

Asia and the Internet top challenges for brand owners

MARQUES held the first of two one-day seminars on counterfeiting in Amsterdam on 22nd May. Magnus Hallin looks back at what was discussed.

At the end of May around 50 anti-counterfeiting professionals gathered in Amsterdam for a seminar to debate and discuss the seemingly never-ending story of counterfeit products originating from China and other parts of Asia and often distributed on auction sites on the Internet. The seminar was organised by the MARQUES Anti-counterfeiting and Parallel Trade Team.

The morning session of the conference, chaired by Mr Magnus Hallin of Awapatent, Sweden, started off with Mr Ronald Brohm of SNB React, the Netherlands. By showing figures of the number of online auctions at the Chinese auction sites of taobao.com and e-bay.com on a given day, the huge scope of the problem was clearly revealed. On 15th March this year there were no less than 601,145 auctions for seven leading brands at taobao.com, most of them presumably for counterfeit products. The auction sites have implemented systems whereby brand owners can request them to take down the auctions under certain conditions, for example eBay's VeRo system. However, with the huge number of auctions at any given time this is clearly not sufficient. SNB React helps its members to monitor the auction sites in China to remove advertisements for counterfeit products using newly developed software but would like to see much improved electronic tools at these websites and for the names of the sellers to be quickly revealed in order to take action.

Europe's complex enforcement system

Mr Brohm's presentation was followed by a presentation by Mr Gregor Vos of Klos Morel Vos & Schaap, in the Netherlands, outlining the complex system of IP enforcement in

Europe and the options IP owners have to stop counterfeits in Europe. With respect to goods in transit and based on recent case law from the ECJ, Mr Vos pointed out that the protection for a certain trade mark must cover the whole of the EU if the trade mark owner is to be successful in stopping goods in transit.

Ms Sonia Santos of Grau, Baylos & Angulo then went on to talk about how to effectively use customs and police when stopping counterfeits from China. From the statistics provided it was evident that an application for customs action in the EU is a very important tool to get action from the customs authorities in the EU. However, an application is far from sufficient. To be successful it is also necessary to be available at local level and to cooperate very closely with the authorities. Local availability and close cooperation is just as important when it comes to the use of police.

Many initiatives are taken by the EU to stop counterfeit goods coming into the EU from Asia at the source. One such initiative is the SILK-project, a cooperation between the EU and Thailand to strengthen the fight against counterfeiting. Ms Mara Mignone of RiSSC, Italy and Ms Silvia Dalle Nogare of Studio Legale CDN Law Office, Italy, both part of the project, outlined how they are using sharing of experiences, training and raising awareness to improve the fight against counterfeiting in Thailand.

Insight from China and India

China is the source of a very large proportion of all counterfeit products. All the way from China came Mr Liu Jiariu of Baker & McKenzie who gave a presentation under the

“Protection for a trade mark must cover the whole of the EU if the trade mark owner is to be successful in stopping goods in transit.”

fitting title: The Wild Wild East – Internet Piracy in the East. Among other issues Mr Liu discussed important recent cases on platform liability in China, namely *PUMA AG v Taobao.com & Chen Yang Rong and Aktieselskapet AF 21 v Ebay.com.cn*, where it has been held

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“Every 29 seconds a perfume is sold on eBay.de in Germany.”

that there is no duty to monitor proactively but a legal duty to take down upon proper notice.

Mr Liu also stressed the importance of policing the Internet regularly but also taking legal actions to deter, cooperating with ISPs/platforms using business leverage as well as using lobbying and PR to fight counterfeiting in China. Another large important country in the world is India, which unfortunately is also prominent when it comes to counterfeiting. Mr Shravan Kumar Bansal of United Overseas Trademark Company, India, outlined the legal framework on how to best take action in India.

The afternoon session of the seminar, chaired by Mr John Anderson, Chairman of the Global Anti-Counterfeiting Network, started off with a presentation from Mr Guido Baumgartner of Coty Prestige Lancaster Group GmbH, Germany. By assessing the number of auctions relating to their perfumes, including Davidoff and Calvin Klein, Mr Baumgartner pointed out that every 29 seconds a perfume is sold on eBay.de in Germany. A very large proportion of the perfumes sold are counterfeits or testers (not meant for sale on the market). The number of auctions and the fact that the sellers use different names etc make it difficult and

costly for them to stop counterfeit traffic on auction sites and he suggested that auction sites should actively monitor their sites for counterfeits and that the eBay VeRo system is far from sufficient.

Mr Peter Ruess of Freshfields Brukhaus Deringer, Germany, then gave a presentation on the topic of liability of online auctioneers. Mr Ruess pointed out that the enforcement directive can be relied on to make Internet auctioneers liable as intermediaries for trade mark infringement when counterfeit products are traded on auction sites.

Another aspect to consider for trade mark owners is the importance of using keywords on the Internet. Mr Joachim Glas of CSC Corporate Domains, Germany, was the next speaker and he stressed that Asia has the largest number of Internet users in the world and that 90% of China's Internet users use keywords (in English or Chinese) and not regular domain names. Trade mark owners should also consider registering the transliteration of their trade marks in Chinese as domain names and be careful of "friendly" offers to acquire domain names containing their registered trade marks.

Experiences from industry

The final part of the seminar covered experiences from industry. Mr Joachim Hofmann of Syngenta, Switzerland, first made it clear that counterfeiting is not only a problem for the luxury goods industry but also a serious problem for a company like

Syngenta, which is active in the agrochemical business. This part of the industry is not yet organised to fight counterfeiting in the same way as the luxury goods industry but they are starting to take counterfeiting more seriously. However, they often find difficulties in taking action at the source of the counterfeit products. Ms Diana Versteeg of DSM, the Netherlands, described how a very patent-minded company active mainly in the business-to-business market has experienced an increase of counterfeits in recent years due to a greater use of ingredient branding. She described DSM's present strategy of fighting counterfeits including mapping of important brands and markets, internal and external education as well as active involvement in organisations active in the fight against counterfeits. Ms Birgit Medeke of Zwilling JA Henckels AG, Germany, concluded the seminar and highlighted the importance of using all possible ways to stop counterfeits at the source, which often is China. Ms Medeke finally stressed that a successful fight against counterfeiting also takes patience and perseverance.

A further seminar on the same topic and with many of the same speakers and content will be held in Hong Kong on 5 November. More information is at: <http://www.marques.org/conferences/20071105/Default.asp>

Information on customs and the World Customs Organisation: <http://www.wcoipr.org>

Do you have students or trainees?

The Education Team is considering setting up a division of **MARQUES** aimed especially at students and trainees.

The sort of services we have in mind are:

- A separate section in the Newsletter with articles by and for students/trainees.
- A separate section on the website.
- Student/trainee chatroom on the website.
- Online debates, seminars, clinics and the like.
- Regional meetings.
- Regional social events.
- Student team (or sub team).

Please bear in mind that as membership of **MARQUES** is for businesses/organisations and not individuals, there would be

no additional membership fee for students/trainees – yours are already included if your business/organisation is!

In order to assess whether there is sufficient interest to justify this work, we would much appreciate your input. Please complete the questionnaire included with this publication and return it to the address below or complete it online at <http://www.marques.org/Survey/Default.asp> We would welcome responses from student/trainees themselves as well as from those responsible for training them. Negative responses are helpful too so please complete the questionnaire even if you feel this would be of no value.

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Rioja wine bar ruled offside

Miguel Angel Medina of Elzaburu in Madrid examines the impact of a recent ruling that examined whether the Rioja designation of origin can be used to constrain trade mark rights in Spain.

The Contentious-Administrative division of the National High Court of Spain has recently ruled on various appeals brought by the Agrupación de Artesanos Bodegueros de Rioja (Association of Traditional Wine Producers of Rioja or ARBOR), the Federación Española de Vino (Spanish Wine Federation or FEV) and a businessman in the industry, in relation to, among other matters, the controversy stemming from Article 28 of the regulations governing the world-famous Rioja designation of origin. This Article generally prohibited a trade mark used in the marketplace on wines from the Rioja designation of origin from also being used on wines from other designations of origin, unless so authorised by the Regulatory Board of the Rioja designation of origin.

This article appeared to be lawful under the former regulations but any legal basis appears to have been lost upon enactment of the Vineyards and Wine Act (LVV), Law Number 24/2003.

These judgments have been long awaited and have been the subject of much discussion in Spanish wine-producing circles and an important subject of debate at the professional meetings and round tables that have been held over the past few months in Spain.

Let us consider, for example, the judgment handed down on 17 January 2007 on the FEV's appeal, the reasoning behind which is similar to that set out in the judgments rendered in the other appeals filed.

Article 28 regulates the conditions for naming wines protected under the Rioja designation of origin and stipulates that trade marks, symbols, promotional legends or any other kind of advertising for wines protected under the Rioja designation of origin may not, under any circumstances, be used, not even by their owners, to market other wines or wine-based drinks, unless the Regulatory Board, at the request of the interested party, decides that the use of such names would not be detrimental to the wines covered by the designation. In such an

“The article appeared to be lawful under the former regulations but any legal basis appears to have been lost upon enactment of the Vineyards and Wine Act.”

unlikely case, the Board shall forward the proposal to the pertinent Directorate General of the Ministry of Agriculture, Fisheries and Food.

According to the Court, this restriction can clearly be considered reasonable for the purpose of preventing any likelihood of association (rather than confusion) as a result of use of a trade mark related with the protected designation of origin on other wines that are not protected under that designation and to serve the general interest by protecting consumers and the economic interests of other businesses operating under the designation of origin, as ultimately enshrined in Article 30 of the EC Treaty.

The Court also reflected on the interaction between trade marks and designations of origin, where the prestige of one will benefit the other, and vice versa, and found that the contested article prevents trade marks from gaining a reputation in the sector, since they cannot be used on other wines having the same business origin, if they belong to another geographical area.

Constraint on the trade mark right

In its decision, the Court starts off by declaring that in any case the aforementioned Article essentially constitutes a constraint on the trade mark right, as inferable from the content of Articles 1.1 and 2.1 of the Spanish Trade Mark Act, Law Number 17/2001, in relation to Article 33.1 of the Spanish Constitution, regulating property rights in general.



The Court holds that these constraints on ownership bear more on property rights than on free enterprise provided for under Article 38 of the Spanish Constitution.

It concludes that the current LVV does not provide any legal basis, unlike Article 83.5 of the former law, the Vineyard, Wine and Alcohol Statute, Law Number 25/1970, which prescribed that “the regulations governing each designation of origin may prevent use of the trade names, trade marks, symbols or promotional legends of each designation of origin to market other articles of the same kind”.

Consequently, the Court has ruled that, in the absence of a legal basis for establishing such a constraint, the afore-mentioned precept has to be deemed null and void, although use by the businesses concerned of trade marks used for the “Rioja” designation of origin on other wines not protected by that designation of origin must be carried out without prejudice to the authority of the Regulatory Board to act in defence of the designation of origin against acts detrimental to the reputation of the “Rioja” designation. This authority shall be exercised in an appropriate and balanced manner by the Regulatory Board in accordance with the provisions laid down in the regulations governing the designation and in the above-mentioned LVV.

A cassation appeal has been lodged against the invalidation of Article 28, and it is likely to be some years before the Supreme Court issues its decision.

Links

More information on Rioja wine:
<http://www.riojawine.com>

Russia consolidates IP protection

The Russian government has proposed numerous changes to IP protection in the country. Oxana Pishvanova of Salans in Moscow provides a guide to the most significant changes.

New criminal sanctions for IP infringements

On 9th April 2007 Federal Law No 42-FZ introduced amendments to the current Criminal Code affecting sanctions for the breach of the IP rights. The maximum term of imprisonment of a physical person proven by the court to be guilty is now increased from five years to six years allowing the relevant *delict* to qualify as severe in compliance with the Russian Criminal Code. The amounts of the monetary penalties that can be now ordered by the court have reached the maximum of 500,000 Roubles (\$20,000) whether the infringements affected copyright, trade mark or patent rights.

Upgrading IP legislation

The new IP legislation (Part IV of the Civil Code and the relevant Federal Law on its implementation) has been adopted by the Russian Parliament followed by the Russian President's approval and published in the *Official Gazette* in compliance with the Russian Constitution. It will become effective on 1st January 2008, cancelling the existing Acts in this field. This legal act completes 15 years' work by the designated teams of experts.

This IP legislation defines and specifies which objects fall under the definition of IP protected in Russia and establishes the relevant legal regimes. By the virtue of this act, IP would comprise:

1. works of science, literature and art;
2. computer programs;
3. databases;
4. performances;
5. phonograms;
6. radio- or tele-broadcasting or communication of radio and television programmes by cable;
7. inventions;
8. utility models;
9. industrial designs;
10. selection patents;
11. topologies;
12. production secrets (know-how);
13. corporate (firm) names;

14. trade marks and service marks;
15. appellations of origin; and
16. commercial signs (designations).

Some of the most important new or amended provisions affecting trade mark rights include the following:

- A trade mark registration may be cancelled if the actions associated with obtaining the registration qualify as misuse of rights;
- Should a trade mark infringement be confirmed, the trade mark owner can request compensation instead of reimbursement of damages. This compensation will be paid by a fixed amount ranging between \$400 and \$200,000. The amount of the compensation to be paid will be established by the Court. The trade mark owner would also have an option to request a compensation that would equal double the cost of the products bearing the infringing trade mark or the regular price for the legal products;
- Registration of a trade mark may be cancelled due to continuous non-use for three years commencing from the registration date at the request of the interested party (as opposed to any party in the current legislation);
- A trade mark shall be considered as used if it is used by its owner, registered licensee or is under the control of the owner. Should there be a claim raised against the licensee as a producer of the relevant product, both the licensor and the licensee may share the liability;
- A trade mark will be denied protection with respect to the goods/services of the same type if it is identical or confusingly similar to a company's name, commercial signs (or their elements), or with the name of the registered selection patent owned by a third party provided that relevant rights have emerged prior to the trade mark application date.
- A trade mark shall be denied protection if it is identical to a domain name provided that relevant rights have emerged prior to the trade mark application date; however, note that the law does not



provide any special legal regime for domain names as an IP object. Furthermore, the Act establishes in a more explicit manner that the trade mark owner exercises his exclusive rights to a certain trade mark by placing it on the Internet or using it as a domain name.

Pledge

IP exclusive rights can be the subject of a pledge; the relevant pledge agreement must be registered with the Russian PTO in order to be valid.

The new IP legislation clarifies the definitions and legal regimes governing assignment, licence and franchising agreements keeping in force the obligatory recordation of the transfer for trade mark (or patent) and franchising agreements.

The new IP legislation does not establish any special legal regime for domain names. However, it establishes a legal regime for firm (corporate) names clarifying them as exclusive and not subject to a transfer and introducing the concept of commercial signs as a means of corporate identification. The new IP legislation also clarifies the legal mechanism for the transfer of know-how.

From what we see the amendments to the Civil Code have not drastically changed the rules and practice that existed before. However, no law is perfect and legal practice may introduce necessary changes into the new IP legislation according to the international practice and considering the Russian reality.

“The new IP legislation does not establish any special legal regime for domain names.”

Landmark decision on well-known mark in Singapore

Gladys Mirandah of patrick mirandah co in Singapore examines a recent decision interpreting the TRIPs Agreement provisions on protecting well-known marks.



Trade marks serve to distinguish between the goods or services of competing organisations. The Paris Convention was the first agreement to address well-known marks. The extension of protection in cases of lack of use or registration was seen as a significant departure from traditional trade mark law and this right was generally accorded to a very select group of internationally famous marks, as these well-known marks are especially vulnerable to abuse.

The TRIPs Agreement further expanded the protection provided to well-known marks by the Paris Convention. TRIPs Article 16 extends these rights to cases in which a conflicting mark is used on services in addition to goods, and in cases in which the goods or services are dissimilar, so long as in each case there is nonetheless a likelihood of confusion. TRIPs also extends well-known marks' protection by requiring members to take account of the knowledge of the mark in the relevant sector of the public: it would now be possible for a mark to be deemed well known where it is not known by the general public, but is famous among the particular consumers of that product. This kind of fame is often referred to as niche fame.

In compliance with TRIPs, on 15th January 1999 the Trade Marks Act was amended to provide for well-known marks under the Paris Convention in Singapore. In summary an action for infringement is available against the unauthorized use of a mark in relation to dissimilar goods, if that mark is similar to a registered mark that is well known in Singapore. And the proprietor of a trade mark, which is entitled to protection under the Paris Convention or the TRIPs Agreement as a well-known mark, can restrain the use of an identical or confusingly similar mark.

It is pertinent to mention in this regard that on 1st July 2004, Singapore amended its trade mark legislation further mainly on account of the Free Trade Agreement entered into with the United States of America. The amendment provided under Section 55 with respect to the protection of well-known marks that the only remedy provided for is an injunction and there is no provision to claim damages, discovery or delivery-up.

First case decided

The first case on these lines came to the forefront when the Singapore High Court in May 2007 declared a mark to be well known and barred the defendants from using the mark. The case in question is the one where the prestigious Amanresorts Group had taken Novelty Pte Ltd to court for trade mark infringement.

The bone of contention is the use of the name Amanusa, which Novelty Pte Ltd had

chosen as the name of a condominium project. It is also the name of a well-known luxury resort in the Indonesia island of Bali, which is one of the 18 Amanresorts properties around the word. Amanresorts claimed that the use of the mark would confuse consumers and "lead to the gradual whittling away and eventual erosion of the uniqueness and exclusivity associated" with the resort's brand. They claimed further to have suffered loss and damage to their brand Aman, of which they believe they are the rightful owner. Moreover, Novelty had advertised its Amanusa homes as an "exclusive... private hideaway", which is similar to the expression used by the plaintiffs for describing their resorts.

Novelty Pte Ltd, on the contrary, argued that there is absolutely no risk of confusion for the public and that no buyer had purchased units because of the possible association with the Amanresorts. There would be, therefore, no possibility of damage to Amanresorts' interest. Furthermore, both companies run totally different types of business.

However, contrary to the contention of the defendants, the High Court in May 2007 allowed the claim of passing off against the local property developer for using the name Amanusa and ruled that the Aman trademarks are "well known" under the Act. The court further held that the condominium project has to be renamed, as the use of the name "Amanusa" was likely to cause damage to the goodwill of the plaintiff.

Thus came the first decision based on the well-known status of a mark in Singapore. This decision has been rendered almost 10 years after the introduction of well-known marks in the Singapore Trade Mark Act in 1999.

Links

Read Singapore's Trade Mark Act here: <http://statutes.agc.gov.sg/>

“The only remedy provided for is an injunction and there is no provision to claim damages, discovery or delivery-up.”

How to determine well-known marks in Bulgaria

Elitsa Tsenova and Ivan Ivanov of IP Bulgaria provide tips on how you can show that your trade marks are well known in Bulgaria, and give some examples of marks that have passed the test.

When it comes to well-known marks, the focus is usually put on the question of their protection. In this article we would like to draw the attention of the readers to the other important question: namely the determination of a mark as well known.

Since Bulgaria is a member state of the Paris Convention for the Protection of Industrial Property, it fully applies Article 6b related to well-known marks. Although well-known marks had enjoyed protection under the Bulgarian Law on Marks and Geographical Indications for a long time, the issue for the criteria for determining whether a mark was well known was not clearly set. The last amendments in this particular Law (State Gazette 73/05.09.2006) created a new Chapter specially dedicated to the well-known and famous marks and the procedure for establishing whether the mark is well known and famous.

Criteria for determination

In determining whether a mark is well known, the competent authority shall take into consideration any circumstances from which it may be inferred that the mark is well known or famous on the territory of the Republic of Bulgaria.

The newly created Article 50a sets the following relevant factors:

- The degree of knowledge or recognition of the mark is the relevant sector of the public, which encompasses the actual or potential consumers of the respected goods and/or services, persons involved in channels of distribution of the type of goods and/or services to which the mark applies, business circles engaged with the type of goods, and/or services to which mark applies.
- The duration, extent and geographical area where the mark is used.
- The duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the

presentation, at fairs or exhibitions, of the goods and/or services.

- The record of successful enforcement of rights in the mark, if it has been registered.
- The value associated with the mark.
- Other relevant criteria.

These factors are set only to assist the competent authority and are not supposed to serve as preconditions for reaching that determination. They are guidelines but must be applied in strong connection to the relevant case and the determination in each case will depend upon the particular circumstances. For instance, in some cases all of the criteria may be relevant, in other cases the decision may be taken by using additional criteria that are not particularly listed in the Article 50a but are included in the last line "other relevant factors". It was expected that the lawmaker would pay special attention to the use of marks on the Internet but it is not included as a separated applicable criterion. Should the use of marks on the Internet, either as domain names or in any other form, be taken into consideration when determining whether or not a mark is well known? Since Article 50a provides that one of the criteria for

“The President has to appoint a Commission to examine the evidence and to apply the relevant criteria.”

determination is the duration, extent and geographical area of *any use* of the mark, undoubtedly we can infer that the use of the mark on the Internet is also covered.

Competent authorities

Article 50a (2) provides that the Patent Office of Republic of Bulgaria (BPO) and Sofia City Court are both institutions that have authority to determine whether a mark is well known or famous. They are supposed to apply different laws and to follow different procedures, which lead to different outcomes.

It is still not very clear in which cases one can go to the Court and when to the Patent Office. The procedure before the Court is conducted in accordance with the provisions of the Code of Civil Procedure.

Trade marks which have been recognised as well known or famous by the Commission

NIVALIN for pharmaceuticals

KINTEX for services, commercial transactions, import and export of special equipment

BELSHINA for tyres

VODKA ABSOLUT

MANASTIRSKA IZBA for wine

ALEXANDRA VIDEO for production and dissemination of video products

DSK for banking and financial operations

AQUAFRESH for oral hygiene products

Patent Office procedure

The BPO cannot initiate the procedure for recognition of a trade mark's well-known status *ex officio*. The only person who has direct interest and legal standing to start the procedure is the owner of the trade mark. He must submit a written request before the BPO accompanied by evidence. This request can be launched only as an additional request in connection to the main request. The main request can be first for invalidation of the registration of a mark where it has been registered in violation of the provisions of Articles 2 and 11 and second objection against registration of marks.

The BPO President has to appoint a special Commission to examine the presented evidence and to apply the relevant criteria set in Article 50a. The Commission must issue a legal opinion as to whether the mark can be determined as well known or famous or not. The President of the BPO considering the presented opinion must take the final decision. The decision can be positive when it determines the mark as well known for all or for part of the goods and/or services to which the mark applies, or negative when it refuses to recognize this status on the mark.

These decisions can be appealed before the Sofia City Court following the Administrative violations and penalties in the Law's provisions.

A mark determined to be well known or famous must be published in the Official Bulletin of the BPO and entered into the State Register of Marks kept by the BPO. But the court decision dealing with the same subject does not imply the same consequences. Under Article 50b (4), when the court determines the mark as well known or famous, it is not published in the Official Bulletin, is not entered into the State Register, and cannot be opposed by third parties.

However, the present practice of the BPO has been quite similar to this procedure. The Methodological Instructions issued by the BPO avoided the lack of provisions in the Law on Marks and Geographical Indications. A request for recognition of a trade mark's well-known status was examined by a Commission appointed under the Order 195/2002 of the President of the BPO. The Commission examined all the evidence presented and issued a protocol with its statement.

New alert system aims to stop counterfeit imports in Argentina

Damaso Pardo of Pérez Alati, Grondona, Benites, Arntsen & Martínez de Hoz in Buenos Aires explains how Argentina has introduced provisions to block the import and export of counterfeit goods.

In order to comply with article 51-60 of the TRIPs Agreement, Argentina has reformed the Customs Code by law 25,986. The relevant provision in respect of border measures is Article 46, which provides that the importation or exportation of goods under any customs destination, suspensive or definitive, shall be prohibited when by simple verification it can be inferred that there are goods containing a counterfeit trade mark, pirated copy or that infringe other IP rights that the national legislation grants to the right holder. In cases where the situation contemplated in the above paragraph were not evident, customs authorities may suspend the deliverance of the goods for a maximum period of seven working days, in order to confer with the rights holder, so that the latter may be able to request from the competent judge the preliminary measures (injunction) that correspond to the case.

If, in this case, the goods (merchandise) were to be delivered without an action from the right holder, customs authorities shall communicate this circumstance to the competent authorities in charge of consumer protection.

Finally, the Article provides that all the dispositions shall be in accordance with the conditions and procedures that the regulation of the Article establishes.

The regulation has not been issued yet. However, the Customs Authority of Argentina has opened the Registry of Trade Marks through Resolution 2216/2007. The proceeding has been complemented by

External Note Number 19/2007 issued on 13th March 2007. Therefore, all trade mark owners will be able to register their trade marks with customs and will be notified of any imports or exports of goods bearing those trade marks from April 2007.

The new regulation aims at complying with the TRIPs Agreement by giving trade mark owners a fast and practical procedure at customs to prevent the import and export of counterfeit goods. The alert system will deal only with trade marks.

Although the registration of trade marks with the registry is voluntary, the trade mark owner must file his trade marks to be able to use the system.

The trade mark owner must file a brief having the character of a sworn statement in which he must inform and/or provide customs certain information concerning the company, the trade marks and the characteristics of the products, as well as any other relevant data.

Goods passing through customs that declare a registered trade mark right in the bill of lading will be stopped at the border for three working days, while the trade mark owner is informed. During the three-day term, the trade mark owner will be able to inspect the goods and, if they infringe trade mark rights, the trade mark owner will be able to seek administrative or judicial measures to defend his rights.

A registration with the warning registry will last two years and may be renewed indefinitely by the rights owner.

Dot-co.za complaints are not an April Fool's Day joke

Mariëtte Viljoen, of Adams & Adams and President of the SAIPL, explains that a new ADR procedure has been introduced for domain names in South Africa, and discusses the first case heard under the new rules.

Cybersquatting is not uncommon in the .co.za namespace. Until very recently, anyone who wanted to object to a .co.za domain name only had the option of costly High Court proceedings. Where the domain name did not resolve to a website, it was difficult to institute proceedings based on trade mark infringement, as there would not be use "in the course of trade", as required by the Trade Marks Act of 1993.

Fortunately, a long-awaited change in South Africa came about on 22nd November 2006 when the alternative dispute resolution (ADR) regulations were promulgated. The South African Institute of Intellectual Property Law (SAIPL) was accredited as one of two ADR service providers in South Africa and accepted complaints from 1st April 2007 – for once not an April Fool's Day joke!

The ADR regulations make provision for complaints to be lodged on the basis that a domain name is "an abusive registration" and/or "an offensive registration".

An abusive registration is a domain name which was either registered or has been used in a manner which took unfair advantage of, or was unfairly detrimental to, the complainant's rights; thus the typical cybersquatting scenario. An offensive registration on the other hand is a domain name in which the complainant cannot necessarily establish rights, but the registration is contrary to law, *contra bonos mores* or is likely to give offence to any class of persons.

The process is quick and fairly simple. Once the complaint has been lodged, the registrant has 20 days to lodge its response and the complainant has five days to reply. The adjudicator will deliver his decision within 14 days.

First dispute decided

The first dispute in the .co.za name space was lodged with the SAIPL. The case concerned the domain name mrplastic.co.za registered in the name of Mr Plastic & Mining Promotional Goods CC. The complainant was

Mr Plastic CC. The complainant was incorporated as Mr Plastic (Pty) Limited in 1976. In 1980, the then shareholder commissioned the design of a logo for the complainant (depicted below).



The complainant allowed others, including the registrant, to use this logo. Furthermore, the complainant gave permission to the registrant and several others to register corporate names incorporating "Mr Plastic". The trade mark was never registered by the complainant and no details of licensing arrangements with the complainant were provided.

The registrant registered mrplastic.co.za in 2000. The domain name resolves to a website at www.mrplastic.co.za (depicted below).



The complainant had used its name and trade mark MR PLASTIC for some 27 years and had acquired a substantial reputation in the name. The complainant was prevented from registering the domain name mrplastic.co.za, due to the registrant's registration.

The complainant's complaint was based on the fact that mrplastic.co.za was an "abusive registration". For the complainant to succeed, it had to establish that the name MR PLASTIC was distinctive of it. In the absence of a trade mark being registered and a licence



being granted by the registered proprietor, the rights arising under the common law from the use of a mark enure to the benefit of the actual user(s). There was nothing in the evidence to show that the registrant and the other entities, Mr Plastic (Natal) CC and Mr Plastic (Cape) CC, had used the names under the supervision or control of the complainant or that the complainant had conducted itself as a licensor.

Accordingly, the adjudicator found that the use of the name MR PLASTIC by third parties had diluted the rights in the name MR PLASTIC. He further held that the complainant had failed to show that the name or mark MR PLASTIC was distinctive of its business. The complainant therefore failed to show, on a balance of probabilities, that it had rights in respect of the name MR PLASTIC, enforceable against any third party and, in particular, against the registrant. The adjudicator concluded that the registrant had acquired concurrent rights in the name and mark MR PLASTIC. The complaint was dismissed.

Although this case related to concurrent rights in a name and was therefore not a typical cybersquatting case, it has paved the way for a new chapter in domain name cases in South Africa. The process has proved to be a credible procedure, as justice has been swiftly and inexpensively dispensed.

Links

More information at: <http://www.domaindisputes.co.za>

Full text of the regulations: www.domaindisputes.co.za/content.php?tag=7

The mrplastic.co.za decision: www.domaindisputes.co.za/content.php?tag=6

Grey goods, grey areas

Jeremy Phillips

More than a decade after the approximation of European trade mark law, and after the reference of many questions by national courts for a definitive ruling by the European Court of Justice, it might surprise many people to learn that so many uncertainties remain. But not even the existence of a common text on issues such as registrability, infringement, genuine use and justifications for unauthorised use – and a shared mechanism for interpreting it – have produced the homogeneous system that many hoped for and some predicted.

Is the existence of so many unresolved uncertainties within European trade mark law a sign of weakness or of strength?

Those who say the former will lay the blame on the lack of precision in the drafting of key provisions of Council Directive 89/104 (the harmonisation directive) and its sister, Council Regulation 40/94 on the Community trade mark as well as on the reluctance of the European Union's judiciary to take firm, if hard, decisions as to what those legislative provisions really mean. There is no little evidence to support this criticism. The second reference for a preliminary ruling in the same case (Case C-348/04 *Boehringer Ingelheim v Dowelhurst*), the apparently inconsistent decisions on the need to prove "trade mark use" and the real or apparent inconsistencies between the various rulings on registrability in the *BABY-DRY* and *CHIEMSEE* decisions are cases in point.

There is however another view. This is that, while Community legislation has proved itself sometimes vague or even misdirected, the European Court of Justice has taken a positive line and has dealt with the major issues in a surprisingly positive and robust manner. In this regard witness the remarkable ruling in *Davidoff II* (Case C-292/00 *Davidoff v Gofkid*) that effectively rewrote the law on tarnishment and dilution, not to mention the firm line taken on the requirement that even *de minimis* distinctiveness be taken as a sufficient basis on which to allow a sign's registration and the equally firm insistence that some matters must be decided as matters of fact by the court of the referring state rather than as matters of law. This last point is of

great significance since it acknowledges that national courts must be taken as being sufficiently mature in their comprehension of the law, and capable in their ability to apply it to the facts.

However, whether the fact that European trade mark law retains its areas of uncertainty is a good thing or a bad thing, it does seem wrong that any problem area should have been allowed to take a long time to evolve a solution when its existence was known even before the recent great reforms and where it could have been easily anticipated by legislation. A case in point is the law relating to grey goods, those products that are not themselves counterfeit but which are first marketed outside the European Economic Area and the importation and resale of which are infringements of the respective national or Community trade mark right.

All that trade mark owners, distributors, retailers and importers ever needed, in the case of grey goods, was a clear, concise flow chart mapping the issues that had to be addressed: were the goods placed on the market at all? If so, where? Did the placing of those goods on the market have the

“Is the existence of so many unresolved uncertainties within European trade mark law a sign of weakness or of strength?”



consent of the trade mark owner? Who had to prove this consent and to what level? Had their condition been changed in such a way as to render illegitimate any further sale of them under their original trade mark? Instead, we find ourselves with a range of questions relating to whether there was a necessity to change, re-label or repack the goods, whether the intention to import some goods was notified to the trade mark owners, whether the importation operated upon the essential function of the trade mark and whether burden of proof of consent to reimport can be reversed if there is a risk of partition of the market – none of these issues being explicit within the substantive provisions of the legislation itself.

The multiplication of relevant criteria to be established, either by the trade mark owner in seeking to preserve the integrity of his mark or by the defendant in seeking to preserve the sanctity of the principles of competition and the free movement of goods, does more than add to the general aura of uncertainty that attaches to grey goods litigation: it also adds to the time and effort that go into the preparation and hearing of a case as well as increasing the likelihood of error on the part of litigants and court alike. For this reason it is hoped that the next round of European trade mark reform will be a restatement and a simplification, not a jurisprudential elaboration. We all know what should be permitted or prevented; it is remarkable how greatly the attention of the courts is allowed to wander from that focal point.

The IAM Team and the UNCITRAL Agreement

In the second regular look at **MARQUES** team activities, Ben Goodger and Stefanie Slapke of Rouse & Co International report on the Intellectual Asset Management (IAM) Team's busy and successful year. The IAM Team's mission is to help **MARQUES** members to raise the profile and awareness of brands as valuable business assets within organisations (not just legal assets), to articulate this message to the wider community, and to provide guidelines for best practice in the creation, management and commercialisation of those assets.



Ever since its inauguration in Malta in 2005, the IAM Team has steadily attracted more members. We are particularly pleased with the number of in-house members. The Team is chaired by Ben Goodger, who is supported by Ralph Thomas, Dieuwerke van der Schalk, and Boudewijn van Vondelen, Richard Bulman, Jern Ern Chua, Maria Falk, Editha Hechanova, Rebecca Huselius, Ivan Ivanov, Sylvia Lacroix, Robert Macdonald, and Anastassia Sinitsyna. Mark Cordy and Rudolf Haugg contributed up till their departure earlier this year – we are grateful for their efforts.

We believe the IAM Team's most important achievement to date has been its successful lobbying on behalf of the IP community on the UNCITRAL legislative initiative.

The UNCITRAL legislative initiative

Within **MARQUES**, the IAM Team works on this initiative closely with Cristina Duch. Throughout the past year, Ben and Cristina have established the 'Ad Hoc IP Working Committee' which, under the aegis of **MARQUES**, brings together interested members of the IP professional community to discuss the impact on IP of the UNCITRAL Legislative Guide on Secured Transactions (see box). Current members of the Ad Hoc IP Committee include the International Trade Mark Association (INTA), European Communities Trade Mark Association (ECTA) and the International Association for the Protection of Intellectual Property (AIPPI), to name a few.

What is the UNCITRAL Legislative Guide on Secured Transactions?

The UN Commission on International Trade Related Laws (UNCITRAL) seeks to reform international laws in order to cut across legal restrictions on the availability of low-cost finance and credit, making it easier for businesses and lending banks to deploy assets as security for raising finance. These ideas are embodied in The Legislative Guide on Secured Transactions which is due to be finalised and adopted imminently, following which worldwide adoption will be sought. Liberalising the ability of enterprises to acquire finance is a worthy aim. The problem is that the Guide was drafted primarily to cover tangible goods. At a late stage of its life, reference to IP assets (and licensing royalty streams) was included without prior consultation with IP industries. The concern is that this little-noticed initiative will, if implemented, have the unintended consequence of severely disrupting IP commerce because IP owners will lose significant powers of control over licensees or their IP assets if securitised by licensees. The **MARQUES** IAM Team's aim is to unite the business community to mitigate the worst effects of this initiative.

More information on the initiative can be found at www.marques.org/uncitral

The Ad Hoc IP Committee has held two face-to-face meetings (London and Amsterdam) and several conference calls. The climax so far was a special UNCITRAL Colloquium on IP issues held in Vienna in January 2007. Nearly 100 delegates attended, including distinguished IP and secured financing legal professionals, government representatives and academics. UNCITRAL showed willingness to listen to the IP community. The IAM Team believes that the lobbying of the **MARQUES** Committee at the Vienna meeting had a direct influence on the relevant UNCITRAL Working Group subsequently agreeing both to modify ambiguous language in the Guide to make clear its non-application to aspects of IP which were of concern, and to push for a completely separate Annex to the Guide addressing IP security issues, which will enable solutions to certain conceptual problems to be worked out with more time and care.

This approach was later confirmed at a UNCITRAL Working Group meeting in New York in February 2007, and at the time of writing it is hoped will be finally adopted at an UNCITRAL meeting in Vienna in early July 2007 – if so, this would be a major victory for **MARQUES**.

Other IAM Team activities

- The IAM Team continues to work to raise the profile of brands and IP among CEOs and senior management of small and medium-sized enterprises. We are working on various materials. At the

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. Everyone is welcome to contribute to the Newsletter, whether or not you are listed as a correspondent. The deadline for the next issue is 15th October 2007.

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