

MARQUES

EU trade mark progress welcomed

New book on Benelux trade mark law

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Next year could see the beginning of significant changes to the trade marks regime in Europe, and **MARQUES** is active in representing the interests of trade mark users in the numerous challenges to be faced.

In October, **MARQUES** and other users groups were informed that the European Commission had appointed the Max Planck Institute to conduct a study into the functioning of the trade marks system in Europe. The study will cover both procedural and substantive issues relating to the Community trade mark and the national trade mark systems, and could lead to changes to the Community Trade Marks Regulation and Directive.

MARQUES has been asked to submit comments to the Institute by early next year, and will consult members with a view to putting comments together. The association will also monitor the research process before recommendations are published by the end of 2010. In another welcome move, users groups have

been invited to observe meetings of OHIM's Budget Committee as well as those of its Administrative Board. Tove Graulund of Zacco, who represents **MARQUES** at these meetings, said the new role would enable users to have more input into OHIM and better monitor the Office's finances.

At their meeting in November, the Administrative Board and Budget Committee discussed the plans for the Cooperation Fund, which will use €50 million of OHIM's surplus to improve trade mark services across Europe.

The Management Board appointed to manage the fund reported that improving e-services and increasing harmonisation in the EU would be the main priorities for the Fund. Users and offices emphasised the importance of training and exchanging information in harmonisation, and the Management Board is also interested in developing common tools to give users uniform access across offices in Europe. These tools



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could include developments of the TMview and EuroClass tools and the creation of seniority databases. **MARQUES**, which has been pushing for joint e-business projects to be a top priority for the Fund for more than a year, will be supporting the Management Board in this effort.

However, there are differing opinions on using the Fund for anti-counterfeiting measures, partly because responsibility for enforcement generally lies outside national offices.

Tove said: "We are very impressed with the approach taken by the Management Board and the progress made so far." She added that the discussions showed a broad willingness to target funds towards the offices where they would be most needed in Europe.

The Management Board is due to meet again soon and to present the funds, working programme, evaluation criteria and proposed processes at in February next year.

Separately, OHIM has appointed a panel to draw up a shortlist of candidates for the posts of president and vice-president after the period for nominations closed on October 31. The appointments are expected to be made by next summer.

New book on Benelux trade mark law

Tobias Cohen Jehoram, partner of De Brauw Blackstone Westbroek and a member of the **MARQUES Brands & Marketing Team, has written a handbook on trade mark law in the Benelux, the first such book to be published.**



Tobias says he spent five years working on the 550-page book in his spare time, as well as four months of intensive study. The book also developed into a PhD thesis, which he finished in October. The Dutch edition has already sold some 1500 copies and an English edition is planned for next year.

"You do get opinionated on certain issues," he says, adding that the final chapter of the book draws some conclusions on what is right and wrong with the trade mark system in the Benelux and the EU generally. One of his key points is that trade mark law has become more unpredictable and complex with the development of case law in the European courts, making a good guide essential.

Tobias has been bitten by the publishing bug. As well as finalising the English translation of his volume on trade marks, he is now writing contributions to another book in the same series, which covers designs, GIs, domain names and unfair competition.



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Janet Satterthwaite and Todd Farnsworth of Venable LLP examine the impact of IDNs on .eu domain names

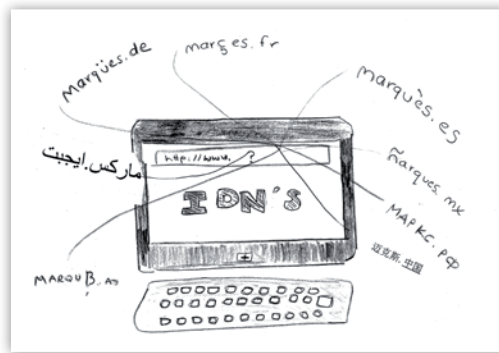
On 16th November, the Internet Corporation for Assigned Names and Numbers (ICANN) launched the internationalized domain name (IDN) country code top-level domain (ccTLD) fast track process. Notably for **MARQUES** members, .eu will begin accepting IDN registrations under the .eu extension on 10th December.

IDNs are any domain name that includes characters other than the letters of the basic Latin alphabet. For example, IDNs can include languages with accents, cedillas and ogoneks (French, Turkish, Kurdish, Polish, Navajo, etc) as well as non-Latin based languages such as Chinese or Arabic. An IDN provides enhanced accessibility to the internet for users of non-Latin alphabets. Usage of non-ASCII characters in

domain names has been available at least since July 2003 for the .jp domain.

Dot-EU IDNs

On 10th December, the trustee of the .eu domain extension will accept IDN registrations. All 23 official European languages will be offered, although not every character will be supported, for example, the German Eszett (ß) is not supported. Although non-ASCII languages are supported, the .eu extension is not an IDN ccTLD, as the .eu is still ASCII based and .eu domains would have the format Venable[in Cyrillic].eu, for example. An IDN ccTLD, on the other hand, is a TLD that uses characters from a country or territory's official language. This would enable a domain name in all non-ASCII characters,



Thanks to Angus Forsyth of Stevenson Wong, Eugene Arieivich of Baker and McKenzie, and Rob Deans of Clyde & co (UAE) for creating **MARQUES.xx** in Chinese, Cyrillic and Arabic.

for example, Venable[in Cyrillic].CountryCode[in Cyrillic]. Simply put, it would allow someone with a Chinese keyboard, for instance, to enter the entire IDN in Chinese. No IDN ccTLDs have yet been officially approved by ICANN.

Fast track

The first part of the IDN ccTLD fast track process for real IDNs (where both sides of the dot are in non-ASCII) requires a request from a local government or government-affiliated organisation to ICANN. Prior to submission of a request, ICANN recommends getting community consensus on which IDN ccTLD to apply for and deciding how and who will operate the IDN ccTLD if approved. A fee of \$26,000 is expected but not mandatory. Once a request is submitted, ICANN will evaluate the string for both linguistic and technical criteria. Once approved, the ccTLDs are expected to come online during 2010.

The IDN ccTLD proposal has been well received. In fact, the Russian registry is accepting sunrise Cyrillic domain name applications for .рф, which Russia anticipates will be accepted by ICANN as the Russian country code.

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EU-China IP Working Group meet in Beijing

Chinese officials from various ministries met with EU delegates and industry representatives at the Sixth Meeting of the EU-China IP Working Group, held in Beijing on 16th July. The five members of EU industry present included one representing **MARQUES**. Duncan Willson of Baker & McKenzie reports on behalf of the **MARQUES** China Team

The spirited and frank exchange covered a wide-range of IP issues, but focused only on trade marks and geographical indications. The next meeting is to focus on patents.

The first half of the day covered trade mark legislative issues, including the trade mark law revision, backlog of cases, well-known mark determinations and bad faith. Other areas of concern raised by the EU delegation were trade mark dilution and tarnishment, trade marks as private rights, removal of relative grounds of examination, scope of judicial supervision of administrative decisions, expanded concept of trade marks through law and recordal of assignments. The Chinese delegation acknowledged these concerns and indicated

they would do their best to strive to comply with international standards.

Discussions regarding GIs focused primarily on the development of China's GI regime, and the relation between the three government agencies responsible for managing GIs in China. Chinese officials admitted that registration in one system would not automatically lead to the recognition of GI/absolute rights in another system. Therefore, more interagency work is required.

The afternoon focused almost exclusively on trade mark enforcement. The EU delegation highlighted the persistent and pervasive problem of counterfeit goods, and commented that notarisation and legalisation requirements made it more difficult for rights holders to adequately enforce their rights in China. The Chinese side acknowledged the difficulty of these procedures, but noted that the system would take a long time to change. Furthermore, they noted, legalisation and notarisation were not required for all evidence.

The discussion also covered the calculation of damages in civil cases, jurisdiction issues related to online infringements and the application of numerical thresholds in pursuing criminal cases among other issues.

Both delegations acknowledged that the tenor of discussions had greatly improved over the previous meetings, and seminars on various relevant issues were proposed.

Read a full report from the meeting on the **MARQUES** website
www.marques.org/Conferences

Draft Trademark Law revision released

On 20th June, the State Administration for Industry and Commerce (SAIC) issued a draft Third Revision to the PRC Trademark Law for comment by interested parties. Chinese authorities have indicated that the Trademark Law may be amended by the end of 2010. In the meantime, government agencies, international associates and other stakeholders have reviewed the latest draft and provided their own comments.

Return of relative examinations

The last draft circulated for comment in August 2007 removed examination of new trade mark applications on relative grounds, placing the burden on rights holders to police the Chinese registry for confusingly similar marks. This change was welcomed by those who believed that relative examinations were responsible for the backlog of PRC trade mark applications.

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However, the 2009 draft Revision re-introduces relative examinations. Ultimately, this decision reflects the focus of the PRC trade mark system on protecting Chinese consumers rather than individual trade mark rights. Removal of relative examination would have left the protection of the Chinese consumers in the hands of rights holders, who may or may not have chosen to keep confusing marks off the registry.

Bad faith applications - piracy on the Register

The latest draft permits oppositions and cancellations on the basis of "bad faith" piracy. Unfortunately, the language of the relevant provision appears to limit the definition of bad faith, such as where the "applicant is aware of the existence of the other party's trade mark ... through the applicant's contractual, business, geographical or other relations with that party."

By defining bad faith, the current draft appears to limit it to only those specific manifestations contained in the Law. Often, however, bad faith applicants have no relations with the right holder. Instead of limiting the scope of bad faith, the revision should list factors that may be taken into consideration when determining bad faith. The inclusion of a catch-all provision would allow for consideration of any extraordinary circumstances.

Statutory damages doubled

The latest draft would provide for a doubling of statutory damages to Rmb1 million (about €100,000), and an increase in the maximum administrative fines from three to five times the infringer's illegal turnover. While laudable, these changes, by themselves, are unlikely to have much of an impact on the overall level of counterfeiting in China. For example, the latest revision still contains no legal requirements that administrative enforcement officials transfer cases to the police when criminal thresholds are met.

Other key changes

The latest draft also expands the concept of what may serve as a trade mark (including sounds, scents), introduces higher fines for repeat offenders, and allows for multi-class applications. While no timetable has been given for the promulgation of the new law, recent discussions with SAIC officials indicate the draft has left that agency and now awaits revision and passage by China's legislative bodies.

"By defining bad faith, the current draft appears to limit it to only those specific manifestations contained in the Law."

GeoNews: Beer and more beer

In the GI Team's regular column Paul Reeskamp of Allen & Overy, with assistance from Dorothee de Rooy, rounds up recent cases on GIs in Europe

In the past couple of months the European Court of Justice has ruled twice in beer proceedings. The Court had to decide if the famous Dutch beer brand Bavaria could co-exist with the geographical indication of the famous and well-known state in Germany. The other ruling concerned the question whether a geographical indication granted to a region of the Czech Republic by two Member States of the EU could prohibit a beer called American Bud from entering the market.



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Bavaria and Bayerisches Bier may co-exist (ECJ, 2nd July 2009, C-343/07 (Bavaria v Bayerisches Bier)).

Bavaria NV is allowed to use its pre-existing trade marks containing the element "Bavaria" and to co-exist with the geographical indication "Bayerisches bier", provided that the trade marks do not infringe the geographical indication (according to article 13 of the Regulation), the trade marks are registered in good faith and the trade marks are not subject to any grounds of invalidity or revocation provided for by harmonised European trade mark law. This ruling also clarifies that the mere presence of trade marks including a GI will not automatically provide that a GI has become generic.



The designation Bud cannot be protected as a designation of origin outside the Community system of protection (ECJ, 8th September 2009, C-478/07 (Budejovicky Budvar v Rudolf Ammersin GmbH)).

Most importantly, the Court declares that the Community system of protection laid down by Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs is exhaustive in nature. Bilateral agreements between two Member States, as was the case in these proceedings, may not grant more protection to the designation BUD than the Community system of protection has granted. However, the Regulation does not apply to simple and indirect geographical indications, that is to say those that do not require products to have any special characteristics or elements of renown deriving from the place from which they come and are not geographical names as such, although they are suitable to at least inform the consumer that the products come from a specific place, region or country.

No Community trade mark for cheese substitute Parmazano (OHIM decision, 27th January 2009, B 1150244, (Parmigiano Reggiano v Parmazano)).

This was an opposition procedure by CTM owner of Parmigiano Reggiano, the original Parmesan cheese, against a CTM application for Parmazano. Parmazano is a cheese substitute. The OHIM decided that the CTM and the CTM application are confusingly similar since not only do they serve the same purpose (human consumption), but also the signs look and sound too much the same. The opposition was therefore granted.



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Franck Soutoul and Jean-Philippe Bresson of INLEX analyse the most recent battle between LVMH and eBay in France



On 18th September 2009, the Paris Court of First Instance made a finding of trade mark infringement against eBay Inc and eBay International AG. The eBay companies reserved on several search engines (Google, MSN and AOL Search) key words reproducing and imitating trade marks held by several companies of the LVMH Group such as Ange ou demon, Hot Couture, L'heure bleue, (parfum) Habit rouge and Kenzo. These key words drove internet users to eBay.fr and eBay.com websites. eBay International AG and eBay Inc argued that they committed no direct and personal use of the marks. They also pointed out that the public perfectly understood that the reproduction and imitation of the signs served the purpose of

presenting the products for sale on their websites. Using the trade marks was consequently presented as necessary to provide the public with clear and complete information as to the availability of the products on their websites. They added that the position of the advertising on the search engines and the reputation attached to eBay excluded any possible confusion among consumers.

For the Court, the use of the trade marks on eBay's websites to designate products was not the question to deal with. The sole aspect that the Court considered was the non-authorized use of a trade mark as a key word generating a commercial link to eBay's websites. In this context, use of the marks was regarded as serving only a promotional purpose and excluded any information. The judge considered that only an informative approach could have rendered necessary a reference to the marks involved. The Court granted to the LVMH Group a total of €60,000 in damages and €20,000 as an award on costs.

The eBay companies indeed directly and actively intervened to personally own keywords that were identical and similar to already existing trade marks so as to drive traffic to their websites. This situation could not be regarded as neutral and was not on the same level as the mere indication of brands for products being offered for sale on auction websites.

This is the second time that LVMH Group has won a case against the eBay companies in France. On 30th June 2008, eBay was ordered to pay around €40 million as damages to LVMH Group because its system was in breach of selective distribution networks set up by the plaintiffs (an appeal is pending).

The handling by the European Court of Justice of the Google AdWords system question and the recent conclusions of the Advocate General, which said that there was no trade mark infringement, is unlikely to affect this angle of the action against eBay. This pending matter involves directly Google and its system but is not directed against the advertisers using the Google AdWords system (eBay was indeed acting as



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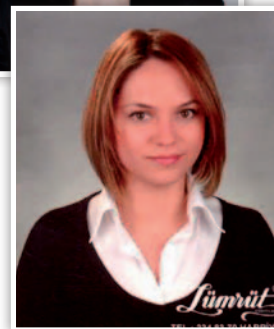
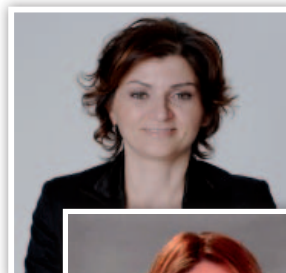
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an advertiser in the proceeding above). Acting against advertisers for trade mark infringement will remain a reliable ground of action regardless of the outcome of that Google proceeding.

“The sole aspect that the Court considered was the non-authorized use of a trade mark as a key word generating a commercial link to eBay’s websites.”

Turkish and EU Customs harmonised

In October, some important changes were made to the Turkish Customs Code with Code number 5911 and the new Customs Regulation within EU harmonisation. These regulations brought some revolutionary amendments, some of them relating to the protection of IP rights within the scope of the Turkish Customs Law. Isik Ozdogan and Gokce Yilmaz of Moroğlu Arseven Harman Özdemir explain



The main amendment is the simplified destruction procedure for goods that are suspected of infringing an IP right in the Turkish Customs Code. The general rules for the implementation of the facilitated destruction regulated by the new Customs Regulation came into force on 7th October.

Before the existence of this new procedure, counterfeit or imitation goods could only be destroyed by the Turkish Customs Administration after an order for the destruction of the goods from a competent court. However, according to the new method, the Customs authorities can apply a simplified destruction procedure if the right holder informs the Customs authorities within 10 working days (or three working days for perishable goods) that the goods concerned infringe an IP right and also provide those authorities with the written agreement of the declarant or owner of the goods to abandon the goods for destruction without any necessity of a declaratory judgment of the court.

Advantages of the new simplified procedure?

Destruction of the infringing goods can be faster and require fewer procedural steps thanks to the new simplified procedure. Before this regulation, the right holder had to go to the court and wait for the completion of the judgment process for a destruction order. It would seem that through this procedure, which was adapted from EU regulations, the Turkish authorities are trying to respond to the global needs of various business sectors.

Looking at the terms and conditions of the simplified procedure, it is possible to accept the simplified destruction procedure as a compromise

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procedure between the IP right holder and the owner of the goods or the declarant.

“Destruction of the infringing goods can be faster and require fewer procedural steps thanks to the new simplified procedure.”

Another important amendment relates to the “times” and the “kinds of goods”. According to the Turkish Customs Code before the Amendment, if, within a period of 10 working days following the notification to the right holder of the suspension, the Customs administration had not been informed that legal proceedings leading to a decision on the merits of the case had been initiated or that the duly empowered judicial authority had taken provisional measures, the Customs procedures would have been carried out in accordance with the request of the declarant. According to the amendment, the goods whose Customs procedures have been suspended or confiscated are classified as “perishable goods” and “the other goods”. The right holder should submit a preliminary injunction decision within three working days for perishable goods and within 10 working days for other goods after the notification date of the decision to the right holder. In addition to the new goods classification, where there is a valid justification upon the application of the right holder, this period may be extended by a maximum of 10 working days or three working days in the case of perishable goods

in appropriate cases. Under the old law, it was impossible to request additional time.

The New Customs Regulation provides a right to the goods owner or the declarant to receive the suspended or confiscated goods or pay a security. According to this implementation, if the courts do not give a provisional measure decision within 10 days although a legal procedure has been started and all Customs processing of the goods has been completed, the goods may be delivered to the owner, the declarant or the importer if they deposit a security. At this point, it seems that the opportunity may be used only for limited types of IP rights, such as designs, patents, SPCs and plant variety rights. Trade mark rights are excluded in the EU Council Regulation.

If the goods are found to infringe an IP right at the end of the procedure, they are stored under Customs surveillance. The goods are not allowed to enter into Turkish Customs territories or free circulation; placing of the goods in the free zones is also forbidden. Thus, free zones are also included in the protected territory of IP rights.

In addition to the amendments concerning new Customs prosecutions, the application and certification procedures have become more effective. Thanks to a new online application

method, which will be applied after 1st April 2010, the paperwork of the Customs administrations will be radically reduced. If the right holder operates abroad, the procedure can be conducted by a representative domiciled in Turkey. On the application form, the right holder has to specify during which period of time the Customs administrators are to take action; this period cannot exceed one year. Before the amendment, this period was only 30 days.

In addition, the right holder has to add an electronic declaration in which it accepts responsibility if it is subsequently determined that the goods do not infringe an IP right or if the procedure is discontinued owing to an act or omission by the right holder.

By these amendments and new regulations, the Turkish Customs legislation and implementation have come closer to EU standards.

“Free zones are also included in the protected territory of IP rights.”