* 2001 FCA 13, (2001) 11 CPR (4th) 1 (FCA).

Andrea Rush is a partner of Heenan Blaikie in Toronto, where she practises as a registered patent and trade-mark agent and attorney.

“While actual confusion is not required to establish likelihood of confusion, it certainly helps and negative inferences may be drawn.”



Proposals for modernisation of the Trade-marks Act

On 24th February 2005 the Canadian Intellectual Property Office (CIPO) called for comments on proposals to modernise the Trade-marks Act. In response, the Intellectual Property Institute of Canada (IPIC) shared with CIPO the views of the profession. These include concerns relating to the costs necessitated by changes to Canada's trade-mark laws and filing system which would be required should Canada adhere to the Madrid Protocol/Trademark Law Treaty.

Other proposals which seem relatively non-contentious include:

- (i) Providing for division of applications. Note that this is not possible under current procedure, and is generally useful if an applicant has a long list of goods, only some of which are in use by the time the application is allowed;
- (ii) Deleting the requirement of filing a certified copy of a foreign registration. This would bring Canada into line with jurisdictions which permit filing of a photocopy;
- (iii) Reducing the term of registration from 15 to 10 years. This would add to the cost of maintaining a registration over its lifespan by increasing the number of renewals;
- (iv) Amending section 9 of the Act, which is uniquely Canadian insofar as it provides broad scope of protection to public authorities absent sectorial boundaries. An application for recordal of an official mark under section 9 does not require descriptions of wares and services to be included.

Have you visited the **MARQUES** News Channel recently?

The News Channel is now one year old and is normally updated every day. It features a variety of items of interest to brand owners, including case news, branding and marketing trends, internet developments, legislation and administrative issues, from Europe and beyond. It also provides links to sources where you can find further information.

Available to all members on the **MARQUES** website. Recent stories include:

ICANN to retain control of domain names

Beckham aftershave receives cool reception

'Narcissistic' branding

Baskin-Robbins, Kraft, team up for US co-branding

Generics lobby to stop brand-owners genericising

Harry Potter wins Canadian trade mark case

Visit the News Channel now at www.marques.org

Human rights court says trade marks are protected property

Jeremy Phillips and Ilanah Simon

European trade mark owners and practitioners have long paid attention to the rulings of European courts based in Luxembourg: the European Court of Justice and the Court of First Instance, which give decisions on harmonised national trade marks and Community trade mark rights, and the EFTA Court, which considers applications of free trade principles (including exhaustion of rights) involving European Economic Area countries even if they lie outside the European Union. But there's now a fourth European court whose rulings must be considered: the European Court of Human Rights (ECHR) in Strasbourg.

The ECHR exists to give rulings on the applicability of the European Convention on Human Rights to provisions of national law among its 46 signatory states.

The Convention was signed on 4th November 1950. It is administered by the Council of Europe – which should not be confused with the European Union – and embraces far-flung jurisdictions that are quite remote from the EU such as Iceland, Armenia, Azerbaijan and the Russian Federation.

What does the ECHR have to do with IP rights? Originally, nothing. When the court was founded, its principal thrust was as a means of supporting individual and racial freedoms in a post-war Europe that had only recently experienced genocide, the mass displacement of populations, forfeiture of homes, deprivation of family life and all manner of loss of human dignity, much of which was sanctioned by duly enacted law. The aspiration was expressed that the ECHR would provide a means whereby the collective identification and support of human rights by convention states would serve to de-legitimise the legal institutions of tyranny and affirm the basic entitlements of man.

Increasingly, however, the ECHR has focused on human rights issues that have a distinct intellectual property flavour to them. The court has ruled on invasions of personal privacy for commercial gain, on the right of a country to require the approval of the titles of periodical publications and the right to duplicate and publish, without authorisation, a photograph accompanying text the publication of which was said to be in the

public interest. And now the court has ruled for the first time on the legal status of a trade mark.

On 11 October the ECHR ruled, in *Anheuser-Busch Inv v Portugal*, that a trade mark can be regarded as property since it falls within the scope of "possessions" under Article 1 of Protocol 1 to the Convention. By that Article,

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

European trade mark owners will be familiar with an earlier ruling in this case, in which the Portuguese Supreme Court ruled that Anheuser-Busch's BUDWEISER trade mark should be set aside on the basis that the word was a reserved term that could not be registered under the terms of a bilateral agreement between Portugal and the then Czechoslovakia.

This was a controversial ruling since the bilateral agreement was made after the trade mark application had been filed but before it had been finalised.

By a five-to-two majority the ECHR ruled that, while a trade mark constituted "possessions" within the meaning of Article 1,

“*The ECHR has increasingly focused on human rights issues that have a distinct intellectual property flavour to them.*”

Anheuser-Busch's mark was not entitled to property rights under that provision: since the registration had not yet been finalised, it was more in the nature of a financial expectation than a protectable right.

This ruling shows the willingness of trade mark proprietors to consider every available means of protecting their interests. This newsletter will watch further invocations of the jurisdiction of this court with interest.



Jeremy Phillips



Ilanah Simon

Meet the GI team

Geographical indications and designations of origin play an increasingly important – and often controversial – role in intellectual property. MARQUES has a team dedicated to covering this issue



Eugene Arieievich

Eugene Arieievich heads Baker & McKenzie's CIS IP practice group, a position he has held since joining the firm in 1996. He is a member of the Moscow City Bar, and is a trade mark attorney registered to practice before the Russian PTO. He is a member of the Panel of Neutral of INTA and is on the advisory board for WIPR in Russia. Prior to joining Baker & McKenzie, Eugene was a partner in a major USSR/Russian intellectual property firm, which he co-founded in 1988. He is a member of INTA (Board of Directors 2001-2003), MARQUES, LES, ECTA and the Russian National Group of the AIPPI. He is consistently ranked as among the leading intellectual property practitioners in the Russian Federation, by both *European Legal 500* and *Chambers Global*.



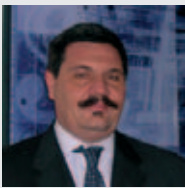
Susie Staerk Ekstrand

Susie S Ekstrand is a lawyer and a partner in Lett Law Firm, the fifth largest law firm in Denmark. Susie is a specialist in foods, food supplements and pharmaceuticals in fields of law relating to such areas. In 2000 she was seconded to the Danish Dairy Board in Brussels. Her interest in GIs stems from her work for the Danish dairies in the Feta cheese case – in which the European Court of Justice gave its judgment on 25th October 2005. She has assisted the Commission in educating new Member States on Community legislation and on GIs and designations of origin. Susie holds law degrees from both Denmark and the UK.



Burkhardt Goebel, Lovells

Burkhardt Goebel handles mainly complex multi-jurisdiction trade mark and geographical indication litigation cases throughout Europe, including central and eastern Europe. He represents clients before the European Court of Justice and the European Court of Human Rights and advises on WTO dispute settlement proceedings. His practice also includes Spanish, German and multi-jurisdiction intellectual property and know-how licensing and distributorship agreements. Burkhardt heads Lovells' Spanish and German IP practice and, besides being a member of the MARQUES GI team, is also the chair of the INTA committee on GIs. Burkhardt has published extensively on GIs over recent years.



Giovanni Grippiotti

Giovanni Grippiotti is an attorney-at-law and a member of the Rome Bar. He is an Italian and European trade mark attorney and a European design attorney. He graduated in law from the University of Rome, and is a member of the Italian Industrial Property Consultants Institute and of the Italian College of Industrial Property Consultants as well as of MARQUES, the INDICAM Council, AIPPI, ECTA, FICPI and LES. Giovanni has lectured on intellectual and industrial property issues and written articles for specialised journals. His main activities are litigation and out-of-court proceedings; contracts in Italy and abroad; legal advice on intellectual and industrial property rights, and particularly on trade marks, patents and copyright and on Italian and European competition law. He joined Società Italiana Brevetti in 1984.



Miguel Angel Medina

Miguel Angel Medina is a partner of Elzaburu, which he joined in 1993. He is a trade mark attorney and has a law degree from the Madrid Autonoma University. He also has a masters in Legal Practice and in tax and consultancy. He was admitted to the Madrid Bar in 1994. He frequently acts in the contentious-administrative jurisdiction of the Spanish High and Supreme Courts in IP matters. He is a registered Spanish industrial property attorney acting before the Spanish Patent and Trade Mark Office, and a European trade mark attorney acting before the OHIM, Alicante. He specialises in trade marks, domain names, unfair competition and related matters. Miguel Angel has advised a wide range of multinational firms and organisations in IP matters. He speaks Spanish, English, German, French and Italian.



André Pohlmann

André Pohlmann is a lawyer at Lovells. He has been working in the firm's Alicante office since May 2000. André graduated from the University of Trier (Germany) in 1996 and holds an LL M degree from the Law College of the University of East Anglia (UK) and a PhD from the Law College of the University of Trier. He qualified as a lawyer in Germany in 2001. André's practice covers contentious and non-contentious matters relating to Community trade marks and designs, including all proceedings before the Office for Harmonisation in the Internal Market (OHIM) and before the Court of First Instance in Luxembourg. André also advises on domain name issues including UDRP proceedings.



Virginia Taylor

Virginia Taylor is a partner in the IP group of Kilpatrick Stockton who specialises in all areas of trade mark practice and divides her time between the London and Atlanta offices. Kilpatricks was one of the first US law firms to join MARQUES having been invited by several founding members who were clients including Lewis Gaze of Rolls Royce. Virginia has been attending MARQUES meetings since the Amsterdam conference where she was a speaker, and was elected to the Council of MARQUES in September 2003. Virginia is a member of the Geographical Indications Team and spoke on the GI panel at the Rome conference. During the past year, she has worked on recruiting verifiers from various countries for the text of the MARQUES database of national laws related to geographical indications in Europe which is now available on the members only section of the website. She has also been active for many years in INTA where she formerly served on the Board of Directors and chaired the Publications Committee and now serves on the Information Resources Committee.

Write for the MARQUES Newsletter

All **MARQUES** members are welcome to submit articles for publication in the Newsletter. Articles should be submitted by email, and should be about 500 words in length. Relevant photographs and illustrations should also be submitted. **MARQUES** considers publishing articles on any topic that is of interest to members, in particular case reports, details of new legislation, government initiatives, deals, IP strategy and other trade mark-related developments.

If you would like to submit an article, please contact the editor (editor@marques.org) well in advance of the deadline, with details of the subject you propose to cover. You can also contact any of the country correspondents listed below.

The deadline for the next issue is 15th January 2006.

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