

## Advice on anti-counterfeiting strategies

In November last year, **MARQUES** held its second one-day seminar on anti-counterfeiting operations and strategy. John Anderson of GACG Network/Pakharenko & Partners UK, and a member of the Anti-Counterfeiting and Parallel Trade Team, reports.



John Anderson

Members of the **MARQUES** Anti-Counterfeiting and Parallel Trade Team held the second of the two planned seminars on "Counterfeiting Focus Spots: Asia and the Internet – Continuing Challenges for Brand Owners" in Hong Kong on 5th November 2007. Aided and abetted by the **MARQUES** secretariat, the two seminars (the first was in Amsterdam in May 2007) covered virtually the same ground with virtually the same cast of presenters. The Hong Kong event was supported by the Office of the European Commission in Hong Kong and Macau and the head of the office, Mr Thomas Roe, gave a context-setting opening address.

The seminars were targeted at brand owners and professionals in IPR protection and enforcement issues relating to trade in Asia and/or on the internet – as several presenters noted the two often go hand in hand. More than 40 people from 17 different countries

attended the event in the Grand Hyatt Hotel on the harbour in Hong Kong and the breaks, lunch and cocktail networking was, as ever, an important feature of the day.

The agenda for the day was full and the two session chairmen – John Anderson of GACG Network/Pakharenko & Partners UK and Magnus Hallin of Awapatent, Sweden – had their work cut out to keep things on time. Several speakers could have filled much longer sessions such was their knowledge and wisdom on the subjects under discussion.

### The Asian perspective

The morning session began with four presentations on the Asian perspective: Stephane Passeri of the EC-Asean Intellectual Property Rights Co-operation Programme ECAP II gave a brief run-down of this programme and the prospects for further multilateral activity in this area in the future;

Tan Loke Khoo of Baker & McKenzie, Hong Kong (who effectively acted as our hosts for the visit and looked after us – the ACPT team and speakers – royally) gave a packed presentation on "the wild, wild, east" – looking specifically at internet infringements in the PRC; Karen Abraham of Shearn Delamore & Co, Malaysia followed up with a presentation examining anti-counterfeiting options in south-east Asia generally and Malaysia in particular. Finally in the Asia session Shraavan Kumar Bansal went through the legislative framework for anti-counterfeiting work in India.

*continued on page 2*



Brand owners and trade mark professionals attended the Hong Kong seminar.

## Contents:

Advice on anti-counterfeiting strategies	1–2
Cyberalert: Before frontrunning	2
MARQUES addresses replacement	3
viniportugal.com domain name cancelled	3
Blow for importers in the UK	4
Embedded use under scrutiny	5
Recent developments on Madrid	6
Red Cross wins case in Spain	7
A guide to Russian legal reforms	8
Protecting well-known marks in Malaysia	9
On a mission to help brand owners	10-11

## Advice on anti-counterfeiting strategies *(continued from page 1)*

### Europe and the internet

After coffee, we turned to the European perspective with two excellent presentations from members of the MARQUES ACPT team. Gregor Vos of Klos Morel Vos and Schaap in the Netherlands managed to squeeze advice on using pan-European tools to fight counterfeits into 25 minutes and then Alejandro Angulo of Grau & Angulo, Spain gave the meeting some great advice on using customs and police in China.

After Lunch, Magnus Hallin introduced the session specifically focussed on internet infringements and the first speaker – Ronald Brohm of SNB React – gave an excellent and well-informed overview of the problem and potential solutions in China. Then Guido Baumgartner of Coty Prestige Lancaster Group presented an entertaining but vitally serious session on the threats and problems of online counterfeiting; rounding up the



early afternoon slot was Peter Ruess of Freshfields Bruckhaus Deringer, Germany who set out and interpreted most ably many recent court rulings related to internet auction sites.

For the final session, there were some heavyweight industry representatives on hand starting with Joachim Hoffman of Syngenta, the chairman of the ACPT Team. Joachim gave an excellent presentation on the particular dangers of fakes in non-sexxy areas such as pesticides; then Steve Hawgood of Ely Lilly, vice chairman of the QBPC (brand protection group in the PRC) made us all sit up and take notice with his perspective on investigating and prosecuting the organised criminals behind counterfeiting; and to round off the day we had an insightful presentation on another specialised area (coatings) in China from Diana Versteeg of Akzo Nobel, in the Netherlands.



*Speakers at the seminar.*

## Cyberalert: Beware frontrunning

Janet Satterthwaite of Venable, and a member of the **MARQUES** Cyberspace Team, offers a warning to **MARQUES** members: be careful when checking availability of a domain name.



It appears that when someone checks the availability of a certain domain name on a particular registrar's website, at least one registrar appears to be registering that name for itself and holding it so that it then can only be purchased from that registrar.

Those of you who subscribe to INTA's TM topics email forum may have seen recent discussion about this. I tried it myself and made an inquiry for the domain name "insireallydoingthis.com" on the Network Solutions website. It was available when I checked it, but sure enough, a day or so after I made a query for the domain name on GoDaddy's website, the GoDaddy website indicated that the name is taken, but the WHOIS information indicated that the domain name was "available through Network Solutions".

Be aware of this apparent phenomenon if you are checking the availability of a domain name for your client. It appears that you can still buy the domain name for the regular price, but you can only buy it from Network Solutions. If this is not your client's preferred registrar then there are additional transaction costs in initiation in intra-registrar transfer after the name is purchased.

I suspect that Network Solutions keeps the registrations only for a short time and then lets them go, perhaps before the fee to the registry is due after the grace period, which would then probably cause the name to be more likely to be picked up by a domain monetizer and become a page of pay-per-click links. The **MARQUES** Cyberspace Team will monitor this phenomenon.

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# MARQUES addresses replacement

**MARQUES** has recommended that the World Intellectual Property Organisation (WIPO) implement guidelines to clarify the issue of replacement in the Madrid Protocol, after a consultation on the **MARQUES** website. Following input from national offices, WIPO is now considering how to proceed in addressing the issue.

One of the advantages of the Madrid Protocol (and Agreement) is that an international registration of a particular mark under certain circumstances replaces an older national registration of the same mark. The system, which is very much like the seniority system for the Community trade mark, follows from Article 4 bis of both the Protocol and of the Agreement.

However, there is little information or experience about how replacement works in practice, meaning that it is possibly a benefit that is under-used by brand owners. Two questions, for example, concern whether replacement applies automatically and whether and how replacement can be recorded in the national registries.

Knud Wallberg, chair of the **MARQUES** Trade Mark Law and Practice Team, coordinated the **MARQUES** members questionnaire, the findings of which have been submitted to WIPO. WIPO has responded positively to this, and published its own questionnaire on replacement, along with some model provisions.

WIPO's questionnaire was directed at national offices and asked them about

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“WIPO has published its own questionnaire on replacement, along with some model provisions.”

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applicable legislation and office practices in their jurisdiction. More than 30 responses were received by December 30 2007, and these can be viewed on the WIPO website.

**MARQUES** welcomes the work being done to clarify the issue of replacement and looks forward to further developments on this important question. **MARQUES** urges those member states who have not yet responded to the questionnaire to do so.

View the WIPO questionnaire and responses here: [http://www.wipo.int/madrid/en/contracting\\_parties/questionnaire\\_replacement.html](http://www.wipo.int/madrid/en/contracting_parties/questionnaire_replacement.html)

View the proposed model provisions to be used by members of the Protocol here: [http://www.wipo.int/edocs/mdocs/madrid/en/mm\\_ld\\_wg\\_3/mm\\_ld\\_wg\\_3\\_3.doc](http://www.wipo.int/edocs/mdocs/madrid/en/mm_ld_wg_3/mm_ld_wg_3_3.doc)

## viniportugal.com domain name cancelled by court

As outlined in the **MARQUES** Newsletter number 88 (2006) regarding a dispute in Portugal involving the company and trade name Viniportugal and the domain name [viniportugal.com](http://viniportugal.com), the Court of Vagos has ordered the cancellation of the domain name.

The Court considered that the domain name infringes the exclusive rights of the plaintiff, Viniportugal, in relation to its company and trade name and the general clause that prevents unfair competition.

In this decision, the Court has started to settle the juridical nature of domain names having concluded, using the opinion of some authors that have studied this matter, that a domain name is a sign to be used as an identification of the origin of a good or service, bringing it closer to the notion of a trade mark, without including it among industrial property rights.

Under these circumstances the Court concluded that the domain name [viniportugal.com](http://viniportugal.com) is a sign that identifies the website of the defendant in which are rendered goods and services that are similar to those rendered by Viniportugal. The Court therefore decided that the domain name conflicts with the rights of the plaintiff and determined the cancellation of the registration of the domain name.

This decision cannot, however, be regarded as final since the defendant has filed an appeal at the Court of Appeals.

*By Paulo Barreto of Gastão da Cunha Ferreira, Lda in Lisbon*

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“A domain name is a sign to be used as an identification of the origin of a good or service.”

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Delegates at the Hong Kong seminar



# Blow to UK rights owners

David Stone of Howrey LLP reviews a recent case that confirms that trade mark owners cannot prevent infringing goods being shipped through the UK where those goods are subject to a customs procedure.

The European Court of Justice's decision in *Class International BV v Colgate-Palmolive Co and Others* [2006] 1 CMLR 14 was a source of disappointment to trade mark owners in the EU. The decision exempts from trade mark law goods held under a "customs procedure", because the goods are not (yet) "imported" into the EU. As customs is often the best place to catch and deal with unlawful traders, the apparently simple defence provided by the ECJ ("I was planning to send them outside the EU") significantly hampers the ability of trade mark owners to enforce their rights.

A recent interlocutory decision by the High Court in London (*Eli Lilly & Co and Anor v 8PM Chemists Limited* (23rd November 2007)) provided some hope for trade mark owners, but has now been overturned by the Court of Appeal.

## Boxes seized by customs

8PM, a UK pharmacy, participated in a website ([www.canadadrug.com](http://www.canadadrug.com)) aimed at United States residents, offering prescription pharmaceuticals at significantly discounted prices. 8PM sourced the pharmaceuticals in Turkey, but repackaged them in plain boxes. The plain boxes were then shipped in batches to the UK, where they were subject to "inward processing relief" (a customs procedure whereby no UK duty is payable). The individual boxes, bearing a post office box address in the UK, were then posted by 8PM to customers in the United States, using Royal Mail, the UK postal service.

Eli Lilly became aware of one of the batches of boxes when it was held by Her Majesty's Revenue and Customs as potentially counterfeit. The batch included Eli Lilly's trade marked products CIALIS, EVISTA, HUMALOG. Although the goods were later confirmed to be genuine, Eli Lilly obtained an injunction to prevent further dealing in the goods.

When Eli Lilly applied for an extension of the injunction, 8PM sought summary judgment. The main issue before Mr Justice Mann was therefore whether or not there was an

arguable case of trade mark infringement. This required that the goods were "imported [into the UK] under the sign".

## The High Court's decision

8PM argued that the ECJ's position in *Class* is clear: as the goods in the UK were subject to a customs procedure, they were not "imported" into the UK and UK trade mark law could not apply. The High Court disagreed, relying on the ECJ's statement that "the mere physical introduction of those goods into the territory of the Community is not 'importing'":

For the High Court, the application of an English post office box address to the packaging of the goods, and the use of Royal Mail "gave a clear impression of [the] source" of the goods being the UK. This was sufficient to enable Eli Lilly to argue that the present facts are distinguishable from the "mere" importation considered in *Class*. The Court continued the injunction, and ordered a speedy trial on the merits.

## The Court of Appeal

8PM appealed to the Court of Appeal, which allowed the appeal. It said the ECJ's decision in *Class* is clear. Even though there was physical presence in the UK, and employees of 8PM were taking the repackaged goods to the post office for posting outside the EU, they were not "imported" within the meaning of the Trade Marks Act, nor were they placed on the market within the UK – there could therefore be no trade mark infringement.

## A disappointing ruling

For this writer, the failure in *Class* is the ECJ's reliance on tax law to formulate trade mark law, when the two have clearly different objects. While the Customs Code deals with "Community goods" for the purposes of applying taxation or duty, the expression used in the Trade Marks Directive is "import". Given its ordinary meaning, importation means simply the bringing of goods into the territorial jurisdiction, whether or not they clear customs. Whilst there are clear reasons for allowing goods to pass through a



David Stone

jurisdiction without tax, it is less clear that such goods should also be exempt from trade mark law.

Whilst free trade advocates may argue that US consumers should be able to access less expensive foreign pharmaceuticals, the evidence indicated that the importation into the United States was illegal. Also, the Eli Lilly-branded products arriving in the United States either didn't have patient information leaflets, or the leaflets were in Turkish. Several of the products involved were also heat sensitive, and may have been less active or inactive by the time they were received in the United States. The judge held these factors posed a significant risk to patient health and therefore to Eli Lilly's reputation, although this appeared not to trouble the Court of Appeal.

Read the Eli Lilly decision here: <http://www.bailii.org/cgi-bin/markup.cgi?doc=/ew/cases/EWHC/Ch/2007/2829.html&query=eli+and+lilly&method=boolean>

The Court of Appeal decision is here: <http://www.bailii.org/cgi-bin/markup.cgi?doc=/ew/cases/EWCA/Civ/2008/24.html&query=8pm&method=boolean>

The ECJ's *Class International* decision (C-405/03) can be found here: <http://curia.europa.eu/juris/cgi-bin/form.pl?lang=en>

# Embedded use under scrutiny

**A recent UK decision casts light on trade mark association, particularly in relation to computer use. Leone Kemp and Emmy Hunt of Olswang explain.**

The UK High Court recently awarded summary judgment against an individual who sought to assert rights in the trade mark VET.LOCAL (RXWorks Limited v Paul Hunter (T/A Connect Computers) [2007] EWHC 3061 (Ch) 20th December 2007). Finding that the use made of VET.LOCAL was not trade mark use, and that the threats were therefore unjustified, the decision was noteworthy for providing a useful review of the recent case law, in particular the ECJ decision in Celine SARL v Celine SA.

RXWorks Limited provides specialist software for veterinary practice management systems. It applied for summary judgment for unjustified threats of trade mark infringement against the owner of UK trade mark number 2397695 VET.LOCAL, Paul Hunter. There had been previous disputes between the parties and Hunter now alleged that RXWorks's practice management system could generate the mark "vet.local" on screen and that this use by both RXWorks and its customer constituted infringement under sections 10(1) and 10(2) of the Trade Mark Act 1994.

He argued that users encountering the term on the system would associate it with his business or computer systems or that they would see it as denoting quality. The central question on the application was whether Hunter's counterclaim for infringement had any real prospect of success.

## Focus on Article 5

The judge focused primarily on Article 5 of the Trade Marks Directive and the four-part test formulated by the European Court of Justice in Celine SARL v Celine SA (C-17/06), which states that the proprietor of a registered mark may prevent the use of a sign by a third party that is identical to his mark under Article 5(1)(a) of the Directive if the following conditions are satisfied: (1) the use must be in the course of trade; (2) it must be without the consent of the proprietor; (3) it must be in respect of goods or services which are identical to those for

which the mark is registered; and (4) it must affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services.

## Use assessment

It was established in evidence that a vet user may chance upon the term "vet.local" as the name of an active directory folder when conducting a particular search or when opening or saving particular files. The term "vet.local" would also appear on screen as the Primary DNS suffix if the user (generally the administrator of the system and not the vet user) were to run a diagnostic program.

RXWorks argued that use of the term "vet.local" was simply as a local network domain name on its computer system. This argument was reinforced by the fact that ".local" domain names are recommended by Microsoft for such use. This, coupled with the descriptive nature of the prefix "vet", led the judge to conclude that use of the term was not intended to identify the trade origin or any characteristics of the software.

On these facts, the judge concluded that the fourth condition was not satisfied: use of the mark would have no material impact on the functions of Hunter's trade mark and, in particular, its essential function of guaranteeing to consumers the origin of the goods and services.

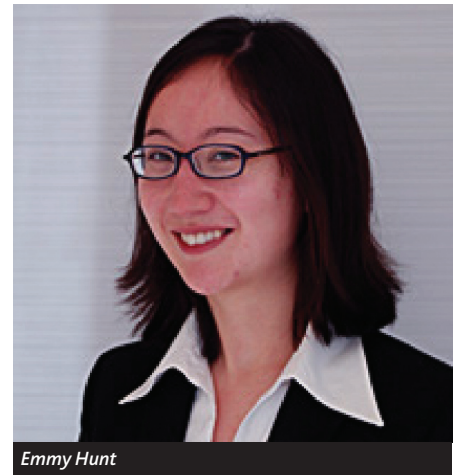
## No association likely

The judge allowed RXWorks's application for summary judgment. He held that Hunter's counterclaim for infringement did not have real prospects of success. RXWorks's use of "vet.local" had not infringed Hunter's trade mark under the Act and to the extent that threats had been made of proceedings for infringement of the mark they had not been justified.

In the judge's opinion, the sign "vet.local" was intended to act as an internal name for an aspect of a complex computer system. This was buried in the workings of the



Leone Kemp



Emmy Hunt

system to such an extent that vet users were likely only to stumble upon it by chance and knowledgeable system administrators, if they saw it, were likely to know what it referred to. Vet.local was not a sign inherently likely to denote trade origin nor was it likely to do so in the context in which it was used: it would be taken as the name of an internal domain and associated folders.

No credible reason existed as to why it should be regarded by likely users as denoting anything else (such as trade origin). The mark did not intend to, nor was it likely to, lead to an association with Dr Hunter's business. This was supported by evidence of prior use of the mark for five years with no confusion or association arising between the parties. Finally there was, in his judgment, no real prospect that further evidence would emerge that could change that position.

# Recent developments on Madrid in Argentina

**Latin American countries are finally discussing membership of the Madrid trade mark system. Damaso Pardo of Pérez Alati, Grondona, Benites, Arntsen & Martínez de Hoz provides an update from Argentina.**

On 24th October 2007, a petition was filed with the Argentine House of Representatives aimed at encouraging the executive power to sign the Madrid Protocol.

The petition, filed by congressman Jorge Landau, underscores the importance of the Madrid System for small and medium-sized Argentine companies that export goods and/or services. This document will be published in the House of Representatives' gazette and sent to the Chief Cabinet in order for the executive power to analyze and eventually sign the Madrid Protocol Treaty.

## Role of the President and Congress

Article 99, section 11 of the National Constitution provides that the president concludes and signs international treaties. After the Treaty is signed by the President, it should be sent to the National Congress for final approval. In effect, article 75, section 22 of the National Constitution provides that the National Congress – both the House of Representatives and the Senate – must approve or reject treaties concluded by the executive power with other nations and/or with international organisations.

The National Constitution also provides that international treaties take precedence over national laws.

This important step taken by the legislative authorities of Argentina is the result of a long process of education about and promotion of the international registration system. In this process, MARQUES, INTA and WIPO have played an important role, and they have been devoting time and efforts in the region to explain the benefits of the Madrid System to local industry and the INPI authorities as well as trade mark agents and IP attorneys.

## Emphasis on exports

The legislature's recommendation to the Executive Power to ratify the Madrid Protocol Treaty coincides with the decision of the

Argentine government to promote and help Argentine companies to export goods and services.

According to information given by Fundación Exportar, the total amount of exports in 2005 was US\$40 billion, which implies an increase of 50% during the past five years (2000 to 2005).

During a seminar held in Buenos Aires in October 2007 entitled "Trade marks, a value for increasing Argentine exportation of goods and services", organized by Fundación Exportar, the Argentine Minister of Foreign Affairs, Mr Taina, stated: "The industrial growth our country is undergoing allows Argentine companies to trade their products with a clear strategy: more quantity, more added value in each product and diversification of the export markets."

Along the same lines, the Argentine Industrial Union (UIA), a sister organization of the Brazilian FIESP, drafted a paper in December 2006 entitled "Without SME there is no Industry". In this paper, UIA developed a long-term plan for Argentine industry with 10 main goals. These goals included increasing the value of exported goods to US\$100 billion, doubling the number of SMEs in 2006 and achieving a 20% share of exports for SMEs.

SMEs constitute almost 90% of corporations in Argentina, they provide 70% of jobs and are responsible for 10.7% of exports.

These are only some examples of the Argentine government's decision to promote exports of goods and services as a key element of its economic policy.

The growth of international trade and globalization are also factors that underscore the importance of the international registration system. Argentine companies planning to export their goods and services are keen on looking for the kind of instruments that further the export process.



Trade marks have a fundamental role in marketing strategies and protecting them in third countries through the Madrid Protocol is the most appropriate tool.

## Growth in Latin America

In addition to these local and global circumstances, the Madrid System has been adapted to facilitate its use in Latin American countries. In particular, since 2004 users of the Madrid Protocol can file applications in Spanish allowing Spanish-speaking countries to communicate easily with WIPO.

It is likely that Argentina's ratification of the Madrid Protocol will have a favourable impact on the decision of other countries in the region such as Brazil, Colombia, Mexico and Peru particularly as no South American country has yet joined the Protocol.

Full text of Jorge Landau's petition (in Spanish): <http://www1.hcdn.gov.ar/proyxml/expediente.asp?fundamentos=si&numexp=4995-D-2007>

Madrid Protocol information:  
<http://www.wipo.int/madrid/en/>

# Red Cross wins case in Spain

Miguel Angel Medina of Elzaburu in Spain discusses a Spanish case concerning the defence of the Red Cross emblem without the requirement of a prior opposition.



On 26th September 2007, the Appeals Unit of the Spanish Patent and Trade Mark Office (SPTO) adopted a decision, later published in the Industrial Property Official Gazette of 16th October 2007, which deals with two interesting points.

## No opposition filed

On one hand, it accepted an appeal by the Spanish Red Cross without the filing of a previous opposition. This point is interesting because the current Trade Mark Act (Number 17/2001) abolished the ex officio citation system. That was interpreted as meaning that, contrary to the previous situation, no appeals would be acceptable without a previous opposition in the case of relative grounds. But it also created some doubt as to whether it was possible to appeal without a previous opposition in the case of absolute grounds.

This case is based on the protection of the Red Cross emblem, which calls for the application of the absolute grounds for refusal.

The appeal was filed against the grant of Spanish trade mark application number 2683977 for FARMACIA UNIVERSAL 24 H (and device) for pharmaceutical services. It opened with the allegation that the

decision had been taken to grant the mark without applying the absolute prohibitions on registration contained in Article 5.1 f) and 5.1 g) of the Trade Mark Act and the application of these provisions should have been made ex officio, since the SPTO is obliged to rule ex officio when absolute prohibitions are applicable, as it has on numerous other occasions. Consequently, an appeal filed against the contested decision without an opposition having previously been filed had to be admitted.

While the SPTO made no express pronouncement in respect of whether the filing of an appeal without an opposition having been filed was to be considered correct procedure in this case (perhaps having considered the matter to be clear), not only did the Office accept the appeal, but it also agreed to refund the appeal fee, as provided for under the Trade Mark Act in those cases where "the appeal is accepted in full on the grounds that findings of law were improperly applied by the SPTO". The Office thus recognised that it had failed to apply the prohibitions now invoked in the appeal.

This clarifies the matter and makes it clear that the possibility of appealing a decision cannot be ruled out entirely once the opposition deadline has passed, if there is a way to develop a coherent line of reasoning which justifies the application of absolute grounds for refusal.

## Absolute grounds

In this case, the absolute grounds for refusal accepted by the SPTO are Articles 5.1.f (which prohibits registration of those signs that are contrary to law, public policy, or accepted principles of morality) and 5.1.g (which bars registration of those signs that are of such a nature as to deceive the public) of the Trade Mark Act. The applicability of the first of these prohibitions is also

supported by the Geneva Convention for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field of 12 August 1949 and other regulations protecting the Red Cross emblem.

The other relevant point dealt with by the SPTO in the decision (although it is not uncommon in Spanish administrative and judicial practice) was the acceptance of the non-registrability of distinctive signs containing a cross without having claimed specific colours, with the argument that the applicant should have expressly excluded the colour red, because it might otherwise use the cross in that colour, thus infringing the Red Cross emblem.

In this respect, the decision, which is self-explanatory, declared:

...the mark under application incorporates as a prominent (given its position and size) figurative element a cross with formal characteristics, virtually identical to those of the internationally renowned symbol of the Red Cross. Said figurative element is not subject to any specific colour claim and it could therefore be depicted in red, thus matching completely the Red Cross symbol protected by International Convention. Consequently, this could lead to error or confusion among the public and it is therefore accepted that the conditions are met for application of the prohibition contained in Art 5.1 f) and 5.1 g) of the Trade Mark Act, which bars from registration those distinctive signs that are contrary to law and those that may deceive the public. Thus, if the new mark, featuring a figurative element consisting of a cross and with no specific colour claim, were admitted for registration, the appellant's protected rights would be infringed and this could lead to confusion in respect of the business origin of the services that the mark in question is intended to protect.



# A guide to Russian legal reforms

Following the implementation of Russian reforms in January, Oxana Pishvanova of Salans in Moscow provides a guide for **MARQUES** members.



Oxana Pishvanova

There have been several publications and discussions at **MARQUES** with respect to the so-called IP legal reforms in Russia. Starting from 1st January 2008, the existing IP laws have been cancelled preparing the way for the amended Civil Code. The amendments have not drastically changed the rules or the main principles that existed before. The details can be found in **MARQUES** Newsletter No 91 (3/2007).

The new legislation has not yet reached toddler age. However, the business community is in the middle of vivid discussions and deliberations about what can be expected next and how their operations could be affected. Here are some questions that have been raised before **MARQUES**, with some responses. Any further questions are welcome and can be answered in the next newsletter.

## What changes came into effect in January?

In addition to changes described in the above-mentioned Newsletter, the following could be noted:

### *Identical trade marks priority issue – priority date cannot be shared*

If identical trade marks are filed by different entities with respect to coinciding goods on the same day, only one trade mark can be registered in the name of one entity. The Russian PTO informs the relevant applicants of the duplicate filings allowing them to come to a settlement. Should no settlement be reached by the applicants within six months of the receipt of the PTO notification, all duplicating trade marks will be rejected.

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“If identical trade marks are filed by different entities with respect to coinciding goods on the same day, only *one* trade mark can be registered in the name of one entity.”

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### *Trade mark transfer of rights agreements rules*

- A transfer (assignment/licence) agreement must contain a provision stipulating the royalty payment; omitting such a provision would cause the agreement to be void in Russia.
- A transfer (assignment/licence) agreement must stipulate the scope of rights transferred; the rights not included in the agreement are deemed not to be transferred.
- A trade mark licence agreement will be extended to the entire territory of Russia, unless it is specifically indicated that it is restricted to certain regions within Russia.
- The term of the licence agreement shall be limited to five years, unless otherwise established by the agreement.
- The licence is deemed to be non-exclusive if its scope (exclusive/non-exclusive) is not specifically provided in the agreement.
- The quality of the licensed products has to comply with the licensor's standards (as opposed to “not being of the lower quality” before the reform); *both the licensor and the licensee are liable to consumer claims with respect to quality.*
- The licence will survive the assignment unless otherwise established by the respective agreements.

### What further changes are due to come into effect (and when)?

Rules for trade mark examination including declaration and recordal of well-known

status, appealing the PTO examiner's decision, invalidating trade marks and recording the transfer of rights agreement reflecting the recent legal changes are expected to be adopted shortly.

### What aspects of the changes have rights owners and practitioners welcomed? What aspects remain controversial and why?

The introduced changes clarify what are IP rights and what mechanisms for their legal protection and effective application are available in the light of the general and special rules unified under the Civil Code. Hence some issues related to practice cause discussions.

The issue of the firm (corporate) name registration is the hottest topic. The law does not allow you to register a firm name that would include full or abbreviated names of international organizations, country names and their derivatives. Existing corporate names that do not comply will have to be amended. This appears to bring to an end the era of the popular choice of a name for the local subsidiary when the corporate name showed the origin of the mother company.

### Are any further reforms needed or planned for the future?

There is no draft law pending at the Russian Parliament affecting trade mark rights at this point. The provision of the Federation Law adopted back on 18th December 2006 that was presumably reviving the rights of the prior-perestroika original producers for the so-called Soviet brands was cancelled in July 2007.

There is a draft law affecting copyright pending at the Russian Parliament abolishing payment of levies for the import of audio-visual recording devices.

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“The issue of the firm (corporate) name registration is the hottest topic.”

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# Protecting well-known marks in Malaysia

**Karen Abraham of Shearn Delamore & Co examines the lessons from a recent dispute over the Mc prefix in Malaysia.**

2007 was declared "Visit Malaysia Year" as the country celebrated 50 years of independence, peace and prosperity. "Malaysia Truly Asia" is an often-heard tagline as promoted by the Malaysia Tourism Promotion Board and true to its slogan, Malaysia is home to a unique potpourri of Asian cultures – Malay, Chinese, Indian, Thai, Indonesian, Vietnamese – along with many indigenous groups on Borneo island.

This integration and diversity in its populace is prevalent even in its local cuisine. This has permeated the endless repertoire of mouth-watering delights found in Malaysia's culinary revolution. Tourists are drawn from near and far to savour the ever-changing fusion of a harmony of Asian flavours.

## McCurry is centre stage

Recently Malaysia's culinary fusion took centre stage in court as the giant of fast food conglomerate McDonald's took objection not to the fusion of food but of the fusion of the words "McCurry".

"McCurry" is the trade name of an Indian restaurant incorporated in 1997, which is engaged in the trade and business of serving Indian curries. The 24-hour restaurant serves

spicy fish-head curries, tandoori chicken and other Indian delicacies on a street corner in the capital city of Kuala Lumpur.

McDonald's brought an action in the High Court of Malaya under the tort of passing off both under the traditional form as well as passing off of the extended kind against McCurry for using its trade identifier "Mc" in its business name. McDonald's alleged that McCurry's unlawful encroachment hurt its reputation and goodwill. In its defence, McCurry claimed that it was formerly known as Restoran Penang Curry House but later changed its name to McCurry on the pretext that the prefix Mc was an abbreviation of Malaysian Chicken.

McDonald's argued however that the word "McCurry" as appearing on its signage was similar to that employed by McDonald's, namely the letter "M" was in upper case and the letter "c" in lower case. In addition, McCurry's colour scheme featured colours that were distinctive of McDonald's red and yellow combination.

## The McDonald's argument

McDonald's highlighted to the court that it had acquired ownership, goodwill and reputation in the business in relation to the undisputable extensive use of "Mc" either when used singularly or in conjunction with an item of food and that the prefix "Mc" when used as a food item was associated with McDonald's. Further, McDonald's restaurants in Malaysia known as "Restoran McDonald's" uses a signage comprising the words "Restoran McDonald's" in white lettering and grey shading on a red background. The usage of this colour scheme has been continuous and consistent. McDonald's also brought evidence to show that



Karen Abraham

consumers here expect to see these colours on the signage of a McDonald's restaurant as an identifier of the McDonald's restaurant.

Despite a clear disparity in the nature of the food and beverage offered at the McCurry restaurant, the High Court found that the name "McCurry" was deceptively similar to the chain's distinctive "Mc" and that the use by McCurry of the prefix "Mc" together with the colour schemes on the signboard of its restaurant would result collectively in an association with McDonald's which in turn would bring about confusion and deception.

The High Court agreed that "Mc" was distinctive of McDonald's either when used singularly or in conjunction with food. The High Court held that McCurry's act was a deliberate attempt to get an unfair advantage from McDonald's goodwill and reputation over the trade mark "McDonald's" to McDonald's detriment. It also held that McDonald's had established its case against McCurry both under the traditional and extended form of passing off. "McCurry" has since filed an appeal against the High Court's decision at the Court of Appeal.

McDonald's has been actively involved in a number of lawsuits and other legal cases around the world including in Singapore and the United States, to protect its family of trade marks which use "Mc" or "MAC". In Malaysia, the company has now successfully protected its interests in the prefix and received recognition from the court that it has exclusive use of the prefix "Mc" in Malaysia.



# On a mission to help brand owners

In our latest profile of the **MARQUES** teams, Claire Mouteney explains the work of the Brands & Marketing Team.



Claire Mouteney

The **MARQUES** Brands & Marketing Team hosted an interesting and successful session at the Porto Conference last September. The session was chaired by the team's leader, Claire Mouteney from Marks & Clerk. The panel of speakers were from industry and private practice: Mark Hodgkin from Cadbury plc, Anouk von Meyenfeldt from Tommy Hilfiger and the team's vice chair, Tobias Cohen Jehoram from De Brauw Blackstone Westbroek.

## Research project

In the run up to the conference, the team worked hard on a research project about the external restrictions affecting marketing and advertising in the young consumer industry. The team asked attorneys in more than 40 countries to provide the following information on rules and regulations in their territory:

1. Are there regulations that restrict the advertising of vices, such as tobacco and alcohol?
2. Are there regulations that restrict advertising to children?
3. Which government agency, if any, oversees and enforces the above restrictions?
4. Who can object to such advertising and to whom?
5. Are complaints automatically investigated and, if so, what is the procedure?
6. What restrictions does the trade mark law place on the registration of immoral or scandalous marks?
7. Please provide examples of marks that have been denied registration based on these restrictions and/or any case law on the subject.

The breadth of the results of the survey was wide, so the collation and interpretation of the results has been time-consuming. The full results will be put in the team's

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“The team worked hard on a research project about the external restrictions affecting marketing and advertising in the young consumer industry.”

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section of the website in the near future. For further information regarding the research project, please contact the team members responsible, Cara Boyle ([CBoyle@frosszelnick.com](mailto:CBoyle@frosszelnick.com)) and Kathryn Szymczyk ([kszymczyk@petosevic.com](mailto:kszymczyk@petosevic.com)).

In Porto, the team put together a lively session and debate which highlighted how advertising rules and regulations and industry pressures affect a company's brand protection policy. Particular focus was on young consumers as “Young and Happy – is it a Brand?” was the running title of the conference, and is a hot issue in the media at present.

## Evolution of the team

The team was inaugurated in 2004, as the IP Marketing Team. It changed its name last year as it was felt that it needed a name that would convey the message that the activities were related to brands and marketing issues affecting IP rather than the promotion of IP itself.

The team has grown considerably in the past year as more members were required to implement the team's various objectives. Due to the nature of the team's work, members are generally selected on the basis of their experience in industry, marketing background or understanding of business and commercial issues relating to IP.

The objective of the team is to help brand owners manage their portfolios effectively and to maximise the benefits of their brands. The team aims to educate brand owners and IP attorneys to work together to obtain the best results in terms of more efficient and cost-effective brand strategies.

Educating marketing and IP departments in this way can pay considerable dividends when it comes to managing budgets. Developing a brand that is distinctive means that it is also easy to protect, reducing costs and the likelihood of serious court time in cases of infringement. Similarly, when the IP department works with their marketing colleagues, they can also help to prioritise the way in which the registrations are filed and defended.

## Pending projects

The team is working on various interesting projects at the present time, including:

Bilingualisms: trade mark use and registration; Canada versus French; Chinese and Japanese characters versus transliteration

Evolution of advertising through the ages: the impact of technology and social change, governmental and industry intervention, public perception towards advertising to children, use of cigarettes and alcohol in adverts, change in attitudes towards racial and sexual discrimination

Marketing of vices – sex, drugs and trade marks: the difficulties faced by companies in certain industries (drugs, tobacco, high calorie/fat goods, high fashion, alcohol) and the marketing challenges that face them.



“The objective of the team is to help brand owners manage their portfolios effectively and to maximise the benefits of their brands.”

The team is led by Claire Mounteney and includes Tobias Cohen Jehoram (vice chair), Jane Collins, Panos Malamis, Nick Foot, Mark Hodgkin, Cara Boyle, Lian Yunze, Kathryn Szymczyk, Pascal Lamothe, Shelagh Carnegie, Regina Quek, Kirsi Ekstrom and Charlotte Presse. The team would like to thank Rolf Wittenberg and Gabi Reniero for their efforts in the team as these members have recently had to stand down. If you feel that you have relevant experience and would like to join or make a contribution to this vibrant and active team, please contact the team chair, Claire Mounteney at [cmounteney@marks-clerk.com](mailto:cmounteney@marks-clerk.com)

Read the team’s report, view a copy of the flyer distributed at Porto and find out more about the team here: [www.marques.org/teams](http://www.marques.org/teams)



Ingrid de Groot (left) and John Anderson (below) at the MARQUES seminar held in Hong Kong.



# 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](mailto: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 March 2008.

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